



Dave Yost • Auditor of State



**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Mount Auburn International Academy  
Hamilton County  
244 Southern Avenue  
Cincinnati, Ohio 45219

To the Board of Directors:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Mount Auburn International Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Mount Auburn International Academy, Hamilton County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 11 to the financial statements, the Academy has suffered recurring losses from operations and has a net position deficiency of \$4,551,694 that raises substantial doubt about its ability to continue as a going concern. Note 11 describe management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The Schedule of Federal Award Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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 schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2014, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 26, 2014

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**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The discussion and analysis of the Mount Auburn International Academy Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

**Financial Highlights**

- In total, net position decreased (\$1,213,284) from the beginning of the year.
- Total assets decreased (\$282,443) from the beginning of the year. This was a result of reduced cash on hand and intergovernmental receivables.
- Total liabilities increased (\$930,841) from the beginning of the year. This is mainly due to increased salaries and benefits, unpaid license fees, management fees, and facility rent.

**Using this Financial Report**

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

Statement of Net Position

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer the question, "How did we do financially during 2013? This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Table 1 provides a summary of the School's net position for fiscal year 2013.

(Table 1)  
**Net Position**

	2013	2012
<b>Assets</b>		
Current Assets	\$ 239,497	\$ 512,965
Capital Assets, Net	<u>23,847</u>	<u>32,822</u>
Total Assets	\$ 263,344	\$ 545,787
<b>Liabilities</b>		
Current Liabilities	\$ 263,346	\$ 545,788
Non-Current Liabilities	<u>4,551,694</u>	<u>3,338,411</u>
Total Liabilities	\$4,815,040	\$ 3,884,199
<b>Net Position</b>		
Invested in Capital Assets	\$ 23,847	\$ 32,822
Unrestricted	(4,575,541)	( 3,371,232)
Total Net Position	<u>(\$4,551,694)</u>	<u>(\$3,338,410)</u>

Total assets decreased \$282,443 from the beginning of the year. Liabilities increased \$930,841 from the beginning of the year mainly due to unpaid fees to the management. Capital Assets, net of depreciation decreased by \$8,975.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Table 2 shows the changes in net position for fiscal year 2013 and fiscal year 2012, as well as a listing of revenues and expenses.

(Table 2)  
**Change in Net Position**

	2013	2012
Operating Revenue		
Foundation Payments	\$2,589,754	\$2,984,536
Poverty Based Assistance	600,634	737,624
Other	23,610	10,903
Non-Operating Revenue		
Federal and State Grants	678,855	591,198
Interest	533	1,477
Federal and State Meal Subsidies	276,583	293,009
<b>Total Revenues</b>	<b><u>\$4,169,969</u></b>	<b><u>\$4,618,747</u></b>
Operating Expenses		
Salaries	\$2,359,924	\$2,462,673
Fringe Benefits	674,939	638,728
Purchased Services	1,399,862	1,566,569
Materials and Supplies	485,191	517,102
Cost of Sales-Lunchroom	274,887	204,890
Depreciation	8,975	11,658
Other Expenses	179,475	173,288
<b>Total Expenses</b>	<b><u>\$5,383,253</u></b>	<b><u>\$5,574,908</u></b>
<b>Change in Net Position</b>	<b>(1,213,284)</b>	<b>(956,161)</b>
<b>Net Position Beginning of Year</b>	<b><u>(3,338,410)</u></b>	<b><u>(2,382,249)</u></b>
<b>Net Position End of Year</b>	<b><u>(\$4,551,694)</u></b>	<b><u>(\$3,338,410)</u></b>

Total Revenues decreased by \$448,778 mainly due to a reduction in Foundation payments. Total expenses decreased by \$191,654, mainly due to less Purchase Services and Salaries costs.

**Capital Assets**

At the end of fiscal year 2013 the School had \$23,847 (net of depreciation), invested in furniture, fixtures, and equipment, which represented a decrease of \$8,975 from 2012.

**Current Financial Issues**

The Mount Auburn International Academy was formed in 2008. Hence 2012-2013 is the fifth year of operation. During the 2012-2013 school year there were approximately 525 students enrolled in the School. The School receives its finances mostly from state aide. Base per pupil aide for fiscal year 2013 amounted to \$5,653 per student.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

At June 30, 2013, the School had a net deficiency of \$4,551,694, meaning that current liabilities were in excess of current assets by this amount.

In order to address the net deficiency the School's Education Provider shall, in its sole discretion, cover any deficits of the School in any year in which there is a deficit as long as the deficit is not due to a unilateral decision by the Board to expend additional funds. In the event that the School, in subsequent years, makes a profit, Education Provider may recover any amounts expended to cover previous deficits. This provision shall be effective as of July 1, 2008, and shall apply to all advances (either direct or indirect) previously made to the Board to cover deficits.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizen's with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact Ed Giese, Business Manager at Mount Auburn International Academy, 244 Southern Ave, Cincinnati, Ohio 45219.

**Mount Auburn International Academy**

Statement of Net Position

As of June 30, 2013

**Assets**

**Current Assets:**

Equity in Pooled Cash and Cash Equivalents	\$90,486
Accounts Receivable	12,907
Intergovernmental Receivables (Non operating activities)	111,403
Management Company (short term portion)	24,701
Total Current Assets	<u>239,497</u>

**Non-Current Assets:**

Capital Assets:

Depreciable Capital Assets, Net	<u>23,847</u>
Total Non-Current Assets	<u>23,847</u>

*Total Assets*

\$263,344

**Liabilities**

**Current Liabilities:**

Accounts Payable	32,849
Accrued Wages and Benefits	230,497
Total Current Liabilities	<u>263,346</u>

**Non-Current Liabilities**

Management Company Payable	<u>4,551,694</u>
Total Non-Current Liabilities	<u>4,551,694</u>

*Total Liabilities*

\$4,815,040

**Net Position**

Invested in Capital Assets:	23,847
Unrestricted-Accumulated Surplus/(Deficit)	<u>(4,575,541)</u>

*Total Net Position*

(\$4,551,694)

See accompanying notes to the basic financial statements

**Mount Auburn International Academy**  
Statement of Revenues, Expenses and  
Changes in Net Position  
For the Fiscal Year Ended June 30, 2013

<b>Operating Revenues</b>	
Foundation Payments	\$2,589,754
Poverty Based Assistance	600,634
Other Revenues	<u>23,610</u>
<i>Total Operating Revenues</i>	<u>\$3,213,998</u>
<b>Operating Expenses</b>	
Salaries	2,359,924
Fringe Benefits and Payroll Taxes	674,939
Purchased Services	1,399,862
Materials and Supplies	485,191
Cost of Sales - Lunchroom	274,887
Depreciation	8,975
Other	<u>179,475</u>
<i>Total Operating Expenses</i>	<u>\$5,383,253</u>
<i>Operating Loss</i>	<u>(2,169,255)</u>
<b>Non-Operating Revenues and (Expenses)</b>	
Other Federal and State Grants	678,855
Interest Income	533
Federal and State Meal Subsidies	<u>276,583</u>
<i>Total Non-Operating Revenues and Expenses</i>	\$955,971
<i>Change in Net Position</i>	(1,213,284)
<i>Net Position Beginning of Year</i>	<u>(3,338,410)</u>
<i>Net Position End of Year</i>	<u><u>(\$4,551,694)</u></u>

See accompanying notes to the basic financial statements

**Mount Auburn International Academy  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2013**

***Increase (Decrease) in Cash and Cash Equivalents:***

**Cash Flows from Operating Activities:**

Cash Received from Others	\$26,284
Cash Received from Foundation Payments	2,589,754
Cash Received from Poverty Based Assistance	600,634
Cash Payments to Suppliers for Goods and Services	(1,288,026)
Cash Payments to Employees for Services	(2,329,729)
Cash Payments for Employee Benefits	(686,790)
Cash Payments to Others	<u>(175,922)</u>
 Net Cash Used for Operating Activities	 (1,263,795)

**Cash Flows from Noncapital Financing Activities:**

Federal and State Subsidies Received (FOOD SERVICE)	276,941
Operating Grants Received (FEDERAL AND STATE GRANTS)	<u>777,044</u>
 Net Cash Provided by Noncapital Financing Activities	 1,053,985

**Cash Flows from Investing Activities:**

Other Non-Operating Revenues	<u>533</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 (209,277)
 Cash and Cash Equivalents at Beginning of Year	 <u>299,763</u>
 Cash and Cash Equivalents at End of Year	 <u><u>\$90,486</u></u>

(Continued)

**Mount Auburn International Academy**  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2013  
(continued)

**Reconciliation of Operating Loss to Net  
Cash Used for Operating Activities:**

Operating Loss	(\$2,169,255)
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**Adjustments to Reconcile Operating  
Income to Net Cash Provided by Operating Activities**

Depreciation	8,975
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Changes in Assets and Liabilities:

Decrease / ( Increase) in Accounts Receivable	(12,907)
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Decrease / ( Increase) in Prepaid Items	3,252
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(Decrease) / Increase in Accounts Payable	25,426
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(Decrease) / Increase in Accrued Wages and Benefits	28,456
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(Decrease) / Increase in Management Company Payable	852,258
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<b>Total Adjustments</b>	<b>896,485</b>
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Net Cash Used for Operating Activities	(\$1,263,795)
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See accompanying notes to the basic financial statements

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013**

**1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

Mount Auburn International Academy, Hamilton County, Ohio (the School), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through twelfth. 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. Mount Auburn International Academy Community School may apply and qualify as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

The School was approved for operation under contract with the Board of Trustees of the University of Toledo which is now referred to as Ohio Council of Community Schools (the Sponsor) for a period of five years commencing July 1, 2008. 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 charter contract was renewed on June 17, 2013 for another five years effective July 1, 2013.

The School operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional/support facility staffed by 42 certificated full time teaching personnel who provide services to 473 students.

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

Under the current agreement, the Educational Provider is paid the following percentage of revenue as fees: license fees, 6%; management fees, 8%.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Mount Auburn International Academy Community School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Basis Of Presentation**

The School's basic financial statements consist of a statement of net position, a statement of revenue, expenses and changes in net position, and a statement of cash flows. The School uses enterprise accounting to monitor its financial records. Enterprise fund reporting focuses on the determination of the change in net position, financial position and cash flows.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

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

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

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

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

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

**E. Cash Deposits**

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

The School had no investments during the fiscal year outside of commercial paper which is represented as a recurring sweep transaction in the operating account.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of five hundred dollars. The School does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and Building Improvements 1 - 50 years Furniture, Fixtures and Equipment 10 - 20 years  
Vehicles 3 - 10 years

**G. Net Position**

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

**H. Operating Revenues and Expenses**

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

**I. Estimates**

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

**3. DEPOSITS**

At fiscal year end, the bank balance was \$90,486. Of the bank balance, \$90,486 was covered by federal depository insurance.

**4. RECEIVABLES**

Receivables at June 30, 2013, consisted of inter-governmental receivables. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

Federal Entitlement Grants	\$ 111,403
Federal Lunch	<u>12,907</u>
Total All Intergovernmental Receivables	<u>\$ 124,310</u>

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**5. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013:

	Balance 6/30/2012	Additions	Deletions	Balance 6/30/2013
Capital Assets being Depreciated				
furniture fixture and Equipment	61,823			61,823
	=====	=====	=====	=====
Total Capital Assets	61,823		-	61,823
being depreciated				
Less Accumulated Depreciation				
furniture fixture and Equipment	(29,000)	(8,975)		(37,975)
	=====	=====	=====	=====
Total Accumulated Depreciation	(29,000)	(8,975)	-	(37,975)
Total Capital assets				
Being depreciated Net	32,823	(8,975)	-	23,847
Business Type Activity				
Capital Assets, Net	32,823	(8,975)	-	23,847

**6. RISK MANAGEMENT**

**A. Property and Liability**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School contracted with St. Paul Travelers for general liability and property insurance and National Union for educational errors and omissions insurance. Settled claims have not exceeded this commercial coverage since formation of School.

**B. Workers Compensation**

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

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

Mt. Auburn International Academy contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under **Employers/Audit Resources**.

**Funding Policy**

Plan members are required to contribute 10% of their annual covered salary and Mt. Auburn International Academy is required to contribute 14% of annual covered payroll. 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2013, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were \$122,704, \$119,187 and \$113,786, respectively, which equaled the required contributions each year.

**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 system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution, or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio web site at [www.strsoh.org](http://www.strsoh.org).

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance. For the fiscal year ended June 30, 2012, plan members were required to contribute 10.0 percent of their annual covered salaries. The School was required to contribute 14 percent; 14 percent was the portion used to fund pension obligations. For fiscal year 2013, the portion used to fund pension obligations was also 14 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's contributions to STRS for the years ended June 30, 2013, 2012, and 2011 were \$204,346, \$231,041, and \$225,286 respectively; which equaled the required contributions each year. Contributions to the DC and combined plans for fiscal years 2013, 2012, and 2011 were \$145,962, \$169,025, and \$160,919 respectively, made by the plan members.

**8. POSTEMPLOYMENT BENEFITS**

**A. 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) under "Publications" or by calling (888) 227-7877.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

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 2013, 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, 2013, 2012, and 2011 were \$14,596, \$2,310, and \$16,092 respectively, which equaled the required contributions each year.

**B. 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 2013 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 "Media/Financial Reports".

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 2013, 16 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. Statute 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 2013, the actuarially determined amount was \$20,525. 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, 2013, 2012, and 2011 were \$8,127, \$4,682, and \$8,127 respectively, which equaled the required contributions each year.

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 74 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$6,177, \$6,385, and \$6,177 respectively, which equaled the required contributions each year.

**9. EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

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

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

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

**B. Insurance Benefits**

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

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**10. CONTINGENCIES**

**A. Grants**

The School received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grants agreement is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2013.

**B. State Funding**

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data of the State, upon which state foundation funding is calculated.

**11. NET POSITION DEFICIENCY**

At June 30, 2013, the School had a net position deficiency of \$4,551,694, meaning that liabilities were in excess of assets by this amount. Management feels that much of this deficiency is the result of lower student enrollment than anticipated. Further, Management anticipates growth in student enrollment which will in turn increase future revenues in excess of future costs. Any excess revenue will be used by the School to address its current liabilities.

**12. PURCHASED SERVICES**

Purchased services were composed of the following:

Utilities	\$134,721.14
Rents	550,000.00
Sponsor Oversight Fees	95,711.87
Contract Services	128,674.43
Royalty Fees	185,681.30
Management Fees	247,573.32
Personal Property Fees	<u>57,500.04</u>
Total:	<u>\$1,399,862.10</u>

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR FISCAL YEAR ENDED JUNE 30, 2013  
(Continued)**

**13. OPERATING LEASE**

During the year ended June 30, 2013, the School leased classroom facilities and offices for a period of five years. The lease also grants the School an automatic 5 year renewal, upon the renewal of the School's charter. The lease payments are \$ 45,833 a month payable in monthly installments. Payments totaled \$ 550,000 for fiscal year 2013.

The following is a schedule of the future minimum lease payments required under the operating lease as of June 30, 2013.

Fiscal Year Ending June 30, 2014

2014	\$ 550,000
2015	\$ 550,000
2016	\$ 550,000
2017	\$ 550,000
2018	\$ 550,000

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
<b>Child Nutrition Cluster:</b>				
Cash Assistance:				
National School Lunch Program	3L60	10.555	\$191,813	\$191,813
National School Breakfast Program	3L60	10.550	<u>78,261</u>	<u>78,261</u>
<b>Total U.S. Department of Agriculture - Total Child Nutrition Cluster</b>			<b><u>270,074</u></b>	<b><u>270,074</u></b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
<i>Passed Through Ohio Department of Education:</i>				
<b>Title I, Part A Cluster:</b>				
Grants to Local Educational Agencies (Title I)	3M00	84.010	619,256	481,573
Total Title I, Part A Cluster			<u>619,256</u>	<u>481,573</u>
<b>Special Education Cluster:</b>				
Special Education Grants to States (IDEA part B)	3M20	84.027	145,362	165,462
Total Special Education Cluster			<u>145,362</u>	<u>165,462</u>
Title II-A - Improving Teacher Quality State Grants	3Y60	84.367	7,379	6,136
Title II-D Education Technology	3S20	84.318	3,298	0
RACE to the Top	3FD0	84.395	1,750	1,750
<b>Total U.S. Department of Education</b>			<b><u>777,045</u></b>	<b><u>654,921</u></b>
<b>Totals</b>			<b><u>\$1,047,119</u></b>	<b><u>\$924,995</u></b>

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

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Mount Auburn International Academy's (the Academy's) 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.



# Dave Yost • Auditor of State

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

Mount Auburn International Academy  
Hamilton County  
244 Southern Avenue  
Cincinnati, Ohio 45219

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements, the business-type activities, each major fund, and the aggregate remaining fund information of Mount Auburn International Academy, Hamilton County, Ohio (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 26, 2014, wherein we noted the Academy has suffered recurring losses from operations and has a net position deficiency of \$4,551,694 that raises substantial doubt about its ability to continue as a going concern.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Columbus, Ohio

March 26, 2014



# Dave Yost • Auditor of State

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

Mount Auburn International Academy  
Hamilton County  
244 Southern Avenue  
Cincinnati, Ohio 45219

To the Board of Directors:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Mount Auburn International Academy's, Hamilton County, Ohio (the Academy) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect Mount Auburn International Academy's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Academy's major federal program.

### ***Management's Responsibility***

The Academy's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

### ***Auditor's Responsibility***

Our responsibility is to opine on the Academy's compliance for each of the Academy's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Academy's major program. However, our audit does not provide a legal determination of the Academy's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Mount Auburn International Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy's internal control over compliance.

*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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

March 26, 2014

**MOUNT AUBURN INTERNATIONAL ACADEMY  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013**

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I (84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None noted.

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

None noted.

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Mount Auburn International Academy  
Hamilton County  
244 Southern Avenue  
Cincinnati, Ohio 45219

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 9, 2013 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

Columbus, Ohio

March 26, 2014

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# Dave Yost • Auditor of State

**MT. AUBURN INTERNATIONAL ACADEMY**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 10, 2014**