



Dave Yost • Auditor of State



**THE INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

The Intergenerational School  
Cuyahoga County  
12200 Fairhill Road  
Cleveland, Ohio 44120

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of The Intergenerational School, Cuyahoga County, Ohio (the School), as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements 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 respective financial position of the business-type activities of The Intergenerational School, Cuyahoga County, Ohio, as of June 30, 2010, and the respective changes in financial position and 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 March 4, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

March 4, 2011

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Unaudited)

The management's discussion and analysis of Intergenerational School's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2010. 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 the notes to the basic financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

Key financial highlights for 2010 are as follows:

- In total, net assets were \$778,115 at June 30, 2010.
- The School had operating revenues of \$1,450,461 and operating expenses of \$2,001,669 for fiscal year 2010. The School also had \$598,856 in non-operating revenues during fiscal year 2010. Total change in net assets for the fiscal year was an increase of \$47,648.

**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 School's financial activities. The *statement of net assets* and *statement of revenues, expenses and changes in net assets* provide information about the activities of the School, including all short-term and long-term financial resources and obligations.

**Reporting the School 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 2010?" 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 School's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the School finances and is meeting the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Unaudited)

The table below provides a summary of the School's net assets for fiscal years 2010 and 2009

	<b>Net Assets</b>	
	<u>2010</u>	<u>2009</u>
<b><u>Assets</u></b>		
Current assets	\$ 874,950	\$ 929,533
Security deposits	21,333	17,010
Capital assets, net	<u>16,489</u>	<u>10,594</u>
<b>Total assets</b>	<u>912,772</u>	<u>957,137</u>
<b><u>Liabilities</u></b>		
Current liabilities	<u>134,657</u>	<u>226,670</u>
<b>Total liabilities</b>	<u>134,657</u>	<u>226,670</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	16,489	10,594
Restricted	356,540	441,279
Unrestricted	<u>405,086</u>	<u>278,594</u>
<b>Total net assets</b>	<u>\$ 778,115</u>	<u>\$ 730,467</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the School's net assets totaled \$778,115. Both current assets and current liabilities decreased in fiscal year 2010. The decrease in current assets was primarily due to a decrease in cash and cash equivalents. The decrease in current liabilities was due to the timing of payments, with more expenses paid prior to the end of the fiscal year in 2010 than in 2009.

The revenue generated by community schools are heavily dependent upon per-pupil allotment given by the State foundation program and federal entitlement programs. Foundation payments, including foundation payments used for special education, attributed to 66.44% of total operating and non-operating revenues during fiscal year 2010.



**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Unaudited)

The table below shows the changes in net assets for fiscal years 2010 and 2009.

**Change in Net Assets**

	<u>2010</u>	<u>2009</u>
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 1,310,451	\$ 1,218,624
Special education	51,085	29,113
Classroom fees	52,043	49,752
Food services	4,928	4,472
Other operating revenue	<u>31,954</u>	<u>36,226</u>
Total operating revenue	<u>1,450,461</u>	<u>1,338,187</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	1,047,990	963,616
Fringe benefits	246,600	243,756
Purchased services	495,904	509,465
Materials and supplies	176,919	128,121
Depreciation	8,037	6,676
Other	<u>26,219</u>	<u>17,523</u>
Total operating expenses	<u>2,001,669</u>	<u>1,869,157</u>
<b><u>Non-operating revenues:</u></b>		
Federal and State grants	400,028	352,841
Contributions and donations	197,964	336,047
Interest income	<u>864</u>	<u>4,190</u>
Total non-operating revenues	<u>598,856</u>	<u>693,078</u>
Change in net assets	47,648	162,108
Net assets at beginning of year	<u>730,467</u>	<u>568,359</u>
Net assets at end of year	<u>\$ 778,115</u>	<u>\$ 730,467</u>

The increase in foundation revenue and the increase in salaries and wage expenses are due to an increase in enrollment in the School. There was an increase of 29 students in fiscal year 2010, from 175 students to 204 students. The increase in Federal and State grants was due to the receipt of the grants through the Public Charter School Program and the receipt of American Recovery and Reinvestment Act (ARRA) grants.

**Capital Assets**

At June 30, 2010, the School had \$14,489 invested in furniture, fixtures and equipment, net of accumulated depreciation and \$2,000 invested in leasehold improvements, net of accumulated depreciation. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**Debt Administration**

The School did not have any outstanding long-term debt at June 30, 2010.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Unaudited)**

**Current Financial Related Activities**

The School's fiscal agent relationship with the Lucas County Educational Service Center aids in raising the quality of financial records and strengthens internal controls. During the 2009-2010 school year, there were approximately 204 students enrolled in the School. The School relies on the State Foundation Funds as well as State and Federal Sub-Grants to provide the monies necessary to operate the School.

**Contacting the School's Financial Management**

This financial report is designed to provide our clients and creditors 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 financial information contact Ms. Brooke King, Administrator at Intergenerational School, 12200 Fairhill Rd., Cleveland, Ohio 44120 or email [bking@tisonline.org](mailto:bking@tisonline.org).

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2010

**Assets:**

Current assets:

Cash and cash equivalents . . . . .	\$	778,095
Receivables:		
Accounts . . . . .		7,500
Intergovernmental. . . . .		87,426
Prepayments . . . . .		1,929
		874,950
Total current assets. . . . .		874,950

Non-current assets:

Security deposits . . . . .		21,333
Capital assets, net. . . . .		16,489
		37,822
Total non-current assets. . . . .		37,822

Total assets . . . . .		912,772
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**Liabilities:**

Current liabilities:

Accounts payable . . . . .		6,148
Accrued wages and benefits . . . . .		95,669
Compensated absences payable. . . . .		9,572
Intergovernmental payable. . . . .		7,292
Pension obligation payable . . . . .		15,976
		134,657

Total liabilities . . . . .		134,657
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**Net Assets:**

Invested in capital assets . . . . .		16,489
Restricted for:		
Security deposits. . . . .		21,333
Locally funded programs. . . . .		318,265
Other purposes . . . . .		12,370
State funded programs. . . . .		6
Federally funded programs. . . . .		4,566
Unrestricted. . . . .		405,086
		405,086

Total net assets. . . . .	\$	778,115
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<b>Operating revenues:</b>	
State foundation . . . . .	\$ 1,310,451
Special education . . . . .	51,085
Classroom fees . . . . .	52,043
Food services . . . . .	4,928
Other operating revenue . . . . .	31,954
Total operating revenue . . . . .	<u>1,450,461</u>
<b>Operating expenses:</b>	
Salaries and wages . . . . .	1,047,990
Fringe benefits . . . . .	246,600
Purchased services . . . . .	497,726
Materials and supplies . . . . .	176,919
Depreciation . . . . .	8,037
Other . . . . .	26,219
Total operating expenses . . . . .	<u>2,003,491</u>
Operating loss . . . . .	<u>(553,030)</u>
<b>Non-operating revenues:</b>	
Federal and State grants . . . . .	400,028
Contributions and donations . . . . .	197,964
Interest income . . . . .	864
Refund of prior year expense . . . . .	1,822
Total non-operating revenues . . . . .	<u>600,678</u>
Change in net assets . . . . .	47,648
<b>Net assets at beginning of year . . . . .</b>	<u>730,467</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 778,115</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

<b>Cash flows from operating activities:</b>		
Cash received from State of Ohio . . . . .	\$	1,366,480
Cash received from food services. . . . .		4,928
Cash received from classroom materials and fees . . . . .		52,043
Cash received from other operations . . . . .		31,954
Cash payments for salaries and wages . . . . .		(1,093,285)
Cash payments for fringe benefits . . . . .		(265,313)
Cash payments to suppliers for goods and services. . . . .		(527,469)
Cash payments for materials and supplies . . . . .		(182,718)
Cash payments for other expenses . . . . .		(26,266)
		<hr/>
Net cash used in operating activities . . . . .		(639,646)
		<hr/>
<b>Cash flows from noncapital financing activities:</b>		
Federal and State grants. . . . .		400,699
Contributions and donations. . . . .		190,709
Other non-operating revenue. . . . .		1,822
		<hr/>
Net cash provided by noncapital financing activities . . . . .		593,230
		<hr/>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition of capital assets . . . . .		(13,932)
		<hr/>
Net cash used in capital and related financing activities . . . . .		(13,932)
		<hr/>
<b>Cash flows from investing activities:</b>		
Interest received . . . . .		864
		<hr/>
Net cash provided by investing activities . . . . .		864
		<hr/>
Net increase in cash and cash equivalents . . . . .		(59,484)
		<hr/>
<b>Cash and cash equivalents at beginning of period. . . . .</b>		<b>837,579</b>
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>\$</b>	<b>778,095</b>
		<hr/> <hr/>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>		
Operating loss . . . . .	\$	(553,030)
Adjustments:		
Depreciation. . . . .		8,037
Changes in assets and liabilities:		
(Increase) in security deposits. . . . .		(4,323)
Decrease in prepayments. . . . .		1,683
(Decrease) in accounts payable. . . . .		(27,699)
(Decrease) in accrued wages and benefits . . . . .		(26,099)
(Decrease) in compensated absences payable. . . . .		(20,345)
Increase in intergovernmental payable. . . . .		1,098
(Decrease) in pension obligation payable. . . . .		(18,968)
		<hr/>
Net cash used in operating activities . . . . .	\$	(639,646)
		<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1 - DESCRIPTION OF THE SCHOOL**

The Intergenerational School (the "School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code exclusively for educational purposes. 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's mission is to provide students of kindergarten to grade eight the knowledge, skills and habits to be effective and empowered stewards of their community. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School was approved for operation under an amended and restated contract with the Lucas County Educational Service Center (the "Sponsor") for a period of one year commencing July 1, 2005. The contract terminated on June 30, 2006. The contract was renewed through June 30, 2012. 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 sponsorship agreement states the Treasurer of Lucas County Educational Service Center shall serve as the Chief Financial Officer of the School (See Note 13).

The School operates under the direction of an eleven-member Board of Trustees. The Board of Trustees 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 Trustees controls the School's one instructional/support facility staffed by 5 non-certified and 21 certificated full time teaching personnel who provide services to 204 students.

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

The basic financial statements (BFS) of the School 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 School also applied Financial Accounting Standards Board (FASB) guidance issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The School had the option to also apply FASB guidance issued after November 30, 1989, subject to this same limitation. The School elected not to apply these FASB guidance. The School's significant 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 revenues, expenses and changes in net assets and a statement of cash flows.

Enterprise 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 revenues, expenses and 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.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(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 basic financial statements. The School's basic 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 upon the accrual basis when the exchange takes place.

Nonexchange 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 fiscal 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.

Grants and entitlements received before the eligibility requirements are met are recorded as unearned revenue. 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 Section 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis.

**E. Cash and Cash Equivalents**

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

For the purposes of the statement of cash flows and the presentation on the balance sheet, investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

**F. Capital Assets**

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The School does not have any infrastructure. The School maintains a capitalization threshold at \$1,000. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the remaining useful life of the related capital assets. Furniture, fixtures and equipment and leasehold improvements are depreciated over five years.



**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

**G. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consist of capital assets, net of accumulated depreciation. 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 School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**H. Operating Revenues and Expenses**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit fiscal years beyond June 30, 2010 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 fiscal year ended in which services are consumed.

**J. Intergovernmental Revenue**

The School currently participates in the State Foundation Basic Aid, American Recovery and Reinvestment Act (ARRA) grants, Title I, Title V, IDEA-B, Title VI-A, Title II-A, Title II-D, Food Service and the public charter school program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

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

**K. Security Deposits**

The School entered into a lease for the use of the building for the administration and instruction of the School. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. This amount, totaling \$21,333, is held by the lessor (See Note 12).

**L. Estimates**

The preparation of basic 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.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

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

**M. Compensated Absences**

Vacation for teaching staff is to be taken in a manner that corresponds with the school calendar; therefore, the School does not accrue vacation time as a liability.

Vacation benefits for non-teaching staff are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned. Accrued vacation pay totaling \$9,572 is reported on the Statement of Net Assets under Compensated Absence Payable.

Sick time and other paid time off are not compensatable if this PTO is not taken. The unused PTO can be carried over into the next school year. Therefore, no liability was recorded.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2010, the School has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the School.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the School.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the School.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 4 - DEPOSITS**

**Deposits with Financial Institutions**

At June 30, 2010, the carrying amount of all School's deposits was \$778,095. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$588,469 of the School's bank balance of \$838,469 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 School'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 School. The School has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2010, consisted of intergovernmental receivables arising from grants and entitlements and accounts receivable. All receivables are considered collectable in full due to the current year guarantee of federal funds. A summary of the principal items of receivables follows:

<u>Receivables</u>	<u>Amount</u>
Intergovernmental:	
IDEA Part-B	\$ 12,221
Title I	12,904
Title II-A	5,995
Title II-D	1,683
Public charter school grant	<u>54,623</u>
Total intergovernmental receivable	<u>87,426</u>
Accounts receivable	<u>7,500</u>
Total receivables	<u><u>\$ 94,926</u></u>

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 6 - CAPITAL ASSETS**

A summary of the School's capital assets at June 30, 2010, follows:

	Balance 06/30/09	Additions	Deductions	Balance 06/30/10
Capital Assets:				
Furniture, fixtures and equipment	\$ 108,894	\$ 13,932	\$ -	\$ 122,826
Leasehold improvements	54,789	-	-	54,789
Total capital assets	163,683	13,932	-	177,615
Less: accumulated depreciation				
Furniture, fixtures and equipment	(101,300)	(7,037)	-	(108,337)
Leasehold improvements	(51,789)	(1,000)	-	(52,789)
Total accumulated depreciation	(153,089)	(8,037)	-	(161,126)
Total capital assets, Net of accumulated depreciation	<u>\$ 10,594</u>	<u>\$ 5,895</u>	<u>\$ -</u>	<u>\$ 16,489</u>

**NOTE 7 - RISK MANAGEMENT**

**A. Insurance Coverage**

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the fiscal year ended 2010, the School contracted with the Cincinnati Insurance Company and the United National Insurance Company with the following insurance coverage:

Commerical General Liability per Occurrence	\$ 1,000,000
Commerical General Liability Aggregate	2,000,000
Umbrella Coverage per Occurrence	1,000,000
Umbrella Coverage per Aggregate	1,000,000
Commerical Property (\$1,000 Deductible)	300,000
Crime Coverage (\$500 Deductible)	50,000
Computer Coverage (\$1,000 Deductible)	78,000
Employee Benefits Liability (\$1,000 Deductible) Each Employee	1,000,000
Employee Benefits Liability (\$1,000 Deductible) Aggregate	3,000,000
Employers Stop Gap Liability	1,000,000
School Board Legal Liability per Occurrence/Aggregate (\$2,500 Deductible)	1,000,000
Sexual Misconduct Liability Per Occurrence/Aggregate	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. The School owns no property, but leases a facility located at 12200 Fairhill Road, Cleveland, Ohio (See Note 12).

**B. Workers' Compensation**

The School makes premium payments to the Ohio Workers' Compensation System for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 7 - RISK MANAGEMENT (Continued)**

**C. Employees Medical, Dental, Vision, Life and Disability Benefits**

The School has contracted through an independent carrier to provide medical, dental, vision, life and disability insurance benefits to all employees who work 37.5 or more hours per week. The School pays 90 percent of the monthly premiums for all selected coverage.

**NOTE 8 - CONTINGENCIES**

**A. Grants**

The School received financial assistance from State agencies in the form of grants. The expense 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 School at June 30, 2010.

**B. Litigation**

The School is not involved in any litigation that, in the opinion of management, would have material effect on the financial statements.

**C. 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 2010, the results of this review resulted in a decrease of \$4,323 that is reflected as an intergovernmental payable in the financial statements.

**NOTE 9 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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](http://www.ohsers.org), under *Employers/Audit Resources*.

Funding Policy - 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 2010, 12.78 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

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 9 - PENSION PLANS (Continued)**

**A. School Employees Retirement System (Continued)**

employer contributions. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$31,269, \$23,576 and \$17,381, respectively; 91 percent has been contributed for fiscal year 2010 and 100 percent has been contributed for fiscal years 2009 and 2008.

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

Plan Description - The School 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 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 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.

Funding Policy - For fiscal year 2010, 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. 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, 2010, 2009 and 2008 were \$110,319, \$84,327 and \$70,818, respectively; 91 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$3,248 made by the School and \$2,320 made by the plan members.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The School 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Employers/Audit Resources*.

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 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were \$5,041, \$13,655 and \$11,099, respectively; 91 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,860, \$1,945 and \$1,252, respectively; 91 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)**

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

Plan Description - The School 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](http://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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$8,486, \$6,487 and \$5,448, respectively; 91 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

**NOTE 11 - PURCHASED SERVICES**

For the fiscal year ended June 30, 2010, purchased service expenses were payments for services rendered by various vendors, and are as follows:

Professional and technical services	\$ 174,562
Property services	253,074
Travel mileage/meeting expense	21,286
Communications	31,092
Contracted craft or trade service	7,209
Other	<u>8,681</u>
Total	<u>\$ 495,904</u>

**NOTE 12 - OPERATING LEASES**

The School entered into a lease agreement with Fairhill Partners for use of the property located on 12200 Fairhill Road. The initial term of the lease commenced July 1, 2006 and terminated June 30, 2009. The School renewed the lease for a one year term. The monthly charge for rent, not including additional rent options, is \$21,333 payable the first of each month. Rent expenses and related expenses under the lease were \$265,202 for the fiscal year ended June 30, 2010.

**NOTE 13 - FISCAL AGENT**

The sponsorship agreement states the Treasurer of the Sponsor shall serve as the Chief Fiscal Officer of the School. As part of this agreement, the School shall compensate the Sponsor two percent (2%) of the per pupil allotment paid to the School from the State of Ohio. A total contract payment of \$33,871 was paid during the year.

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



**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(Continued)

**NOTE 13 - FISCAL AGENT (Continued)**

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

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**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY  
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. Department of Agriculture</b>			
<i>Passed Through the Ohio Department of Education</i>			
Fruit and Vegetable	10.582	\$9,831	\$7,558
Children Nutrition Cluster: School Breakfast Program	10.553	11,963	11,963
National School Lunch Program	10.555	<u>50,520</u>	<u>50,520</u>
Total Nutrition Cluster		<u>62,483</u>	<u>62,483</u>
<b>Total U.S. Department of Agriculture</b>		<u>72,314</u>	<u>70,041</u>
<b>U.S. Department of Education</b>			
<i>Passed Through the Ohio Department of Education</i>			
<i>Special Education Cluster:</i>			
Special Education Grants To States	84.027	26,900	27,878
Special Education Grants to States, Recovery Act	84.391	<u>2,185</u>	<u>11,120</u>
Total Special Education Cluster		29,085	38,998
Title I Grants to Local Educational Agencies	84.010	94,211	126,551
Title I Grants to Local Educational Agencies, Recovery Act	84.389	<u>47,803</u>	<u>48,812</u>
Total Title I Grants		142,014	175,363
Safe and Drug-Free Schools and Communities State Grants	84.186	2,210	2,210
State Grants for Innovative Programs	84.298	209	0
Education Technology State Grants	84.318	389	2,164
Improving Teacher Quality State Grants	84.367	1,110	8,684
State Fiscal Stabilization Fund (SFSF) Education State Grants, Recovery Act	84.394	93,393	93,393
Charter School Dissemination Grant	84.282	<u>56,347</u>	<u>128,820</u>
<b>Total U.S. Department of Education</b>		<u>324,757</u>	<u>449,632</u>
<b>Total Federal Assistance</b>		<u>\$397,071</u>	<u>\$519,673</u>

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

**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Citizens' Academy (the Academy) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

**CFDA – Catalog of Federal Domestic Assistance**



# Dave Yost • Auditor of State

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

The Intergenerational School  
Cuyahoga County  
12200 Fairhill Road  
Cleveland, Ohio 44120

To the Board of Directors:

We have audited the financial statements of the business-type activities of The Intergenerational School, Cuyahoga County, (the School) as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 4, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

### Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

The Intergenerational School  
Cuyahoga County  
Independent Accountants' Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, the Community School's sponsor, federal awarding agencies, pass-through entities, and others within the School. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

March 4, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Intergenerational School  
Cuyahoga County  
12200 Fairhill Road  
Cleveland, Ohio 44120

To the Board of Directors:

### Compliance

We have audited the compliance of The Intergenerational School, Cuyahoga County, Ohio, (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of The Intergenerational School's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal program. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

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

In our opinion, The Intergenerational School, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

**Internal Control Over Compliance (Continued)**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, the Community School's sponsor, others within the School, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

March 4, 2011



**INTERGENERATIONAL SCHOOL  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
FISCAL YEAR END JUNE 30, 2010**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Title I: Grants to Local Educational Agencies CFDA #84.010 and 84.389 ; State Fiscal Stabilization Fund CFDA # 84.394
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**INTERGENERATIONAL SCHOOL**

**CUYAHOGA 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  
APRIL 14, 2011**