AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Autism Academy of Learning
Lucas County
219 Page Street
Toledo, Ohio 43620

To the Board of Directors:

We have audited the accompanying basic financial statements of the Autism Academy of Learning, Lucas County, (the Academy), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy'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 Autism Academy of Learning, Lucas County, as of June 30, 2009, and the changes in its financial position and its cash flows, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2010, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 11, 2010

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)

The management's discussion and analysis of the Autism Academy of Learning (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets were $344,100 at June 30 2009.

- The Academy had operating revenues of $1,615,197 and operating expenses of $1,634,495 for fiscal year 2009. The Academy also received $75,969 in federal and State grants during fiscal year 2009. The total change in net assets for the fiscal year was an increase of $59,732.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The s*tatement of net assets* and s*tatement of revenues, expenses and changes in net assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2009?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the Academy finances and is meeting the cash flow needs of its operations.

The table below provides a summary of the Academy's net assets for fiscal years 2009 and 2008.

Net Assets

	2009	2008
Assets		
Current assets	$ 335,114	$ 372,135
Capital assets, net	75,939	43,594
Total assets	411,053	415,729
Liabilities		
Current liabilities	62,224	121,836
Non-current liabilities	4,729	9,525
Total liabilities	66,953	131,361
Net Assets		
Invested in capital assets, net of related debt	66,414	29,536
Restricted	3,965	6,552
Unrestricted	273,721	248,280
Total net assets	$ 344,100	$ 284,368

At June 30, 2009, the Academy's assets decreased by $4,676. Cash and cash equivalents decreased by $45,142, total receivables increased by $7,676, and prepaid items increased by $445, and capital assets, net of accumulated depreciation increased by $32,345. The overall decrease in assets was the result of a decrease in cash and cash equivalents of $45,142. Total liabilities decreased by $64,408 which represent a 49.03 percent decrease from fiscal year 2008. This decrease is primarily due to the decrease in pension obligation liability at June 30, 2009 of $63,643, as a result of the Academy paying 100 percent of the pension obligation for SERS during fiscal year 2009. The net assets of the Academy increased $59,732, which represents a 21.01 percent increase from fiscal year 2008.

The table below shows the changes in net assets for fiscal years 2009 and 2008.

Change in Net Assets

	2009	2008
Operating Revenues:		
Special education	$ 1,281,788	$ 1,200,541
Foundation basic aid	333,022	330,849
Other operating revenue	387	313
Total operating revenue	1,615,197	1,531,703
Operating Expenses:		
Salaries and wages	819,332	850,753
Fringe benefits	248,852	228,635
Purchased services	475,516	562,772
Materials and supplies	49,329	58,476
Depreciation	20,831	13,991
Other	20,635	22,493
Total operating expenses	1,634,495	1,737,120
Non-operating revenues (expenses):		
Federal and state operating grants	75,969	65,501
Interest income	18	364
Contributions and donations	3,814	11,988
Interest and fiscal charges	(771)	(1,013)
Total non-operating revenues (expenses)	79,030	76,840
Change in net assets	59,732	(128,577)
Net assets at beginning of year	284,368	412,945
Net assets at end of year	$ 344,100	$ 284,368

State Foundation Basic Aid and Special Education, as a whole are the primary support for the Academy, representing 95.27 percent of the total revenue during fiscal year 2009. Community schools receive no support from tax revenues.

The decrease in expenses of $102,625 was due to the decrease in purchased services expenditures in 2009, primarily a decrease in expenditures paid for services rendered by vendors for professional and technical services.

Capital Assets

At June 30, 2009, the Academy had $75,939 invested in furniture, fixtures and equipment, leasehold improvements, vehicles and capital leases net of accumulated depreciation. The Academy had $53,176 in capital acquisitions and $20,831 in depreciation expense in fiscal year 2009. Capital assets, net of accumulated depreciation increased $32,345 from fiscal year 2008. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

Debt Administration

At June 30, 2009, the Academy had $9,525 in capital lease obligations outstanding. Of this amount, $4,796 is due within one year and $4,729 is due in more than one year. See Note 7 in the notes to the basic financial statements for more detail on capital lease obligations outstanding.

Current Financial Related Activities

The Autism Academy of Learning was formed in 2001. During the 2008-2009 school year there were 56 students enrolled in the Academy. The Academy receives its finances mostly from State aid. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Carol Holmes, Board President of Autism Academy of Learning, 219 Page Street, Toledo, Ohio 43620 or email at board@theautismacademy.org.

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY, OHIO

STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets:		
Current assets:		
Cash and cash equivalents	$	320,083
Receivables:		
Intergovernmental		11,042
Prepayments		3,989
Total current assets		335,114
Non-current assets:		
Capital assets being depreciated, net		75,939
Total assets		411,053
Liabilities:		
Current liabilities:		
Accounts payable		14,815
Accrued wages and benefits		8,871
Intergovernmental payable		24,412
Pension obligation payable		9,330
Capital lease obligation		4,796
Total current liabilities		62,224
Long-term liabilities:		
Capital lease obligation		4,729
Total liabilities		66,953
Net Assets:		
Invested in capital assets, net of related debt		66,414
Restricted for:		
State funded programs		1,200
Federally funded programs		2,765
Unrestricted		273,721
Total net assets	$	344,100

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Operating revenues:		
Special education	$	1,281,788
Foundation basic aid.		333,022
Other.		387
Total operating revenue		1,615,197
Operating expenses:		
Salaries and wages.		819,332
Fringe benefits.		248,852
Purchased services.		475,516
Materials and supplies		49,329
Depreciation		20,831
Other.		20,635
Total operating expenses.		1,634,495
Operating loss		(19,298)
Non-operating revenues (expenses):		
Federal and state operating grants		75,969
Interest income		18
Contributions and donations		3,814
Interest and fiscal charges		(771)
Total non-operating revenues (expenses) . . .		79,030
Change in net assets		59,732
Net assets at beginning of year		284,368
Net assets at end of year.	$	344,100

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

AUTISM ACADEMY OF LEARNING
LUCAS COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Cash flows from operating activities:	
Cash received from state foundation	$ 1,628,455
Cash received from other operating sources	387
Cash payments for salaries and wages	(826,079)
Cash payments for fringe benefits	(315,159)
Cash payments to suppliers for goods and services.	(476,085)
Cash payments for materials and supplies	(49,003)
Cash payments for other expenses	(20,635)
Net cash used in operating activities	(58,119)
Cash flows from noncapital financing activities:	
Federal and state operating grants	67,625
Cash received from contributions and donations	3,814
Net cash provided by noncapital financing activities	71,439
Cash flows from capital and related financing activities:	
Acquisition of capital assets.	(53,176)
Principal payments	(4,533)
Interest payments	(771)
Net cash used in capital and related financing activities.	(58,480)
Cash flows from investing activities:	
Interest received	18
Net decrease in cash and cash equivalents	(45,142)
Cash and cash equivalents at beginning of period.	365,225
Cash and cash equivalents at end of period	$ 320,083
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (19,298)
Adjustments:	
Depreciation.	20,831
Changes in assets and liabilities:	
Decrease in accounts receivable.	406
Decrease in due from other governments	262
(Increase) in prepayments	(445)
(Decrease) in accounts payable.	(2,478)
(Decrease) in accrued wages and benefits	(8,698)
Increase in intergovernmental payable.	14,944
(Decrease) in pension obligation payable	(63,643)
Net cash used in operating activities	$ (58,119)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE ACADEMY

Autism Academy of Learning (the “Academy”) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events which have occurred that might adversely affect the Academy’s tax exempt status. The Academy provides services to autistic students ages 5 through 21 year-round and operates a Parent Resource Room, which offers parents of enrolled students resources and information on parenting children with autism. The Academy, 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 Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Lucas County Educational Service Center (the “Sponsor”) commencing July 12, 2001. The sponsorship agreement has been renewed on a yearly basis since the expiration of the original contract. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The sponsorship agreement states the Treasurer of Lucas County Educational Service Center shall serve as the Chief Financial Officer of the Academy (See Note 12).

The Academy 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 Academy’s one instructional/support facility staffed by 60 non-certified and 6 certified, teaching personnel who provide services to 56 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The Academy's significant accounting policies are described below.

A. Basis of Presentation

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

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

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statements 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 Academy finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis. Chapter 5705.39 of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

E. Cash and Cash Equivalents

All monies received by the Academy are accounted for by the Academy's fiscal agent, the Lucas County Educational Service Center. All cash received by the fiscal agent is maintained in separate bank accounts in the Academy's name. Monies for the Academy are maintained in these accounts or temporarily used to purchase short-term investments.

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

For the purposes of the statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year ended 2009, the Academy only had deposits.

F. Capital Assets and Depreciation

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 dates received. The Academy maintains a capitalization threshold of $250. The Academy 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 are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Live
Leasehold improvements	3 Years
Furniture, fixtures and equipment	5 Years
Vehicles	5 Years
Computers	3 Years

G. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, State Special Education Program, EMIS, Etech, IDEA-B grant, the Title I-A grant, the Title II-D grant, Title II-A, Title V and the Title IV-A. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements had been met. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

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

I. Net Assets

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

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Estimates

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

K. Operating Revenues and Expenses

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2009, the Academy has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the Academy.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Academy.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE- (Continued)

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Academy.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS

At June 30, 2009, the carrying amount of all Academy deposits was $320,083. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, $119,657 of the Academy's bank balance of $369,657 was exposed to custodial risk as discussed below, while $250,000 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy. The Academy had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2009, consisted of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	Amount
IDEA-B	$ 3,815
Title I-A	6,389
Title V	51
Title IV-A	338
Title II-D	449
Total intergovernmental receivables	$ 11,042

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance 06/30/08	Additions	Disposals	Balance 06/30/09
Capital assets, being depreciated:				
Furniture, fixtures and equipment	$ 87,522	$ 6,924	$ -	$ 94,446
Leasehold improvements	28,042	-	-	28,042
Vehicles	-	46,252	-	46,252
Capital leases	21,044	-	-	21,044
Total capital assets, being depreciated	136,608	53,176	-	189,784
Accumulated depreciation:				
Furniture, fixtures and equipment	(54,525)	(11,998)	-	(66,523)
Leasehold improvements	(28,042)	-	-	(28,042)
Vehicles	-	(4,625)	-	(4,625)
Capital leases	(10,447)	(4,208)	-	(14,655)
Total accumulated depreciation	(93,014)	(20,831)	-	(113,845)
Capital assets, net	$ 43,594	$ 32,345	$ -	$ 75,939

NOTE 7 - CAPITALIZED LEASE - LESSEE DISCLOSURE

The Academy entered into capital lease agreements in March 2006 and January 2007 for copiers. The leases both meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital leases are recorded at the present value of the future minimum lease payments as of the inception date. Principal payments made during fiscal year 2009 totaled $4,533.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009:

Fiscal Year Ending June 30,	Total
2010	$ 5,304
2011	3,616
2012	1,386
Minimum lease payments	10,306
Less: interest	(781)
Present value of minimum lease payments	$ 9,525

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Academy contracted with Philadelphia Insurance Company for general liability and property insurance and educational errors and omissions insurance.

Coverage is as follows:

Coverage	Limits of Coverage
Commercial General Liability per occurrence	$2,000,000
Commercial General Liability aggregate	2,000,000
Personal Injury and Property Damage	1,000,000
Directors and Officers Liability per occurrence	1,000,000
Directors and Officers Liability aggregate	1,000,000
Business Automobile	1,000,000

Settled claims have not exceeded this coverage in any of the past three years and there has been no significant reduction in coverage from the prior fiscal year.

The Academy owns no property, but leases a facility located at 219 Page Street, Toledo, Ohio 43620 (See Note 11).

B. Workers' Compensation

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

C. Employee Benefits

The Academy provides life, dental and medical/surgical benefits to its employees who work 25 or more hours per week through Paramount. The Academy also provides vision benefits to most employees through Vision Service Plan.

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

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

NOTE 9 - PENSION PLANS - (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $38,981, $38,963 and $22,277, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

NOTE 9 - PENSION PLANS - (Continued)

Funding Policy - For fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were $50,829, $56,035 and $46,678, respectively; 97.99 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Governing Board have elected Social Security. The Academy's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was $35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were $25,853, $22,825 and $11,104, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were $3,216, $2,807 and $1,515, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008 and 2007 were $3,910, $4,310 and $3,576, respectively; 97.99 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 11 - OPERATING LEASES

The Academy entered into an operating lease agreement with the Roman Catholic Diocese of Toledo in America, for the operation of the Academy's facility, for a term beginning March 1, 2004 through August 31, 2006. The lease agreement was renewed, began September 1, 2006 and will run through June 30, 2011. This agreement is, in substance, a rental agreement (operating lease) and is classified as purchased services in the financial statements. Facility lease payments for the year totaled $108,000 during fiscal year 2009.

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2009:

NOTE 11 - OPERATING LEASES – (Continued)

Fiscal Year Ending June 30,	Facility Lease
2010	$ 108,000
2011	108,000
Total	$ 216,000

NOTE 12 - FISCAL AGENT

The Academy entered into a service agreement as part of its Sponsorship contract with the Treasurer of the Lucas County Educational Service Center (the Sponsor) to serve as the Chief Fiscal Officer of the Academy. As part of this agreement, the Academy shall compensate the Sponsor two percent (2%) of the per pupil allotment paid to the Academy from the State of Ohio. Total contract payments of $31,547 in fiscal fees and $24,426 in Sponsor fees were paid during fiscal year 2009. A liability in the amount of $3,938 was accrued for June 2009 fiscal fees paid in fiscal year 2010.

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

- Maintain custody of all funds received by the Academy in segregated accounts separate from the Sponsor or any other Community Academy's funds;
- Maintain all books and accounts of the Academy;
- Maintain all financial records of all State funds of the Academy and follow State Auditor procedures for receiving and expending State funds;
- Assist the Academy in meeting all financial reporting requirements established by the Auditor of the State of Ohio;
- Invest funds of the Academy in the same manner as the funds of the Sponsor are invested, but the Treasurer shall not commingle the funds with any of the Sponsor or any other community Academy; and,
- Pay obligations incurred by the Academy within a reasonable amount of time, not more than 14 calendar days after receipt of a properly executed voucher signed by the Chief Administrative Office of the Academy so long as the proposed expenditure is within the approved budget and funds are available.

NOTE 13 - PURCHASED SERVICES

For fiscal year 2009, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	$ 340,395
Property services	125,491
Travel	1,099
Communcations	7,984
Utilities	547
Total	$ 475,516

NOTE 14 - CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2009.

B. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. For fiscal year 2009, the result of this review resulted in an overpayment of Foundation Revenue of $13,688, and is reported as a liability on the financial statements at June 30, 2009.

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

Autism Academy of Learning
Lucas County
219 Page Street
Toledo, Ohio 43620

To the Board of Directors:

We have audited the basic financial statements of the Autism Academy of Learning, Lucas County, (the Academy) as of and for the year ended June 30, 2009, and have issued our report thereon dated January 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain 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 a certain noncompliance matter that we reported to the Academy's management in a separate letter dated January 11, 2010.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 11, 2010

Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Autism Academy of Learning
Lucas County
219 Page Street
Toledo, Ohio 43620

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Autism Academy of Learning (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on December 20, 2007.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   (3) A procedure for reporting prohibited incidents;

   (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

(5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 11, 2010

Mary Taylor, CPA
Auditor of State

AUTISM ACADEMY OF LEARNING

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us