



**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2008**



**Mary Taylor, CPA**  
Auditor of State



**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

We have audited the accompanying basic financial statements of the Autism Academy of Learning, Lucas County (the Academy), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion 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 that 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 Autism Academy of Learning, as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2009, 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.

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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

February 13, 2009

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED**

The management's discussion and analysis of the Autism Academy of Learning (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- In total, net assets were \$284,368 at June 30 2008.
- The Academy had operating revenues of \$1,531,703 and operating expenses of \$1,737,120 for fiscal year 2008. The Academy also received \$65,501 in federal and State grants during fiscal year 2008. The total change in net assets for the fiscal year was a decrease of \$128,577.

**Using these Basic Financial Statements**

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

**Reporting the Academy Financial Activities**

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2008?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The table below provides a summary of the Academy's net assets for fiscal years 2008 and 2007.

	<b>Net Assets</b>	
	<u>2008</u>	<u>2007</u>
<b><u>Assets</u></b>		
Current assets	\$ 372,135	\$ 472,014
Capital assets, net	<u>43,594</u>	<u>32,528</u>
Total assets	<u>415,729</u>	<u>504,542</u>
<b><u>Liabilities</u></b>		
Current liabilities	121,836	73,248
Non-current liabilities	<u>9,525</u>	<u>18,349</u>
Total liabilities	<u>131,361</u>	<u>91,597</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net		
of related debt	29,536	14,179
Restricted	6,552	17,430
Unrestricted	<u>248,280</u>	<u>381,336</u>
Total net assets	<u>\$ 284,368</u>	<u>\$ 412,945</u>

At June 30, 2008, the Academy's assets decreased by \$88,813, which represents a 17.60 percent decrease from fiscal year 2007. Cash and cash equivalents decreased by \$71,152, total receivables decreased by \$16,641, and prepaid items decreased by \$12,086. Cash and cash equivalents decreased due to increased expenses in the area of salaries and wages and materials and supplies purchases. Total liabilities increased by \$39,764 which represent a 43.44 percent decrease from fiscal year 2007. This increase is primarily due to the increased pension obligation liability at June 30, 2008 as a result of 10 new non-certified staff members. The net assets of the Academy decreased \$128,577 which represents a 31.14 percent decrease from fiscal year 2007.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED

The table below shows the changes in net assets for fiscal years 2008 and 2007.

**Change in Net Assets**

	2008	2007
<b><u>Operating Revenues:</u></b>		
Special education	\$ 1,200,541	\$ 1,146,183
Foundation basic aid	330,849	331,799
Other operating revenue	313	1,428
Total operating revenue	1,531,703	1,479,410
<b><u>Operating Expenses:</u></b>		
Salaries and wages	850,753	573,111
Fringe benefits	228,635	167,751
Purchased services	562,772	659,656
Materials and supplies	58,476	36,537
Depreciation	13,991	21,693
Other	22,493	18,048
Total operating expenses	1,737,120	1,476,796
<b><u>Non-operating revenues (expenses):</u></b>		
Federal and state operating grants	65,501	56,637
Interest income	364	496
Contributions and donations	11,988	8,397
Interest and fiscal charges	(1,013)	(2,715)
Total non-operating revenues (expenses)	76,840	62,815
Change in net assets	(128,577)	65,429
Net assets at beginning of year	412,945	347,516
Net assets at end of year	\$ 284,368	\$ 412,945

State Foundation Basic Aid and Special Education, as a whole are the primary support for the Academy, representing 99.98 percent of the operating revenue during fiscal year 2008. Community schools receive no support from tax revenues.

The increase in expenses of \$260,324 was due to increases in salaries and wages and fringe benefits, which comprised 62.13 and 50.17 percent of operating expenses during fiscal years 2008 and 2007, respectively.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008  
UNAUDITED**

**Capital Assets**

At June 30, 2008, the Academy had \$43,594 invested in furniture, fixtures and equipment, leasehold improvements and capital leases net of accumulated depreciation. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**Debt Administration**

At June 30, 2008, the Academy had \$14,058 in capital lease obligations outstanding. Of this amount, \$4,533 is due within one year and \$9,525 is due in more than one year. See Note 7 in the notes to the basic financial statements for more detail on capital lease obligations outstanding.

**Current Financial Related Activities**

The Autism Academy of Learning was formed in 2001. During the 2007-2008 school year there were 52 students enrolled in the Academy. The Academy receives its finances mostly from State aid. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

**Contacting the Academy's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Carol Holmes, Board President of Autism Academy of Learning, 219 Page Street, Toledo, Ohio 43620 or email at [Prentis65@cs.com](mailto:Prentis65@cs.com).

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

STATEMENT OF NET ASSETS  
JUNE 30, 2008

<b>Assets:</b>	
<u>Current assets:</u>	
Cash and cash equivalents . . . . .	\$ 365,225
Receivables:	
Accounts . . . . .	406
Intergovernmental. . . . .	2,960
Prepayments . . . . .	3,544
	372,135
Total current assets. . . . .	372,135
<u>Non-current assets:</u>	
Capital assets being depreciated, net . . . . .	43,594
	43,594
Total non-current assets . . . . .	43,594
Total assets . . . . .	415,729
<b>Liabilities:</b>	
<u>Current liabilities:</u>	
Accounts payable . . . . .	17,293
Accrued wages and benefits. . . . .	17,569
Intergovernmental payable . . . . .	9,468
Pension obligation payable . . . . .	72,973
Capital lease obligation . . . . .	4,533
	121,836
Total current liabilities . . . . .	121,836
<u>Long-term liabilities:</u>	
Capital lease obligation . . . . .	9,525
	9,525
Total long-term liabilities . . . . .	9,525
Total liabilities . . . . .	131,361
<b>Net Assets:</b>	
Invested in capital assets, net of related debt . . . . .	29,536
Restricted for:	
State funded programs . . . . .	1,045
Federally funded programs. . . . .	5,507
Unrestricted . . . . .	248,280
	284,368
Total net assets. . . . .	\$ 284,368

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<b>Operating revenues:</b>	
Special education . . . . .	\$ 1,200,541
Foundation basic aid. . . . .	330,849
Other. . . . .	313
Total operating revenue . . . . .	<u>1,531,703</u>
<b>Operating expenses:</b>	
Salaries and wages. . . . .	850,753
Fringe benefits. . . . .	228,635
Purchased services. . . . .	562,772
Materials and supplies . . . . .	58,476
Depreciation . . . . .	13,991
Other. . . . .	22,493
Total operating expenses. . . . .	<u>1,737,120</u>
Operating loss . . . . .	<u>(205,417)</u>
<b>Non-operating revenues (expenses):</b>	
Federal and state operating grants . . . . .	65,501
Interest income . . . . .	364
Contributions and donations . . . . .	11,988
Interest and fiscal charges . . . . .	(1,013)
Total non-operating revenues (expenses) . . . . .	<u>76,840</u>
Change in net assets . . . . .	(128,577)
<b>Net assets at beginning of year . . . . .</b>	<u>412,945</u>
<b>Net assets at end of year. . . . .</b>	<u><u>\$ 284,368</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 1,546,330
Cash received from other operating sources . . . . .	313
Cash payments for salaries and wages . . . . .	(856,400)
Cash payments for fringe benefits . . . . .	(165,429)
Cash payments to suppliers for goods and services. . . . .	(526,147)
Cash payments for materials and supplies . . . . .	(98,070)
Cash payments for other expenses . . . . .	(21,653)
	<hr/>
Net cash used in operating activities . . . . .	(121,056)
	<hr/>
<b>Cash flows from noncapital financing activities:</b>	
Federal and state operating grants . . . . .	67,913
Cash received from contributions and donations . . . . .	11,988
	<hr/>
Net cash provided by noncapital financing activities . . . . .	79,901
	<hr/>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition of capital assets. . . . .	(25,057)
Principal payments . . . . .	(4,291)
Interest payments . . . . .	(1,013)
	<hr/>
Net cash used in capital and related financing activities. . . . .	(30,361)
	<hr/>
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	364
Net cash provided by investing activities . . . . .	364
	<hr/>
Net decrease in cash and cash equivalents . . . . .	(71,152)
	<hr/>
<b>Cash and cash equivalents at beginning of period. . . . .</b>	<b>436,377</b>
<b>Cash and cash equivalents at end of period . . . . .</b>	<b>\$ 365,225</b>
	<hr/> <hr/>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (205,417)
Adjustments:	
Depreciation. . . . .	13,991
Changes in assets and liabilities:	
Increase in accounts receivable . . . . .	(406)
Decrease in due from other governments . . . . .	14,635
Decrease in prepayments . . . . .	12,086
Decrease in accounts payable. . . . .	(14,522)
Decrease in accrued wages and benefits . . . . .	(3,696)
Decrease in intergovernmental payable. . . . .	(10,700)
Increase in pension obligation payable . . . . .	72,973
	<hr/>
Net cash used in operating activities . . . . .	\$ (121,056)
	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 1 - DESCRIPTION OF THE ACADEMY**

Autism Academy of Learning (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events which have occurred that might adversely affect the Academy's tax exempt status. The Academy provides services to autistic students ages 5 through 21 year-round and operates a Parent Resource Room, which offers parents of enrolled students resources and information on parenting children with autism. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

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

The Academy operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's one instructional/support facility staffed by 32 non-certified and 12 certified, full-time teaching personnel who provide services to 52 students.

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

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

**A. Basis of Presentation**

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

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**B. Measurement Focus**

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

**C. Basis of Accounting**

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

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

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

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

The Academy is required to submit a five-year budget forecast with the Ohio Department of Education, c/o Superintendent of Public Instruction.

**E. Cash and Cash Equivalents**

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

For the purposes of the statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year ended 2008, the Academy only had deposits.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

**F. Capital Assets and Depreciation**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the dates received. The Academy maintains a capitalization threshold of \$250. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Live</u>
Leasehold improvements	3 Years
Furniture, fixtures and equipment	5 Years
Computers	3 Years

**G. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program and the State Special Education Program. Revenues 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.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

**I. Net Assets**

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

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

**J. Estimates**

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

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

**K. Operating Revenues and Expenses**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2008, the Academy has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Academy; however, certain disclosures related to postemployment benefits (see Note 10) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the Academy.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Academy.

**NOTE 4 - DEPOSITS**

At June 30, 2008, the carrying amount of all Academy deposits was \$365,225. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$306,948 of the Academy's bank balance of \$406,948 was exposed to custodial risk as discussed below, while \$100,000 was covered by the Federal Deposit Insurance Corporation.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 4 - DEPOSITS - (Continued)**

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

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2008, consisted of accounts and intergovernmental receivables arising from grants and entitlements and accounts receivable. All receivables are considered collectable in full. A summary of the intergovernmental receivables follows:

<b>Intergovernmental receivables:</b>	<u>Amount</u>
IDEA-B	\$ 2,148
Title IIA	136
Improving teacher quality	<u>676</u>
Total intergovernmental receivables	<u>\$ 2,960</u>

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>
	<u>06/30/07</u>			<u>06/30/08</u>
<i>Capital assets, being depreciated:</i>				
Furniture, fixtures and equipment	\$ 62,465	\$ 25,057	\$ -	\$ 87,522
Leasehold improvements	28,042	-	-	28,042
Capital leases	<u>21,044</u>	<u>-</u>	<u>-</u>	<u>21,044</u>
Total capital assets, being depreciated	<u>111,551</u>	<u>25,057</u>	<u>-</u>	<u>136,608</u>
<i>Accumulated depreciation:</i>				
Furniture, fixtures and equipment	(46,606)	(7,919)	-	(54,525)
Leasehold improvements	(26,179)	(1,863)	-	(28,042)
Capital leases	<u>(6,238)</u>	<u>(4,209)</u>	<u>-</u>	<u>(10,447)</u>
Total accumulated depreciation	<u>(79,023)</u>	<u>(13,991)</u>	<u>-</u>	<u>(93,014)</u>
Capital assets, net	<u>\$ 32,528</u>	<u>\$ 11,066</u>	<u>\$ -</u>	<u>\$ 43,594</u>

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 7 - CAPITALIZED LEASE - LESSEE DISCLOSURE**

The Academy entered into capital lease agreements in March 2006 and January 2007 for copiers. The leases both meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. The capital leases are recorded at the present value of the future minimum lease payments as of the inception date. Principal payments made during fiscal year 2008 totaled \$4,291.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Total</u>
2009	\$ 5,304
2010	5,304
2011	3,616
2012	<u>1,386</u>
Minimum lease payments	15,610
Less: interest	<u>(1,552)</u>
Present value of minimum lease payments	<u>\$ 14,058</u>

**NOTE 8 - RISK MANAGEMENT**

**A. Property and Liability**

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Academy contracted with Philadelphia Insurance Company for general liability and property insurance and educational errors and omissions insurance.

Coverage is as follows:

<u>Coverage</u>	<u>Limits of Coverage</u>
Commercial General Liability per occurrence	\$ 1,000,000
Commercial General Liability aggregate	2,000,000
Property Coverage	110,000
Commercial General Liability Personal & Advertising Injury	1,000,000
Business Income	100,000
Data Processing	57,000
Excess Umbrella Liability per occurrence	1,000,000
Excess Umbrella Liability aggregate	1,000,000
Directors and Officers Liability per occurrence	1,000,000
Directors and Officers Liability aggregate	1,000,000
Business Automobile	1,000,000

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

**AUTISM ACADEMY OF LEARNING  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 8 - RISK MANAGEMENT - (Continued)**

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

**B. Workers' Compensation**

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

**C. Employee Benefits**

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

**NOTE 9 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$38,963, \$22,277 and \$19,819, respectively; 5.99 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

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

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

**AUTISM ACADEMY OF LEARNING  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 9 - 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$56,035, \$46,678, and \$32,668, respectively; 85.42 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The Academy's liability is 6.2 percent of wages paid.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 10 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

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

The Academy's contributions for health care for the fiscal years ended June 30, 2008, 2007 and 2006 were \$22,825, \$11,104, and \$10,653, respectively; 5.99 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$2,807, \$1,515, and \$1,577, respectively; 5.99 percent has been contributed for fiscal year 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

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

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

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

**NOTE 10 - 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 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$4,310, \$3,576, and \$2,651, respectively; 77.20 percent has been contributed for 2008 and 100 percent has been contributed for fiscal years 2007 and 2006.

**NOTE 11 - OPERATING LEASES**

The Academy entered into an operating lease agreement with the Roman Catholic Diocese of Toledo in America, for the operation of the Academy's facility, for a term beginning March 1, 2004 through August 31, 2006. The lease agreement was renewed, began September 1, 2006 and will run through June 30, 2011. This agreement is, in substance, a rental agreement (operating lease) and is classified as purchased services in the financial statements. Facility lease payments for the year totaled \$99,000 during fiscal year 2008, as July 2007 rent was prepaid in the prior audit period.

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2008:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Facility</u> <u>Lease</u>
2009	\$ 108,000
2010	108,000
2011	<u>108,000</u>
Total	<u>\$ 324,000</u>

**NOTE 12 - FISCAL AGENT**

The Academy entered into a service agreement as part of its Sponsorship contract with the Treasurer of the Lucas County Educational Service Center (the Sponsor) to serve as the Chief Fiscal Officer of the Academy. As part of this agreement, the Academy shall compensate the Sponsor two percent (2%) of the per pupil allotment paid to the Academy from the State of Ohio. Total contract payments of \$33,102 in fiscal fees and \$23,195 in Sponsor fees were paid during fiscal year 2008.

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

- Maintain custody of all funds received by the Academy in segregated accounts separate from the Sponsor or any other Community Academy's funds;
- Maintain all books and accounts of the Academy;
- Maintain all financial records of all State funds of the Academy and follow State Auditor procedures for receiving and expending State funds;

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

**NOTE 12 - FISCAL AGENT - (Continued)**

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

**NOTE 13 - PURCHASED SERVICES**

For fiscal year 2008, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	\$	437,673
Property services		114,116
Travel		227
Communcations		10,570
Utilities		186
Total	\$	<u>562,772</u>

**NOTE 14 - CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2008.

**B. Ohio Department of Education Enrollment Review**

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

For fiscal year 2008, the result of this review resulted in an overpayment of Foundation Revenue of \$43, and is reported as a liability on the financial statements at June 30, 2008.



**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***

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

To the Board of Directors:

We have audited the basic financial statements of the Autism Academy of Learning, Lucas County, (the Academy) as of and for the year ended June 30, 2008, and have issued our report thereon dated February 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, and the Community School's sponsor. We intend it for no one 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

February 13, 2009



**Mary Taylor, CPA**  
Auditor of State

**AUTISM ACADEMY OF LEARNING**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 17, 2009**