



Dave Yost • Auditor of State

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY
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INDEPENDENT ACCOUNTANTS' REPORT

Lion of Judah Academy
Attn: Romey Coles, Executive Director
4001 Foskett Road
Medina, Ohio 44256

ASHE Culture Center Inc., Sponsor
Attn: Dr. Kwa David Whitaker, Ph.D., Esq., Co-Chair
Attn: Dr. Jorethia L. Chuck, Ph.D., Co-Chair
2125 Superior Avenue
Cleveland, Ohio 44114

Ohio Department of Education, Sponsor
Attn: Stacey Callahan, Education Consultant
25 South Front Street, Mail Stop 307
Columbus, Ohio 43215

To The Lion of Judah Academy and the Sponsor:

We were engaged to audit the accompanying basic financial statements of The Lion of Judah Academy, Cuyahoga County (the Academy), as of and for the year ended June 30, 2007. These financial statements are the responsibility of the Academy's management.

We were unable to obtain evidence of Board approval of the salary and wage amounts paid to the employees. In addition, the Academy did not have on file employment contracts for all employees and personnel files were not available for all employees. As a result, Salaries and Fringe benefits amounts were unsupported.

The Academy did not provide supporting documentation for expenditures.

The Academy failed to provide documentation for *Other Revenue* reported on the financial statements and the Statement of Cash Flows were unsupported.

The Academy did not provide evidence to support the notes to the financial statements.

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* require us to obtain written representations from management. Management has not provided the Auditor of State written representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the Academy's accounting basis; the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings, management's responsibility for the Academy's compliance with laws and regulations; the identification and disclosure to the Auditor of State of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of regulations, and provisions of contracts and grant agreements, and compliance with any debt covenants.

Since the Academy did not provide sufficient evidential matter as described in paragraphs two through six above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion of these financial statements referred to above for the year ended June 30, 2007.

As discussed in Note 12 to the basic financial statements, the Academy voluntarily ceased operations on May 3, 2013 based on a vote by their Governing Board and approved by their Sponsor.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2013, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style with a large loop at the end of the last name.

Dave Yost
Auditor of State

December 27, 2013

Lion of Judah Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2007

Presented below is a discussion and analysis of the Lion of Judah Academy (the Academy) financial performance for the fiscal year ended June 30, 2007. The purpose 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 notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

- In total, net assets were \$169,960. Total enrollment for the year was 47 students.
- Total assets were \$183,651.
- Total liabilities \$13,691.

Using this Financial Report

This report contains of three parts, the MD&A, the basic financial statements, and notes to those financial statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

Statement of Net Assets

This statement was prepared using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when cash is received or paid.

Lion of Judah Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2007
(Continued)

Table 1 provides a summary of the Academy's net assets for fiscal year 2007.

Table 1
Net Assets

			2007
Assets			
Current Assets			\$ 106,834
Capital Assets, Net			76,817
Total Assets			183,651
Liabilities			
Current Liabilities			13,691
Non-Current Liabilities			
Total Liabilities			13,691
Net Assets			
Invested in Capital Assets			76,817
Unrestricted			93,143
Total Net Assets (Deficit)			\$ 169,960

Current assets were \$106,834 as of June 30, 2007. During the year capital assets totaled \$92,654. Current liabilities of \$13,691 were accrued as of June 30, 2007. In summary, net assets were \$169,960, consisting of \$76,817 in capital assets and \$93,143 in unrestricted assets.

Lion of Judah Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2007
(Continued)

Table 2 shows the changes in net assets for the fiscal year 2007.

Table 2
Changes in Net Assets

				2007
Operating Revenues				
State Foundation				\$ 370,458
Poverty Based Assistance				15,092
Total Operating Revenues				385,550
Non-Operating Revenues				
Federal Aid				32,823
Miscellaneous				75,042
Total Non-Operating Revenues				107,865
Total Revenues				493,415
Operating Expenses				
Salaries				166,381
Fringe Benefits				40,143
Purchased Services				61,076
Rent				28,982
Materials and Supplies				11,036
Depreciation				15,837
Total Expenses				323,455
Change in Net Assets				169,960
Net Assets (Deficit) at Beginning of Year				-
Net Assets (Deficit) at End of Year				<u>\$ 169,960</u>

During its initial year of operation, the Academy enrolled forty-seven students, resulting in operating foundation revenues of \$385,550. Additional revenues of \$107,865 were received, resulting in total revenues of \$493,415. Operating expenses totaled \$323,455, with a change in net assets of \$169,960.

Lion of Judah Academy
Management's Discussion and Analysis
For the Year Ended June 30, 2007
(Continued)

Capital Assets

At the end of the fiscal year 2007, the Academy had \$76,817 invested in furniture and equipment. Table 3 shows the fiscal year detail.

		(Table 3)		
		Capital Assets at June 30, 2007		
Furniture & Equipment		92,654		
Leasehold Improvements		-		
Totals		92,654		
Less: Accumulated Depreciation		(15,837)		
Net Capital Assets		<u>76,817</u>		

For more information on capital assets see the notes to the basic financial statements.

Lion of Judah Academy
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS

Current assets

Cash and Cash Equivalents \$ 106,834

Total current assets 106,834

Non-current assets

Capital assets, net of accumulated depreciation 76,817

Total assets \$ 183,651

LIABILITIES & NET ASSETS

Current liabilities

Accrued Wages and benefits payable 13,691

Total current liabilities 13,691

Net assets

Invested in capital assets 76,817

Unrestricted 93,143

Total net assets 169,960

See the accompanying notes to the financial statements

Lion of Judah Academy
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Operating revenues	
State Foundation	370,458
Poverty Based Assistance	15,092
Total operating revenues	<u>385,550</u>
Operating expenses	
Salaries	166,381
Fringe Benefits	40,143
Purchased services	61,076
Rent	28,982
Materials & Supplies	11,036
Depreciation	15,837
Total operating expenses	<u>323,455</u>
Operating (loss)	62,095
Non-operating revenues	
Federal Aid	32,823
Miscellaneous	75,042
Total non-operating revenue	<u>107,865</u>
Change in net assets	169,960
Net assets at beginning of year	<u>-</u>
Net assets at end of year	<u><u>\$ 169,960</u></u>

See the accompanying notes to the financial statements

**LION OF JUDAH ACADEMY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Increase (decrease) in cash

Cash flows from operating activities

Cash Received from the State of Ohio	\$ 385,550
Cash payments to suppliers for good and services	(87,403)
Cash payments for personal service	(166,381)
Cash payments to other governments	(40,143)
Net cash (used for) operating activities	<u>91,623</u>

Cash flows from noncapital financing activities

State and Federal grants	32,823
Miscellaneous	75,042
Net cash provided by noncapital financing activities	<u>107,865</u>

Cash flows from capital and related financing activities

Capital expenses	(92,654)
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Net increase in cash 106,834

Cash at beginning of year -

Cash at end of year \$ 106,834

Reconciliation of operating (loss) to net cash

(used for) operating activities:

Operating Income (loss) \$ 62,095

Adjustments to reconcile operating (loss)

to net cash (used for) operating activities:

Depreciation 15,837

Change in assets and liabilities:

Increase in liabilities:

Accounts payable 13,691

Total adjustments 29,528

Net cash (used for) operating activities \$ 91,623

The accompanying notes to the financial statements are an integral part of this statement.

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**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

1. Description of the Reporting Entity

The Lion of Judah Academy, Inc., (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's mission is to provide an orderly and supportive environment whereby students experience preparations for college, career and life. The Academy operates on a foundation, which fosters character building for all students, parents and staff members. 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 acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the Ashe Cultural Center (the Sponsor) for a period of five years commencing on July 1, 2006. 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 Academy operates under the direction of a Governing Board. The Governing Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student populations, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Governing Board controls the Academy's instructional and administrative staff.

2. Summary of Significant Accounting Policies

The financial Statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organization. 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 on or before August 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's 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.

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 operating statement presents increases (e.g., revenues) and decreases (e.g., 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.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

Revenues 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.

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

E. Cash and Cash Equivalents

All monies received by the Academy are accounted for by the Academy's fiscal agent. All Cash received by the fiscal agent is maintained in separate bank accounts in the Academy's name.

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.

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Basic Aid Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which eligibility requirements are 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 first 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.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

2. Summary of Significant Accounting Policies (Continued)

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for addition and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization thresh of \$500. 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:

Equipment	7 years
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H. Net Assets

Net Assets represent the difference between assets and liabilities. Invested in Capital Assets, net of Related Debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Outstanding debt exceeds capital assets, so invested in Capital Assets, net of Related Debt is not recognized currently.

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditor, grantor, or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Operating Revenue and Expenses

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

J. Estimates

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

3. Deposits

At fiscal year end June 30, 2007, the carrying amount of the School's deposits was \$106,834. Based on the criteria described in GASB Statement No. 40 "Deposits and Investment Risk Disclosure," as of June 30, 2007, \$100,000 was covered by the Federal Depository Insurance Corporation and \$100,000 was protected by a collateral pool of eligible securities deposited with a qualified trustee and there was no exposure to custodial credit risk.

**LION OF JUDAH ACADEMY
 CUYAHOGA COUNTY, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
 (Continued)**

3. Deposits (Continued)

Custodial credit risk is the risk that in the event of bank failure, the School will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the Federal Reserve System, in the name of the respective depository 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 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 School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

4. Capital Assets

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

Equipment	<u>\$92,654</u>
Total Fixed Assets	92,654
Less Accumulated Depr	<u>(15,837)</u>
Net Fixed Assets	\$ 76,817

5. Operating Leases

The Academy has an operating lease for the period of July 1, 2006 through June 30, 2009 with Northeast Ohio Neighborhood Association (NEON) to lease a school facility. The base rental of the lease is \$1,957 per month. Payments totaling \$23,484 were made during the year.

6. Debt

The School has no outstanding debt at June 30, 2007.

7. Risk Management

A. Insurance Coverage

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 the fiscal year ending June 30, 2007, the Academy contracted for the following insurance coverage:

Coverage Provided by Nationwide Insurance Company:

General Liability:

Each Occurrence	\$ 500,000
Aggregate	\$1,000,000

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

7. Risk Management (Continued)

B. Workers' Compensation

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

8. Defined Benefit Pension Plans

A. School Employees Retirement System (SERS)

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

For the fiscal year ended June 30, 2007, plan members were required to contribute 10 percent of their annual covered salary and the Academy was required to contribute an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2007 was 14 percent of annual covered payroll; 10.58 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Academy's required contribution for pension obligations to SERS for the fiscal year ending June 30, 2007, was \$2,401; 100 percent has been contributed for fiscal year June 30, 2007.

B. State Teachers Retirement System of Ohio (STRS Ohio)

The Academy contributes to the School Teachers Retirement System (STRS), a cost-sharing multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan, and a Combined Plan. The DC allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, the member contributions are allocated by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

8. Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System of Ohio (STRS Ohio)

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3308.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed into an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – The member allocates Member contributions, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offer by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever come later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

8. Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System of Ohio (STRS Ohio) (Continued)

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependent. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law health care benefits are not guaranteed.

A Defined Benefit 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. A death benefit of \$1,000 is payable to the beneficiary of deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to member's beneficiaries.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board; upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal year ended June 30, 2007, plan members were required to contribute 10% of their annual covered salaries. The Academy was required to contribute 14%; 13% was the portion used to fund pension obligations. The Academy's required contribution for pension obligations for the fiscal years June 30, 2007, was \$20,140.

9. Postemployment Benefits

A. School Employees Retirement System

The Ohio Revised Code gives SERS discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Effective January 1, 2005, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status. A safety net is in place for retirees whose household income falls below federal poverty levels. Premiums are reduced by 50% for those who apply.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2007, the healthcare allocations is 3.42%. In addition, SERS levies a surcharge fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For the fiscal year 2007, the minimum pay was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund

9. Postemployment Benefits (Continued)

A. School Employees Retirement System (Continued)

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses, before premium deduction. Net health care costs for the year ending June 30, 2007, were \$158,751,207. The target level for health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006, the value of the health care fund was \$295.6 million, which is about 221% of next year's projected net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual claim costs. The number of recipients currently receiving health care benefits is approximately \$59,492.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year 2007, the Board allocated employer contributions equal to 3.42% of covered payroll and adding the surcharge due to the Health Care Reserve Fund. Regarding the Academy, the amount to fund health care benefits, including surcharge, equaled \$19,676 for the fiscal year 2007.

B. State Teachers Retirement System

STRS Ohio provides access to health care coverage to retirees who participated in the Defined Benefit or Combined Plans and their dependents. Coverage under the current plan includes hospitalization, physician's fees prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (R.C.) the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care cost will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer's contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. For the fiscal year ended June 30, 2007, the Board allocated employer contributions equal to 1.0% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Stabilization Fund was \$3.5 billion as of June 30, 2006. For the Academy, this amount equaled \$12,453 for the fiscal year ended June 30, 2007. For the fiscal year ended June 30, 2005 net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

10. Fiscal Agent

The Academy entered into a contract with Mr. Steven Sites (Harris Computers) to serve as the Chief Fiscal Officer of the Academy. As part of this agreement, the Academy shall compensate Mr. Sites \$12,000 per year.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Continued)**

10. Fiscal Agent (continued)

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 School's funds;
- Maintain all financial records of the Academy and follow procedures for receiving and expending state funds, which procedures shall include that the Treasurer shall disburse money only upon receipt of a voucher signed by the Chief Administrative Officer of the Academy or that Officer's designee;
- Assist the Academy in meeting all financial reporting requirements established by the Auditor 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 school; and
- Pay obligations incurred by the Academy within a reasonable amount of time, not more than 14 calendar days after the receipt of a properly executed voucher signed by the Chief Administrative Officer of the Academy so long as the proposed expenditure is within the approved budget and funds are available.

11. Contingencies

A. Grants

The Academy receives significant financial assistance from numerous federal and state agencies in form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and are subject to an audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Academy at June 30, 2007.

B. School Funding

The Ohio Department of Education conducts reviews 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. ODE has not yet conducted a review of the Academy's 2007 student enrollment data and FTE calculations. For 2008, the Academy does not anticipate revenue adjustments based on the results of any such review.

12. Subsequent Events

Ashe Culture Center, the Academy's sponsor, renewed its sponsorship of the Academy and the current agreement would have expired on June 30, 2012. However, the Ohio Department of Education removed Ashe Culture Center's authority to sponsor charter schools in September of 2011. Pursuant to the Ohio Revised Code, the Academy may not operate without a sponsor. The Ohio Department of Education took over sponsorship of the Academy at that time. The Academy voluntarily ceased operations on May 3, 2013 based on a vote by their Governing Board and approved by their Sponsor.

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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*

Lion of Judah Academy
Attn: Romey Coles, Executive Director
4001 Foskett Road
Medina, Ohio 44256

ASHE Culture Center Inc., Sponsor
Attn: Dr. Kwa David Whitaker, Ph.D., Esq., Co-Chair
Attn: Dr. Jorethia L. Chuck, Ph.D., Co-Chair
2125 Superior Avenue
Cleveland, Ohio 44114

Ohio Department of Education, Sponsor
Attn: Stacey Callahan, Education Consultant
25 South Front Street, Mail Stop 307
Columbus, Ohio 43215

To The Lion of Judah Academy and the Sponsor:

We were engaged to audit the basic financial statements of the Lion of Judah Academy, Cuyahoga County, Ohio, (the Academy) as of and for the year ended June 30, 2007 and have issued our report dated December 27, 2013, in which we disclaimed an opinion upon the financial statements because the Academy failed to provide evidence of Board approval of the salary and wage amounts paid to the employees. The Academy did not have on file employment contracts for all employees and personnel files were not available for all employees. The Academy did not provide supporting documentation for expenditures. The Academy failed to provide documentation for *Other Revenue* reported on the financial statements as well as the statement of cash flows. The Academy failed to provide evidence to support the notes to the financial statements. The Academy also failed to provide written representations. We also noted the Academy voluntarily ceased operations on May 3, 2013 based on a vote by their Governing Board and approved by their Sponsor.

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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2007-001 through 2007-008 and 2007-011 and 2007-012 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-014.

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

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



Dave Yost
Auditor of State

December 27, 2013

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Finding for Recovery – Material Weakness and Material Noncompliance – Unsupported Payments to Anthony Hendking

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2007, the Academy issued the following reimbursements to Anthony Hendking, and failed to provide appropriate supporting documentation.

1. On October 18, 2006, check number 1033 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form authorized by Rosina Coles, but did not provide any receipts for the reimbursement.
2. On October 22, 2006, check number 1035 in the amount of \$117 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form which was not signed and did not provide any receipts for the reimbursement.
3. On October 25, 2006, check number 1039 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form authorized by Romey Coles and Rosina Coles, but did not provide any receipts for the reimbursement.
4. On December 11, 2006, check number 10007 in the amount of \$120 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form with an illegible signature and did not provide any receipts for the reimbursement.
5. On February 16, 2007, check number 10029 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form with an illegible signature and did not provide any receipts for the reimbursement.
6. On March 16, 2007, check number 10037 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form with an illegible signature and did not provide any receipts for the reimbursement.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-001 (Continued)

Finding for Recovery – Material Weakness and Material Noncompliance- Unsupported Payments to Anthony Hendking (Continued)

7. On May 8, 2007, check number 1077 in the amount of \$70 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. There was indication that this payment was for gas. The Academy, however, could not provide a receipt or other documentation to demonstrate proper public purpose.
8. On May 21, 2007, check number 1123 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. There was indication that this payment was for gas. The Academy, however, could not provide a receipt or other documentation to demonstrate proper public purpose.
9. On June 13, 2007, check number 1093 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. There was indication that this payment was for gas. The Academy, however, could not provide a receipt or other documentation to demonstrate proper public purpose.
10. On June 20, 2007, check number 1140 in the amount of \$60 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. There was indication that this payment was for gas. The Academy, however, could not provide a receipt or other documentation to demonstrate proper public purpose.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose. Documentation should include invoices, receipts or bills, as well as other documentation supporting the payment.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Anthony Hendking in the amount of \$727, and in favor of the Ohio Department of Education.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-001 (Continued)

Finding for Recovery – Material Weakness and Material Noncompliance – Unsupported Payments to Anthony Hendking (Continued)

Accordingly, Rosina Coles, authorized signatory, and Stephen Sites, Treasurer, are jointly and severally liable in the amount of \$727 and in favor of the Ohio Department of Education. Romey Coles, authorized signatory, will be jointly and severally liable in the amount of \$60 and in favor of the Ohio Department of Education.

Officials' Response:

Anthony Hendking and Carlena Williams-Hendking responded in a joint response to this and Finding 2009-008. They are in disagreement with the Findings for Recovery being placed against them because no funds were ever received from Lion of Judah Academy for personal gain. They also stated that their criminal cases in regard to these matters were dismissed and closed.

No other response was received.

Auditor of State Conclusion:

While Anthony Hendking may not have experienced a personal gain from these transaction and all criminal charges related to these matters were dismissed and closed by the Cuyahoga County Court of Common Pleas, Ohio Rev. Code 117.28 requires the Auditor of State to issue a finding for recovery when "an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated..." There was no supporting documentation included to show that these disbursements were for a proper public purpose, therefore classifying them as illegal expenditures in the audit report subject to a finding for recovery. Issuance of a Finding for Recovery constitutes a preliminary determination by the Auditor of State, in accordance with Ohio Revised Code Section 117.28, that Mr. Hendking may be liable to a public office for public monies illegally expended and does not constitute a final determination that such legal liability exists and is not an accusation of criminal misconduct. While the State dismissed criminal charges, this report is independent of the criminal case and is civil in nature.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-002

Finding for Recovery – Material Weakness and Material Noncompliance- Unsupported Payments to Jackie Smith

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2007, the Academy issued the following reimbursements to Jackie Smith and failed to provide appropriate supporting documentation:

1. On November 3, 2006, check number 1001 in the amount of \$55 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. There were no receipts provided for the reimbursement, and the Academy was unable to otherwise justify the expenditure.
2. On November 3, 2006, check number 1002 in the amount of \$90 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a fiscal reimbursement form, however, did not provide any receipts for the reimbursement.

Without appropriate support documentation it is not possible to determine if the expenditure included items that would not be considered a proper public purpose. The failure to maintain adequate support for these expenditures could result in a loss of accountability over the Academy's finances, making it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Jackie Smith in the amount of \$145 and in favor of the Ohio Department of Education.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Accordingly, Rosina Coles, authorized signatory, and Stephen Sites, Treasurer, are jointly and severally liable in the amount of \$145 and in favor of the Ohio Department of Education.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

Officials' Response: No response was received.

FINDING NUMBER 2007-003

Finding for Recovery – Material Weakness and Material Noncompliance – Unsupported Payments to ASHE Culture Center

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2007, the Academy issued the following unsupported payments to ASHE Culture Center. The Academy did not provide documentation for these payments.

1. On October 6, 2006, check number 1010 in the amount of \$1,754 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. Included in this payment was an overpayment of \$100 for the September sponsorship fee.
2. On December 7, 2006, check number 10003 in the amount of \$777 was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. Included in this payment was an unsupported amount of \$547 for the November sponsorship fee.

The sponsorship fee was not invoiced, and the school did not document the cost of the sponsorship fees. Our re-calculations show that the sponsor was overpaid by the above-referenced amounts.

The Academy's failure to maintain adequate support for expenditures could result in a loss of accountability over the Academy's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ashe Cultural Center in the amount of \$647 and in favor of the Ohio Department of Education.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-003 (Continued)

Finding for Recovery – Material Weakness and Material Noncompliance – Unsupported Payments to ASHE Culture Center (Continued)

Accordingly, Rosina Coles, authorized signatory, and Stephen Sites, Treasurer, are jointly and severally liable in the amount of \$647 and in favor of the Ohio Department of Education.

Officials' Response: No response was received.

FINDING NUMBER 2007-004

Finding for Recovery – Material Weakness and Material Noncompliance - Unsupported Payments to Ken Johnson

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

On January 18, 2007, check number 1042 in the amount of \$250 payable to Ken Johnson was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided an invoice that was billed to the Church of the Lion of Judah. The Academy has been otherwise unable to demonstrate that services were provided for the Academy.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ken Johnson in the amount of \$250 and in favor of the Ohio Department of Education.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Accordingly, Rosina Coles, authorized signatory, and Stephen Sites, Treasurer, are jointly and severally liable in the total amount of \$250 and in favor of the Ohio Department of Education.

Officials' Response: No response was received.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-005

Finding for Recovery – Material Weakness and Material Noncompliance - Unsupported Payments to Rosina Coles

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2007, the Academy issued the following payments which were unsupported and the Academy did not provide supporting documentation for these payments.

1. On January 12, 2007, check number 10018 in the amount of \$500 payable to Rosina Coles was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided a statement from Rosina Coles maintaining she purchased supplies and items for the Academy as well as a copy of her bank statement identifying purchases on behalf of the Academy. This statement, however, was never corroborated with a receipt, invoice or list of items purchased. As such, we were unable to determine the purpose of the expenditure.
2. On January 26, 2007, check number 10023 in the amount of \$480 payable to Rosina Coles was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. This payment was unsupported, and we could not determine the purpose of the expenditure. The Academy has been otherwise unable to justify the expenditure

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Rosina Coles in the amount of \$980 and in favor of the Ohio Department of Education.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att’y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att’y Gen. No. 80-074.

Accordingly, Stephen Sites, Treasurer, is jointly and severally liable in the total amount of \$980 and in favor of the Ohio Department of Education.

Officials’ Response: No response was received.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-006

Finding for Recovery – Material Weakness and Material Noncompliance - Unsupported Payments

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

During fiscal year 2007, the Academy issued the following payments which were unsupported and the Academy did not provide documentation for these payments.

1. On September 15, 2006 check number 58 in the amount of \$300 payable to cash was issued and endorsed by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. This payment was unsupported, and we could not determine the purpose of the expenditure.
2. On September 27, 2006 check number 994 in the amount of \$1,750 payable to Discount Desk and Office Supply was issued and authorized by Romey Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. The Academy provided an invoice that indicated it was paid in full by another check.
3. On December 12, 2006, check number 10012 in the amount of \$200 payable to AT&T was issued and authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period was Stephen Sites. This payment was unsupported. The Academy has been otherwise unable to show that this payment was for a school AT&T account.
4. On May 7, 2007, a debit card was used to purchase items totaling \$110 from Sam's Club which was unsupported and we could not determine the purpose of the expenditure. This expenditure was issued and authorized by Rosina Coles, authorized debit card user, Romey Coles, authorized debit card user, and the Treasurer during this time period was Stephen Sites.

The Academy's failure to maintain adequate support for expenditures could result in a loss of accountability over the Academy's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-006 (Continued)

Finding for Recovery – Material Weakness and Material Noncompliance - Unsupported Payments (Continued)

Accordingly, Romey Coles, authorized signatory, is liable in the amount of \$1,860, Rosina Coles, authorized signatory, is liable in the amount of \$610 and Stephen Sites, Treasurer, is liable in the total amount of \$2,360, jointly and severally, and in favor of the Ohio Department of Education.

Officials' Response: No response was received.

FINDING NUMBER 2007-007

Finding for Recovery – Material Weakness and Material Noncompliance – Unsupported Official Check Payment

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

On September 22, 2006, the Academy issued a check made payable to cash, in the amount of \$52,000. Also on September 22, 2006, the Academy deposited \$50,940 of the \$52,000 into their payroll bank account and issued official check number 623455419 in the amount of \$1,055 to A Vivid Choice. The remaining \$5 difference was used to pay the bank fee for the issuance of the \$1,055 official check to A Vivid Choice. The Academy was unable to provide support for the official check issued to A Vivid Choice. Based on this lack of supporting documentation for the check we were unable to determine if the resulting expenditure(s) was for a proper public purpose. Rosina Coles signed and endorsed this check, and was unable to demonstrate the purpose of this money or its disposition.

The Academy's failure to maintain adequate support for expenditures could result in a loss of accountability over the Academy's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-007 (Continued)

Finding for Recovery – Material Weakness and Material Noncompliance – Unsupported Official Check Payment (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, Findings for Recovery for public monies illegally expended is hereby issued against Stephen Sites, Treasurer, and Rosina Coles, authorized signatory, jointly and severally liable in the amount of \$1,060 and in favor of the Ohio Department of Education.

Officials' Response: No response was received.

FINDING NUMBER 2007-008

Finding for Recovery – Material Weakness and Material Noncompliance - Payable to the Academy

Ohio Rev. Code Section 3314.03(A)(11)(d) requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

On May 8, 2007, the Academy issued a check made payable to the Lion of Judah in the amount of \$25,000. There was no evidence the Academy receipted the money. The general ledger recorded the check as payable to the Church of Lion of Judah instead of payable to Lion of Judah as stated on the check. Furthermore, the check was endorsed as "for deposit only" and had an account number on it that was not held by the Academy. Additionally, the Academy was unable to provide any other explanation for the disposition of this payment. This check was authorized by Rosina Coles, authorized signatory, and the Treasurer during this time period as listed in the Board Minutes, was Stephen Sites.

The Academy's failure to maintain adequate support for expenditures could result in a loss of accountability over the Academy's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of this expenditure. *Steward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; State, ex. rel. *Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-008 (Continued)

Finding for Recovery – Material Weakness - and Material Noncompliance Payable to the Academy (Continued)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Stephen Sites, Treasurer, and Rosina Coles, authorized signatory, jointly and severally, in the amount of \$25,000 and in favor of the Ohio Department of Education.

Officials' Response: No response was received.

FINDING NUMBER 2007-009

Material Noncompliance – Annual Financial Report

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The report shall be certified by the proper officer or Board and filed with the Auditor of State within one hundred fifty days of the end of the fiscal year if GAAP statements are filed. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. In part this report shall contain the amount of collections and receipts, and accounts due from each source and amount of expenditures for each purpose.

Ohio Admin. Code Section 117-2-03(B) further clarifies the filing requirements of Ohio Revised Code Section 117.38. This section requires that community schools file annual financial reports which are prepared using generally accepted accounting principles. Generally accepted accounting principles (GAAP) require the following:

- Management's Discussion and Analysis;
- Balance sheet as prescribed by GAAP standards;
- Income and expense statement as prescribed by GAAP standards;
- Cash flow statement as prescribed by GAAP standards; and
- Notes to the financial statements as prescribed by GAAP standards.

The Academy did not file their FY 2007 report with Auditor of State or publish notice of the report as required by Ohio Revised Code.

In addition, Ohio Rev. Code Section 117.38 provides, in part, that "at the time the report is filed with the Auditor of State, the chief fiscal officer, except as otherwise provided in Section 319.11 of the Ohio Rev. Code, shall publish notice in a newspaper published in the political subdivision or taxing district, and if there is no such newspaper, then in a newspaper of general circulation in the political subdivision or taxing district. The notice shall state that the financial report has been completed by the public office and is available for public inspection at the office of the chief fiscal officer."

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-009 (Continued)

Material Noncompliance – Annual Financial Report (Continued)

No evidence was provided, by the Academy, that this required notice was published. This may prevent the public from being aware of the transparency available in the Academy.

By not filing their financial reports and annual notice, the Academy is not fulfilling their duties of accountability and transparency to the public.

Officials' Response: No response was received.

FINDING NUMBER 2007-010

Material Noncompliance - Five Year Forecast

Ohio Rev. Code Section 3314.03(A)(15) requires the Academy prepare a financial plan detailing an estimated school budget for each year of the period of the contract and specifying the total estimated per pupil expenditure amount for each such year. The plan shall specify the yearly base formula amount that will be used for purposes of funding calculations under section 3314.08 of the Ohio Revised Code. This base formula amount for any year shall not exceed the formula amount defined under section 3317.02 of the Ohio Rev. Code.

Ohio Admin Code Section 3301-92-04 (A) states that upon the adoption of an annual appropriation measure but no later than October thirty-first of each fiscal year, a board of education shall submit to the Department of Education a five-year projection of revenues and expenditures for the current fiscal year and the ensuing four fiscal years. Subsection (F) states that a board of education shall update its five-year projection between April first and May thirty-first of each fiscal year and submit it to the Department of Education.

Although we had evidence of the development of a five year forecast, there was no evidence the Academy submitted this with the Ohio Department of Education.

Officials' Response: No response was received.

FINDING NUMBER 2007-011

Material Noncompliance and Material Weakness – Condition of Accounting Records

Ohio Admin. Code Section 117-2-02(A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Admin. Code.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-011 (Continued)

**Material Noncompliance and Material Weakness – Condition of Accounting Records
(Continued)**

Management is responsible for implementing and maintaining a system of controls designed to enable management to determine the accuracy of financial transactions of the Academy. Also, management is responsible for developing and maintaining complete and accurate financial records. Instead of complete and accurate financial records, we noted that the records included the following deficiencies:

- Payroll records did not provide evidence of Board approval of the salary and wage amounts paid to the employees. In addition, the Academy did not have on file employment contracts for all employees and personnel files were not available for all employees;
- Support for Other Revenue on the financial statements was not provided;
- Checks and debit transactions paid for computers, gas, supplies, phone bills, office supplies, employee reimbursements and checks payable to cash did not have support and had wrong information recorded on the general ledger;
- The Academy failed to provide note support in the financial statements for sponsor information, operating lease payments made and related party transactions;
- The Academy did not disclose any possible subsequent events or purchased services in the notes to the financial statements; and
- The Academy was sharing a checking account with the Church of Lion of Judah.

Management failed to provide all support documentation, consequently we were not able to opine over certain areas of the financial statements including Salary, Wage and Fringe Benefit expenditures, Purchased Services and Rent expenditures, Miscellaneous Revenue, support that agreed to the notes and written representations and the disclosures in the accompanying basic financial statements.

Failure to implement and maintain a system of controls over the Academy's financial records increases the chances of theft and other fraudulent activities and led to inaccurate and incomplete financial statements.

The Academy's management has available numerous sources of information describing the process of internal controls, recordkeeping requirements and reporting procedures. It is the responsibility of management to ensure that all responsible parties have access to this literature and training sessions.

Officials' Response: No response was received.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-012

Material Noncompliance and Material Weakness - Developing and Implementing an Effective Monitoring Control System

Ohio Admin. Code Section 117-2-01 (A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Subsection (C) (5) provides that internal control consists of the following component, among others: monitoring, which is a process that assesses the quality of internal control performance over time.

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. Monitoring controls should assist management in identifying unexpected results and/or possible misstatements.

Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual fluctuations;
- Identification of unusual fluctuations;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists; and
- Review of monthly bank reconciliations by someone independent of their preparation.

The lack of effective monitoring controls could lead to the misallocation or misstatement of Academy funds, expenditure of funds contrary to the directives of the Board of Trustees, and non-compliance with federal or state laws or regulations. This could result in a loss of funding from federal and state sources, and errors or irregularities occurring in financial transactions which affect the bank reconciliations could go undetected.

Officials' Response: No response was received.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-013

Noncompliance - Sponsor Contract Compliance

Article V, Section A of the Sponsor Agreement provides, in part, that the Sponsor shall evaluate the performance of the Community School and agrees to comply with the standard by which the success of the Community School will be evaluated. The duties of the Sponsor shall be in accordance with the written agreement between the Sponsor and department of education and, among others, shall include the following:

- Monitor and evaluate the academics and fiscal performance, the organization and the operation of the community school on at least an annual basis; and
- Report on an annual basis the results of the evaluation conducted under decision (D) (2) of this section to the department of education and to the parents of the students enrolled in the community school.

The Academy did not provide evidence that it was submitting financial reports to the Sponsor or that it had an enrollment policy. Further, the Academy did not provide evidence that an annual evaluation of academics and fiscal performance was performed by the Sponsor. In addition, there was no evidence that an annual report on the results of the evaluation was submitted to the Ohio Department of Education and to the parents enrolled in the community school.

That lack of oversight could result in errors and irregularities that may go undetected and incomplete and inaccurate financial statements and records.

Officials' Response: No response was received.

FINDING NUMBER 2007-014

Noncompliance - Fiscal Officer Designation, Bonding Requirement, and Licensing

Ohio Rev. Code Section 3314.011 provides the School designate an individual as the fiscal officer. The Ohio Administrative Code (OAC) Section 117-6-07 requires the fiscal officer execute a bond prior to entering upon the duties of the fiscal officer. The bond amount and surety is to be established by resolution of the governing authority. Bonding is conditioned on the faithful performance of the employee's official duties.

In addition, Ohio Rev. Code Section 3314.011 provides, prior to assuming the duties of fiscal officer, the fiscal officer designee shall be licensed as prescribed by Section 3301.074 of the Revised Code or shall complete not less than sixteen hours of continuing education classes in the area of school accounting as approved by the sponsor of the community school. Any fiscal officer who is not licensed under this section shall complete an additional twenty-four hours of continuing education within one year after assuming the duties of fiscal officer of the school.

**LION OF JUDAH ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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(Continued)

FINDING NUMBER 2007-014 (Continued)

**Noncompliance - Fiscal Officer Designation, Bonding Requirement, and Licensing
(Continued)**

The Academy did not make available a bond for the position of fiscal officer (treasurer). Should an error or theft occur without a performance bond, the Academy may not be able to recover all of its lost revenues. The Board did designate an individual as a fiscal officer, however, did not make available the necessary license of the fiscal officer (treasurer).

Officials' Response: No response was received.



Dave Yost • Auditor of State

LION OF JUDAH ACADEMY

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
FEBRUARY 13, 2014**