



**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2006**



**Mary Taylor, CPA**  
Auditor of State



OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES  
CUYAHOGA COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Outreach Academy For Children With Disabilities  
Cuyahoga County  
3326 Broadview Road  
Cleveland, Ohio 44109

To the Board of Trustees:

We have audited the accompanying basic financial statements of the Outreach Academy For Children With Disabilities, Cuyahoga County, Ohio, (the Academy) as of and for the year ended June 30, 2006, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Outreach Academy For Children With Disabilities, Cuyahoga County, Ohio, as of June 30, 2006 and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2007, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA  
Auditor of State

March 22, 2007

## **OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

The discussion and analysis of Outreach Academy for Children with Disabilities' financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the Financial Statements to enhance their understanding of the School's financial performance.

### **Financial Highlights**

Key financial highlights for 2006 include the following:

- The school began operations in May 2006, during the 2005-2006 school year by partnering with Hattie Larlham to provide educational services to profoundly disabled children.
- In total, net assets decreased \$4,655, from 2005. This decrease is due to start-up costs in opening the school at the end of the school year. The school has full enrollment for the 2006-2007 school year which will significantly improve its' financial position at the end of the year.
- Total assets increased \$92,927 from 2005. This increase is due to an increase in cash of \$100 and an increase in due from the state foundation program at the Ohio Department of Education (ODE) in the amount of \$92,827. Because of the late approval to open the school by the ODE all of the schools revenue was not collected until after the end of the fiscal year.
- Liabilities, which increased \$97,582 from 2005, are made up entirely of accounts payable. Since the school did not collect revenue due for the 2006 year payable for services rendered could not be paid until after the end of the year.
- Operating revenues were \$92,827. All of the revenues are from the state foundation and Poverty Based Assistance program.
- Operating expenses were \$97,482. The largest expense was services purchased by the school primarily for student support services provided by non-employee personnel (e.g. special education teachers, speech, school nurse, etc.).

### **Using this Financial Report**

This report consists of three parts, the Management's Discussion and Analysis, the Financial Statements and the Notes to the Financial Statements. The Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets and a Statement of Cash Flows.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

**Statement of Net Assets**

The Statement of Net Assets looks at how well the school has performed financially from inception through June 30, 2006. This statement includes all of the assets, liabilities and equity balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This basis of accounting takes into account all revenues earned and expenses incurred during the year, regardless as to when the cash is received or expended.

The following schedule provides a summary of the School's Statement of Net Assets for fiscal years ended June 30, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
<b>Assets</b>		
Cash	\$ 100	\$ 0
Other Current Assets	<u>92,827</u>	<u>0</u>
Total Assets	<u>92,927</u>	<u>0</u>
<b>Liabilities</b>		
Current Liabilities	<u>97,582</u>	<u>0</u>
Total Liabilities	<u>97,582</u>	<u>0</u>
<b>Net Assets</b>		
Net Assets	<u>(4,655)</u>	<u>0</u>
Total Liabilities and Net Assets	<u>\$ 92,927</u>	<u>\$ 0</u>

Net Assets decreased \$4,655 from 2005. For assets, cash increased \$100 and due from other governments increased \$92,827. For liabilities, accounts payable increased \$97,582.

## OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

### Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets reports operating and non-operating activities for the fiscal year ended June 30, 2006.

The following schedule provides a summary of the School's Statement of Revenues, Expenses and Changes in Net Assets for fiscal years ended June 30, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
<b>Revenues</b>		
Foundation and Assistance Revenues	<u>\$ 92,827</u>	<u>\$ 0</u>
Operating Revenues	<u>92,827</u>	<u>0</u>
Federal and State Grants	<u>0</u>	<u>28,950</u>
Non-Operating Revenues	<u>0</u>	<u>28,950</u>
Total Revenues	<u>\$ 92,827</u>	<u>\$ 28,950</u>
<b>Expenses</b>		
Purchased Services	97,453	24,000
Materials and Supplies	29	0
Capital Outlay	<u>0</u>	<u>4,950</u>
Total Expenses	<u>97,482</u>	<u>28,950</u>
<b>Net Income/(Loss)</b>	(4,655)	0
Net Assets at Beginning of Year	<u>0</u>	<u>0</u>
<b>Net Assets at End of Year</b>	<u>\$ (4,655)</u>	<u>\$ 0</u>

Since the school did not open and operate during 2005, a comparative analysis between 2006 and 2005 has not been made for this statement.

### Capital Assets

As of June 30, 2006 the School did not have any capital assets.

### Current Financial Issues

Outreach Academy for Children with Disabilities opened in May of 2006. In its initial year of operation it had 48 students, outsourced a total of seven teaching staff members and expenses of \$97,482. For fiscal year 2007 the school is budgeted for a total of 48 students, nine teaching staff members and expenses of \$1,400,904. Having the school operational for the full 2007 fiscal year will significantly improve the financial position of the school and will result in a positive net asset balance at June 30, 2006. As the School matures we strive to maintain the high level of services we currently offer, to provide a strong educational product to our students and families and to maintain the reputation we have developed during these initial years.

## **OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**

Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2006  
Unaudited

### **Contacting the School's Financial Management**

This financial report is designed to provide our constituents with a general overview of the School's finances and to show the School's accountability for the monies it receives. If you have any questions about this report or need additional information please contact Thomas F. Babb, CPA, Treasurer at Constellation Community Schools, 3326 Broadview Road, Cleveland, Ohio 44109-3316; by calling 216.635.1881; by faxing 216.635.1883 or by e-mail to [babb.thomas@constellationschools.com](mailto:babb.thomas@constellationschools.com).

**Outreach Academy for Children with Disabilities**  
**Cuyahoga County**  
**Statement of Net Assets**  
**As of June 30, 2006**

**Assets:**

**Current Assets:**

Cash	\$100
Due from Other Governments	<u>92,827</u>
<i>Total Current Assets</i>	92,927
 <i>Total Assets</i>	 <u>\$92,927</u>

**Liabilities:**

**Current Liabilities:**

Accounts Payable	<u>97,582</u>
<i>Total Current Liabilities</i>	<u>97,582</u>

**Net Assets:**

Unrestricted	<u>(4,655)</u>
<i>Total Net Assets</i>	<u><u>(\$4,655)</u></u>

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

**Outreach Academy for Children with Disabilities  
Cuyahoga County  
Statement of Revenues, Expenses and  
Changes in Net Assets  
For the Fiscal Year Ended June 30, 2006**

**Operating Revenues:**

Foundation and Poverty Based Assistance Revenues	\$ 92,827
<i>Total Operating Revenues</i>	92,827

**Operating Expenses:**

Purchased Services	97,453
Materials and Supplies	29
<i>Total Operating Expenses</i>	97,482
Operating Loss	(4,655)

**Non-Operating Revenues:**

Federal and State Grants	0
<i>Total Non-Operating Revenues</i>	0
Net Income	(4,655)
Net Assets at Beginning of the Year	0
Net Assets at End of Year	(\$4,655)

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

**Outreach Academy for Children with Disabilities  
Cuyahoga County  
Statement of Cash Flows  
For the Fiscal Year Ended June 30, 2006**

**Increase (Decrease) in Cash:**

**Cash Flows from Operating Activities:**

Cash Received from State of Ohio	\$0
Cash Payments to Suppliers for Goods and Services	0
Cash Payments to Employees for Services	0
Other Operating Revenues	100
Net Cash Provided by Operating Activities	100
Net Increase in Cash	100
Cash at Beginning of Year	0
Cash at End of Year	\$100

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

**Outreach Academy for Children with Disabilities**  
**Cuyahoga County**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended June 30, 2006**  
**(Continued)**

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

Operating Loss	(\$4,655)
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**Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:**

Changes in Assets and Liabilities:

(Increase) in Due from Other Governments	\$ (92,827)
Increase in Accounts Payable	97,582

Total Adjustments	4,755
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Net Cash Provided by Operating Activities	\$100
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The accompanying notes to the financial statements are an integral part of this statement.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
**— A Community School —**  
**Cuyahoga County**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**I. Description of the School and Reporting Entity**

**Outreach Academy for Children with Disabilities** (OACD), originally Ohio City Community School (OCCS), is a nonprofit corporation established on April 8, 2004 pursuant to Ohio Revised Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service that qualifies as an exempt organization under §501(c)(3) of the Internal Revenue Code. On March 28, 2006, OACD was issued a determination letter of tax-exempt status with the Internal Revenue Service under section 501(c)(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 OACD' tax-exempt status. OACD, which is part of Ohio's education program, is independent of any school district. OACD may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of OACD.

OACD (as OCCS) was approved for operation under a contract dated July 22, 2004 between the Governing Authority of OACD (as OCCS) and the Lucas County Educational Service Center (LCESC) (the Sponsor). On July 22, 2005 OACD (as OCCS) entered into a contract with Buckeye Community Hope Foundation (BHCF) to have BHCF replace LCESC as their sponsor. Under the terms of the contract BHCF will provide sponsorship services for a fee. 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 expiration. See Note VIII for further discussion of the sponsor services. The Governing Authority formed an Ohio non-profit corporation, on September 17, 1999 under the name Constellation Community Schools (management company). On September 29, 2005 the Board of Trustees changed the name of Ohio City Community School to Outreach Academy for Children with Disabilities with Sponsor approval. The school began operations on May 24, 2006.

OACD operates under a five-member Board of Trustees. The Board 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 qualification of teachers. OACD controls one instructional facility staffed by seven certificated full time teaching personnel who provide services to 48 students.

OACD entered into an agreement with CCS to provide management services for the fiscal year. See footnote VIII for additional information regarding the management company. The board members of OACD are also board members of CCS until June 15, 2006 at which time a separate CCS Board was formed. OACD Board members are also Board members of Old Brooklyn Community School, Parma Community School, Elyria Community School, Westpark Community School, Westpark Community School, Mansfield Community School, Puritas Community School, Madison Community School, Stockyard Community School, Greater Cleveland Academy for Gifted Students, Lorain Academy for Gifted Students, Lorain Community Middle School, Old Brooklyn Community Middle School and Westpark Community Middle School.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
— A Community School —  
Cuyahoga County

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**II. Summary of Significant Accounting Policies**

The financial statements of OACD have been prepared in conformity with generally accepted accounting principles 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. OACD also applies Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of OACD' accounting policies are described below.

**1. Basis of Presentation**

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**2. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. OACD prepares financial statements using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which OACD 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 fiscal year when the resources are required to be used or the fiscal year when the use is first permitted; matching requirements, in which OACD must provide local resources to be used for a specified purpose; and expenditure requirements, in which resources are provided to OACD on a reimbursement basis. Expenses are recognized at the time they are incurred.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
**— A Community School —**  
**Cuyahoga County**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**II. Summary of Significant Accounting Policies (Continued)**

**2. Measurement Focus and Basis of Accounting (Continued)**

For fiscal year 2006, OACD has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries," GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section," and GASB Statement No. 47, "Accounting for Termination Benefits."

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statements Nos. 42 and 47 did not materially affect the presentation of the financial statements for the school and GASB Statement No. 44 does not apply to the school.

**3. Cash**

All monies received by OACD are deposited in demand deposit accounts.

**4. Budgetary Process**

Pursuant to Ohio Revised Code Chapter 5705.391 OACD prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. OACD will from time to time adopt budget revisions as necessary.

**5. Due from Other Governments**

Moneys due OACD for the year ended June 30, 2006 are recorded as Due from Other Governments. A current asset for the receivable amount is recorded at the time of the event causing the moneys to be due.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
**— A Community School —**  
**Cuyahoga County**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**II. Summary of Significant Accounting Policies (Continued)**

**6. Intergovernmental Revenues**

OACD currently participates in the State Foundation Program and the State Poverty Based Assistance Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Amounts awarded under the above named programs for the 2006 school year totaled \$92,827.

**7. Use of 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 these estimates.

**III. Deposits**

At fiscal year end June 30, 2006, the carrying amount of OACD' deposits totaled \$100 and its bank balance was \$0. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2006, none of the bank balance was exposed to custodial risk as discussed below, while none of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, OACD 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 the 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 bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of OACD.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
— A Community School —  
Cuyahoga County

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**IV. Purchased Services**

Purchased Services include the following:

Instruction	\$69,251
Pupil Support Services	15,121
Administrative	<u>13,081</u>
Total	<u>\$97,453</u>

**V. Risk Management**

**Property and Liability Insurance**

OACD is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2006, OACD contracted with Cincinnati Insurance Company for all of its' insurance.

General liability is covered at \$2,000,000 single occurrence limit and \$4,000,000 aggregated. Hired and Non-Owned Vehicles are covered at \$500,000 combined single limit of liability. Other coverage includes School Leaders Errors & Omissions, Employee Crime, Sexual Abuse and Misconduct, Electronic Data Processing and Business Interruption.

**VI. State School Funding Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

OACD is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
**— A Community School —**  
**Cuyahoga County**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**VII. Contingencies**

**1. Grants**

OACD received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs requires compliance with terms and conditions, specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of OACD. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of OACD at June 30, 2006.

**2. Litigation**

A suit was filed in the US District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process and claims violation of a right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on OACD is not presently determinable.

**3. Enrollment FTE**

The Ohio Department of Education conducts reviews of enrollment 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. The conclusions of this review could result in state funding being adjusted. As of the date of this report adjustments to the state funding received during fiscal year 2006 are reflected in the financial statements.

**VIII. Sponsorship and Management Agreement**

OACD entered into an agreement with Buckeye Community Hope Foundation (BHCF) to provide sponsorship and oversight services as required by law. The agreement is effective October 16, 2003. Sponsorship fees are calculated as 2% of state funds received by OACD, from the State of Ohio. The total amount due from OACD for fiscal year 2006 was \$1,857 all of which was outstanding as of June 30, 2006.

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**  
**— A Community School —**  
**Cuyahoga County**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

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**VIII. Sponsorship and Management Agreement (Continued)**

OACD entered into an agreement with Constellation Community Schools (CCS) to provide legal, financial, and business management services for the fiscal year 2006. The agreement was for a period of one year, effective July 1, 2005. Management fees are calculated as 11% of the Fiscal Year 2006 Foundation payment received by OACD, as reported in the Monthly Community School Foundation Report. The total amount due from OACD for the fiscal year ending June 30, 2006 was \$10,211 all of which was outstanding as of June 30, 2006.

In addition OACD is participating in a payroll bonus reserve established through CCS. Payroll bonus reserve fees are calculated as 1% of the Fiscal Year 2006 Foundation payment received by OACD, as reported in the Monthly Community School Foundation Report. The total amount due from OACD for the fiscal year ending June 30, 2006 was \$928 all of which was outstanding as of June 30, 2006.

**IX. Related Parties**

The members of the OACD Board of Trustees were also members of Constellation Community Schools until June 15, 2006 at which time a separate CCS Board was formed. OACD contracts with CCS for legal, financial and business management services. CCS also provided staffing to OACD for the 2006 fiscal year.

OACD Board members are also Board members of Old Brooklyn Community School, Parma Community School, Elyria Community School, Westpark Community School, Westpark Community School, Mansfield Community School, Puritas Community School, Madison Community School, Stockyard Community School, Greater Cleveland Academy for Gifted Students, Westpark Academy for Gifted Students, Lorain Community Middle School, Old Brooklyn Community Middle School and Westpark Community Middle School.

**X. Net Assets**

As of the fiscal year ended June 30, 2005, OACD had Net Assets in the amount of \$-0- which was comprised of the following:

State Grant Funds	\$28,950
Less total start up expenses incurred for the periods ending June 30, 2005	<u>(28,950)</u>
Net Assets as of June 30, 2005	<u>\$ 0</u>

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# Mary Taylor, CPA

Auditor of State

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

Outreach Academy For Children With Disabilities  
Cuyahoga County  
3326 Broadview Road  
Cleveland, Ohio 44109

To the Board of Trustees:

We have audited the basic financial statements of the Outreach Academy For Children With Disabilities, Cuyahoga County, Ohio, (the Academy) as of and for the year ended June 30, 2006, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 22, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Academy's management dated March 22, 2007, we reported an other matter involving internal control over financial reporting we did not deem a reportable condition.

### Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Academy's management dated March 22, 2007, we reported another matter related to noncompliance we deemed immaterial.

Outreach Academy For Children With Disabilities  
Cuyahoga County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management and the Board of Trustees. It is not intended for anyone other than these specified parties.

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

Mary Taylor, CPA  
Auditor of State

March 22, 2007



**Mary Taylor, CPA**  
Auditor of State

**OUTREACH ACADEMY FOR CHILDREN WITH DISABILITIES**

**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  
MAY 24, 2007**