



**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
REGULAR AUDIT  
FOR THE YEAR ENDED JUNE 30, 2004**



**Auditor of State  
Betty Montgomery**



ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY

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## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Alternative Education Academy  
Lucas County  
1830 Adams Street  
Toledo, Ohio 43624

To the Board of Directors:

We have audited the basic financial statements of Alternative Education Academy, Lucas County, Ohio, (the School) as of and for the year ended June 30, 2004 and have issued our report thereon dated January 31, 2005, in which we noted the School adopted Governmental Accounting Standards Board Statement No. 34. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, 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 such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the School's management in a separate letter dated January 31, 2005.

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

In planning and performing our audit, we considered the School's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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Alternative Education Academy  
Lucas County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
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This report is intended solely for the information and use of the audit committee, management, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

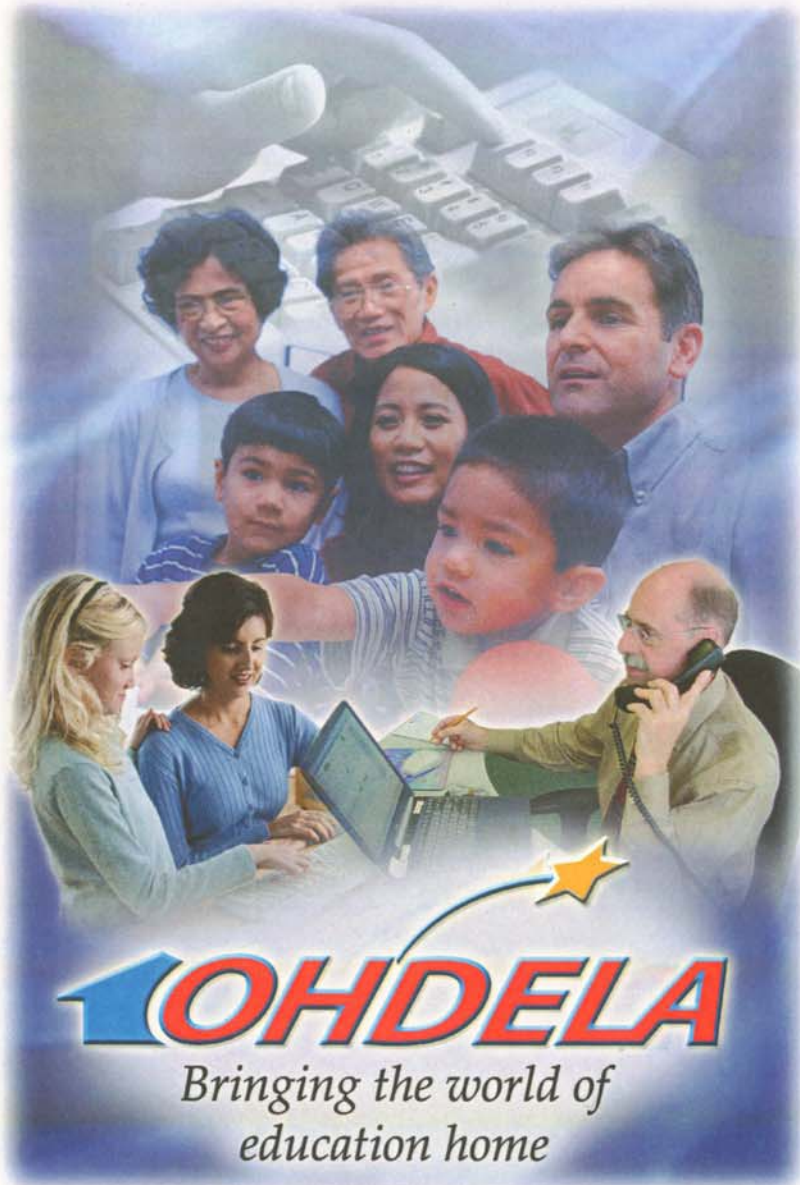
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**Betty Montgomery**  
Auditor of State

January 31, 2005

# Comprehensive Annual Financial Report

*For the Year Ended June 30, 2004*



**OHDELA**

*Bringing the world of  
education home*

**Alternative Education Academy  
Home Office: Toledo, Ohio**





**ALTERNATIVE EDUCATION ACADEMY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2004**

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# Introductory Section

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**Ohio Distance and Electronic  
Learning Academy  
1830 Adams Street  
Toledo, Ohio 43624**

800-493-8680 [P]  
330-253-8680 [P]  
330-253-8250 [F]  
www.ohdela.com

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January 31, 2005

Alternative Education Academy Community  
dba Ohio Distance and Electronic Learning Academy (“OHDELA”)  
Members of the Board of Directors

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of OHDELA (the School) for the fiscal year ended June 30, 2004. The School’s management is responsible for the reliability of the data presented and the completeness of the presentation, including all disclosures. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School. All disclosures necessary to enable the reader to gain an understanding of the School’s financial activities have been included.

Further, the School has established a comprehensive framework that is designed to compile sufficient reliable information for the preparation of its financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the School’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

The CAFR is designed to assist and guide the reader in understanding its contents. The report consists of three major sections:

Introductory Section

The Introductory Section includes the Transmittal Letter and a list of our Board members.

Financial Section

The Financial Section consists of the Independent Accountants’ Report, Management’s Discussion and Analysis, and the Basic Financial Statements as well as the Notes to the Basic Financial Statements that provide an overview of the School’s financial position and operating results.

Statistical Section

The Statistical Section includes selected financial and demographic information about the School on a multi-year basis.

Background

Ohio charter schools began operating after the passage of a 1997 State law. Charter schools, commonly referred to as “community schools” in Ohio, are public, non-profit, non-sectarian schools established to operate independently of any School District. These schools also are exempt from many of the education

Background (Continued)

laws of the State allowing them to bring innovation and efficiency to the traditional education model. More importantly, the passage of this law made the concept of school choice a reality in Ohio. As required by law, each of these community schools must have a sponsor. While many of Ohio's community schools are sponsored by the Ohio State Board of Education, OHDELA is sponsored by the Ohio Council for Community Schools (OCCS) which is another qualified sponsor in the State of Ohio. As of June 30, 2004, OCCS sponsors 11 schools serving nearly 6,000 children.

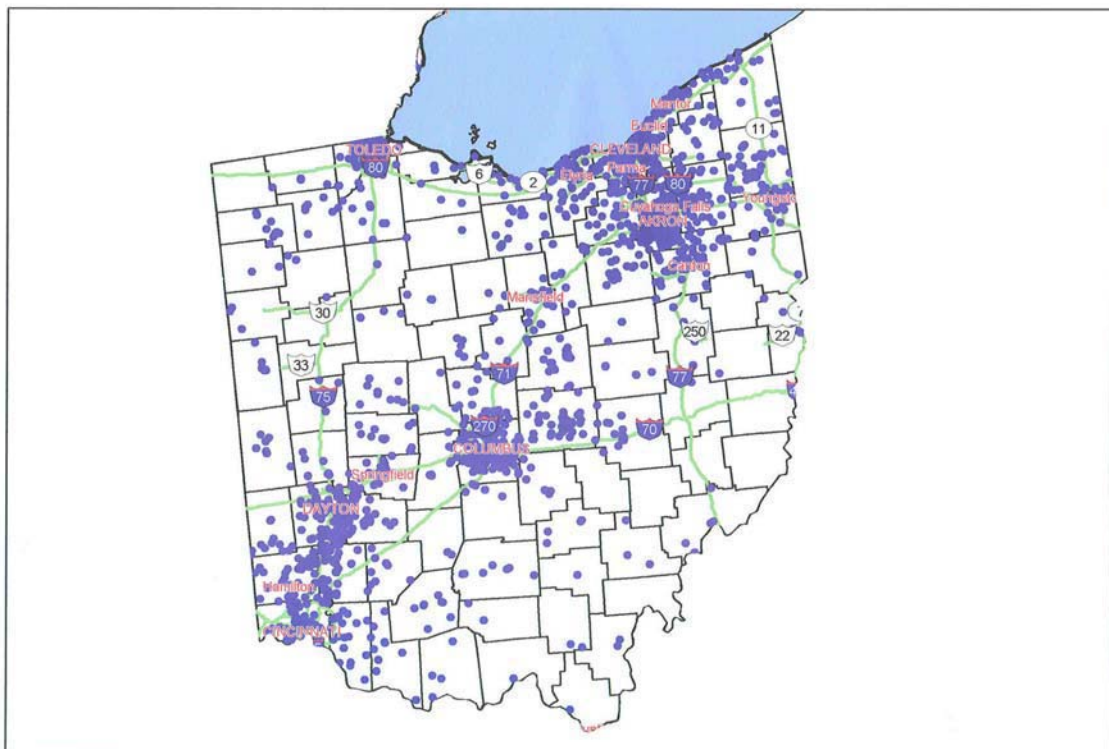
Description of the School

OHDELA is a K-12 community school that provides distance-learning educational opportunities to home-based students in Ohio. The School, which first opened its "doors" in February of 2002 has its home office located in Toledo, Ohio, however its main service center is housed in downtown Akron, Ohio.

Part of the impetus for starting the School over two years ago was the recognition that many students thrive in a home-based environment. While many such students were succeeding through state approved home-schooling, many home-based students across the State were lacking the structure and resources needed to academically succeed. As one of the first schools in the State to offer such a program, OHDELA came to this community armed with technology, curriculum, instructional support, and a multitude of additional resources to assist parents in delivering the kind of home-based education that they desired for their children. Since its inception, the School's enrollment has grown by an astounding 3300%.

Exhibit 1 reflects the geographical diversity of OHDELA's student population as of June 30, 2004.

**Exhibit 1**



#### Description of the School (Continued)

Run by a five-member Board of Directors, the School has contracted with White Hat Management, LLC and its subsidiaries to operate the School on a day-to-day basis. White Hat Management is a national leader in professional education management and has managed the School since its inception. As mentioned, the School has been sponsored by OCCS for a term of nearly five years that expires on June 30, 2006. The School prides itself on its successful education model, effective operational management, and sound fiscal practices and believes that this will be reflected when its contract is renewed less than two years from now.

#### Financial Information

This is the first year the School has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB Statement No. 34 creates new basic financial statements for reporting on the School's financial activities. Also as part of this new reporting model, management is responsible for preparing a discussion and analysis of the School. This Letter of Transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. This discussion follows the Independent Accountants' Report and provides an assessment of the School's finances for fiscal year 2004 and the outlook for the future.

This is also the first year that the School has prepared a Comprehensive Annual Financial Report. The School takes pride in its demonstrated history of unqualified audit opinions and no material weaknesses and wanted to take the next step towards establishing itself as a model of fiscal responsibility among its peers. According to the Auditor of State of Ohio, the School will be (with the submission of this report) one of the first community schools in the State to pursue the Certificate of Achievement for Excellence in Financial Reporting.

#### Independent Audit

Ohio law requires independent audits be performed on all financial operations of the School either by the Auditor of State or an independent public accounting firm in accordance with generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS). The Auditor of State's Office rendered an opinion on the School's financial statements as of June 30, 2004 and the Independent Accountants' Report on the Basic Financial Statements is included in the Financial Section herein.

#### Awards and Acknowledgments

The Government Finance Officer's Association of the United States and Canada (GFOA) will award a Certificate of Achievement for Excellence in Financial Reporting. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized CAFR, whose contents conforms to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

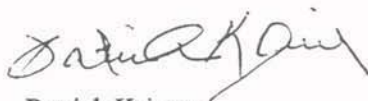
Awards and Acknowledgments (Continued)

A Certificate of Achievement is valid for a period of one year only. We believe our current report, which is included herein, will conform to the high standards required by the Certificate of Achievement program.

The Comprehensive Annual Financial Report was prepared by the fiscal management team for the School. As the fiscal officer, I would like to express my sincere appreciation to Dave Massa, Darryl Woolf, Brett Newsome, and Maggie Vantley for their direct participation in producing this report. Their commitment to this project helped to make this report possible. I would also like to thank Mr. Fankhauser and other members of the Board of Directors for their support in this new endeavor. It is truly appreciated.

Finally, we would like to thank our School community for entrusting us with the education of your children. *You* are the reason we are here. We are committed to bettering our students, their parents and the communities we serve by providing the very best alternative in public education.

Sincerely,



Patrick Kriner  
Fiscal Officer  
Alternative Education Academy



Eric Fankhauser  
President, Board of Directors  
Alternative Education Academy



**Alternative Education Academy  
Board of Directors  
June 30, 2004**

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Eric Fankhauser	Board President
Lisa Trudell	Board Member
Patrick Kriner	Board Member
James Mettler	Board Member
Henry Sears	Board Member

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# Financial Section

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Alternative Education Academy  
Lucas County  
1830 Adams Street  
Toledo, Ohio 43624

To the Board of Directors:

We have audited the accompanying basic financial statements of the Alternative Education Academy, Lucas County, Ohio, (the School) as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the School'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 net assets of Alternative Education Academy, Lucas County, as of June 30, 2004, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended June 30, 2004, the School implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2005, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

We conducted our audit to form an opinion on the School's basic financial statements. The introductory and statistical sections are presented for additional analysis and are not a required part of the basic financial statements. We did not subject the introductory and statistical sections to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

**Betty Montgomery**  
Auditor of State

January 31, 2005

**ALTERNATIVE EDUCATION ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Unaudited)**

The discussion and analysis of the Alternative Education Academy's (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2004. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the transmittal letter, 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 Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- In total, net assets increased \$249,972, which represents a 511 percent increase from 2003. This was due to very significant increases in the School's FTE enrollment, which resulted in higher State Aid. There was also an increase in federal subsidies.
- Total assets increased \$670,099, which represents a 351 percent increase from 2003. Again, this was primarily due to an increase in State Aid as well as receivables over the previous year.
- Liabilities increased \$420,127, which represents a 296 percent increase from 2003. As explained later, the increase in liabilities is a direct result of the increase in State and Federal receivables, which directly increases management fees.

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

**ALTERNATIVE EDUCATION ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Unaudited)**

**Statement of Net Assets**

The Statement of Net Assets answers the question of how the School did financially during 2004. 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.

Table 1 provides a summary of the School's net assets for fiscal year 2004 and fiscal year 2003.

(Table 1)  
**Net Assets**

<b>Assets</b>	<u><b>2004</b></u>	<u><b>2003</b></u>
Current Assets	\$ <u>860,915</u>	\$ <u>190,816</u>
 <b>Liabilities</b>		
Current Liabilities	\$ <u>562,003</u>	\$ <u>141,876</u>
 <b>Net Assets</b>		
Unrestricted	\$ <u>298,912</u>	\$ <u>48,940</u>

Total assets increased \$670,099. This increase was due to higher cash inflows from State Aid as a result of a significant rise in the School's FTE enrollment over the previous year. Also, there was an increase of nearly \$450,000 in the School's receivables over the previous year related to grant subsidies and State Aid. Liabilities increased by \$420,127 from 2003. This increase is related to the increase in receivables as the School operates under a management agreement with WHDL, LLC (WHDL). Under the terms of the management agreement, WHDL is paid a specific percentage of the State and Federal revenues the School receives.



**ALTERNATIVE EDUCATION ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Unaudited)**

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

Table 2 shows the changes in net assets for fiscal year 2003 and fiscal year 2004, as well as a listing of revenues and expenses.

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

	<b>2004</b>	<b>2003</b>
<b>Operating Revenues</b>		
State Aid	\$ 10,435,309	\$ 4,021,252
<b>Non-Operating Revenues</b>		
Grants	358,067	245,762
Other	500	-
Total Revenues	10,793,876	4,267,014
<b>Operating Expenses</b>		
Purchased Services: Management Fees	9,871,050	3,781,126
Purchased Services: Grant Programs	358,067	245,762
Sponsorship Fee	264,365	120,773
Audit and Accounting	11,478	5,496
Legal	19,650	28,957
Interest	-	632
Insurance	19,294	16,526
Bank Fees	-	69
Total Expenses	10,543,904	4,199,341
Change in Net Assets	\$ 249,972	\$ 67,673

The reason for the significant increase in overall revenues from 2003 was primarily due to an astounding increase of **958** students in the School's FTE enrollment over the previous year. The School's most significant expenses, "Purchased Services" increased as well because of the management agreement in place between the School and WHDL. As stated previously, the agreement provides that specific percentages of the revenues received by the School will be paid to WHDL to fund operations. (See Notes to the Basic Financial Statements, Note 9.)

**ALTERNATIVE EDUCATION ACADEMY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Unaudited)**

**Current Financial Issues**

Alternative Education Academy received revenue for 1,713 students in 2004. Alternative Education Academy is different from many other schools as it provides education in a distance-learning environment to students in nearly every county in the State of Ohio. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries.

The School receives its support almost entirely from State Aid. Per pupil revenue for the School in fiscal year 2004 averaged \$6,092 with a 2.2 percent increase planned in fiscal year 2005.

**Contacting the School's Financial Management**

This financial report is designed to provide our readers 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 Patrick Kriner, Fiscal Officer for the Alternative Education Academy, 1830 Adams Street, Toledo, Ohio 43624 or e-mail at [patrick@pkriner.com](mailto:patrick@pkriner.com).

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2004**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 306,951
State Funding Receivable	210,553
Grants Funding Receivable	<u>343,411</u>

**Total Current Assets** \$ 860,915

**LIABILITIES**

Current Liabilities

Accounts Payable	\$ 2,225
Sponsorship Fees Payable	1,511
Grants Funding Payable	359,402
Continuing Fees Payable	<u>198,865</u>

**Total Current Liabilities** \$ 562,003

**NET ASSETS**

Unrestricted Net Assets \$ 298,912

**Total Net Assets** \$ 298,912

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

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2004**

**OPERATING REVENUES**

State Aid	\$ 10,435,309
<b>Total Operating Revenues</b>	<b>10,435,309</b>

**OPERATING EXPENSES**

Purchased Services: Management Fees	9,871,050
Purchased Services: Grant Programs	358,067
Sponsorship Fees	264,365
Legal	19,650
Insurance	19,294
Auditing and Accounting	11,478
<b>Total Operating Expenses</b>	<b>10,543,904</b>
<b>Operating Loss</b>	<b>(108,595)</b>

**NON-OPERATING REVENUES**

Grants	358,067
Contributions	500
<b>Total Non-Operating Revenues</b>	<b>358,567</b>
<b>Change in Net Assets</b>	<b>249,972</b>
<b>Net Assets, July 1, 2003</b>	<b>48,940</b>
<b>Net Assets, June 30, 2004</b>	<b>\$ 298,912</b>

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

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2004**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Received from State Sources	\$ 10,253,737
Cash Payments to Suppliers for Goods and Services	<u>(10,120,275)</u>
Net Cash Provided By Operating Activities	133,462

**CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES**

Cash Received from Grant Programs	86,295
Cash Received from Miscellaneous Receipts	<u>500</u>
Net Cash Received from Non Capital Financing Activities	<u>86,795</u>
Net Increase in Cash and Cash Equivalents	220,257
Cash and Cash Equivalents at Beginning of Year	<u>86,694</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 306,951</u></u>

**RECONCILIATION OF OPERATING LOSS TO NET CASH  
PROVIDED BY OPERATING ACTIVITIES**

Operating Loss	\$ (108,595)
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**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET  
CASH PROVIDED BY OPERATING ACTIVITIES**

Changes in Assets and Liabilities:	
State Funding Receivable	(181,573)
Sponsorship Fees Receivable	103
Accounts Receivable	3,400
Sponsorship Fees Payable	(34,754)
Accounts Payable	2,225
Grants Funding Payable	282,581
Continuing Fees Payable	<u>170,075</u>
Total Adjustments	<u>242,057</u>
Net Cash Provided By Operating Activities	<u><u>\$ 133,462</u></u>

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

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004**

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

Alternative Education Academy (the School) operating under the trade name as Ohio Distance and Electronic Learning Academy (“OHDELA”) is a federal 501(c)(3) tax-exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State’s education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with WHDL, LLC (WHDL) for most of its functions. See Note 9.

The School was sponsored and approved for operation under contract with the Ohio Council for Community Schools (OCCS) for a period commencing on November 16, 2001, and extending through June 30, 2006. The School actually began operations on February 14, 2002. The School operates under a self-appointing five-member Board of Directors (the Board). The School’s Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one support facility, which is leased by WHDL. The School is staffed by teaching personnel employed by WHDL, who provided services to approximately 1,713 full-time equivalent students during the fiscal year ended June 30, 2004. The Board also operates the Life Skills Center of Toledo in the city of Toledo.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School 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. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with GASB pronouncements. The School does not apply FASB statements and interpretations issued after November 30, 1989. Also, the School implemented GASB Statement No. 34 – *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. This had no effect on the School’s net assets. The more significant of the School’s accounting policies are described below.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**A. BASIS OF PRESENTATION**

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

Auditor of State of Ohio Bulletin 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. 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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund 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 (i.e., revenues) and decreases (i.e., expenses) in net total assets. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**C. BUDGETARY PROCESS**

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**D. CASH AND CASH EQUIVALENTS**

All cash received by the School is maintained in a demand deposit account. For purposes of the Statement of Cash Flows and for presentation on the Statement of Net Assets, investments with an original maturity of three months or less at the time they are purchased are considered to be cash equivalents.

**E. INTERGOVERNMENTAL REVENUES**

The School currently participates in the State Foundation Program and the State Disadvantaged Pupil Impact Aid (DPIA) Program, which are reflected under "State Aid" on the Statement of Revenues, Expenses, and Changes in Net Assets. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants entitlements, and contributions are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the 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. Amounts awarded under the above programs for the 2004 school year totaled \$10,793,376.

**F. CAPITAL ASSETS AND DEPRECIATION**

The School operates under a management agreement with WHDL, and thus has no capital assets. (See Note 9.)

**G. USE OF ESTIMATES**

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**H. NET ASSETS**

Net assets represent the difference between assets and liabilities. All of the School's net assets at June 30, 2004, were unrestricted.

**I. OPERATING REVENUES AND EXPENSES**

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

**3. DEPOSITS**

At year-end, the carrying amount of the School's deposits was \$306,951 and the bank balance was \$337,211. Of that amount, \$237,211 was not insured and collateralized by the Federal Depository Insurance Corporation.

**4. STATE FUNDING RECEIVABLE**

The School has recognized on its Statement of Net Assets a "State Funding Receivable" for the amount of State Aid estimated to be paid by the School by the Ohio Department of Education (ODE) based on the difference in the amount the School actually received versus the amount earned through student full-time equivalent (FTE) enrollment as determined at the end of the year. A receivable reflects that the School was funded on a lower estimated enrollment figure throughout the year than what the FTE enrollment figure was calculated to be at year-end. At June 30, 2004, the amount of "State Funding Receivable" was \$210,553.

**5. CONTINUING FEES PAYABLE**

Under the terms of the management agreement with WHDL (See Note 9.), a related "Continuing Fees Payable" in the amount of \$198,865 has been recorded by the School for 94.5% of the amount of "State Funding Receivable" due from the State (See Note 4).

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

**6. GRANTS FUNDING RECEIVABLE/PAYABLE**

The School has recorded "Grants Funding Receivable" in the amount of \$343,411 to account for the remainder of State and Federal awards allocated to the School, but not received as of June 30, 2004.

Additionally, under the terms of the management agreement (See Note 9.), the School has recorded a liability to WHLS in the amount of \$359,402 for 100 percent of any State and Federal monies uncollected or unpaid to WHDL as of June 30, 2004.

**7. SPONSORSHIP FEES PAYABLE**

A "Sponsorship Fees Payable" has been recorded by the School in of the amount \$1,511 which falls under the terms of the sponsor contract with Ohio Council for Community Schools. (See Note 10.)

**8. RISK MANAGEMENT**

**Property and Liability** - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its management agreement with WHDL, WHDL has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement. There was no significant reduction in insurance coverage from the prior year and claims have not exceeded insurance coverage over the past three years. (See Note 9.)

**Director and Officer** - Coverage has been purchased by the School with a \$2,000,000 aggregate limit and no deductible.

**9. AGREEMENT WITH WHDL, LLC**

Effective November 9, 2001, the School entered into a revised five-year Management Agreement (Agreement) with WHDL, which is an educational consulting and management company. The Agreement's term coincides with the School's charter agreement and will renew for additional, successive one (1) year terms unless one party notifies the other party on or before the February 1<sup>st</sup> prior to the expiration of the then-current term of its intention to not renew the agreement. Substantially all functions of the School have been contracted to WHDL.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

**9. AGREEMENT WITH WHDL, LLC (Continued)**

WHDL is responsible and accountable to the School's Board of Directors (the Board) for the administration, operation and performance of the School in accordance with the School's contract with the Ohio Council for Community Schools (OCCS) to operate the School. The School had purchased service expenses for the year ended June 30, 2004, to WHDL of \$10,229,117 and payables to WHDL at June 30, 2004, aggregating \$558,267. Significant provisions of the Agreement are as follows:

Financial Provisions

Continuing Fee. The School is required to pay WHDL (the Company) a monthly continuing fee of 97 percent of the School's "Qualified Gross Revenues" less any fees that the School is obligated to pay to OCCS pursuant to the contract with OCCS. "Qualified Gross Revenues" is defined in the Agreement as, "...revenues and income received by the School from the following sources: Basic State Funding, Basic Kindergarten State Funding, DPIA Funding, Special Education Funding, DPIA Class Size Funding, DPIA Safety Funding, EMIS Funding, Title and other federal funding. Qualified Gross Revenue does not include: Student fees, contributions, lunch program revenue, PTA/PTO income and miscellaneous revenue received. The School will pay WHDL 100 percent of all contributions and grants received by the School which are to assist in the improvement of facilities and the implementation of the Educational Model and/or the day-to-day operations of the School."

The continuing fee is paid to the Company based on the previous month's qualified gross revenues.

Other School Financial Responsibilities. The School is responsible for its directors' and officers' insurance, legal fees for School Board representation and general corporate matters, accounting, audit, tax and consulting fees for the School, and other miscellaneous expenses not incurred in the normal day-to-day operation of the School.

WHDL Financial Responsibilities. Except as otherwise provided in the Agreement, all costs incurred in providing the Educational Model and the day-to-day operations of the School shall be paid by WHDL. Such costs shall include, but are not limited to, salaries for all personnel, curriculum materials, textbooks, library books, computer and other equipment, software, supplies, building payments, maintenance, and capital improvements. All personal property used in the operation of the School is the property of WHDL, unless purchased directly by the School with Federal funds.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

**9. AGREEMENT WITH WHDL, LLC (Continued)**

WHDL is required to maintain, at its expense, commercial general liability insurance in the name of the School in an amount not less than \$1 million per occurrence and \$2 million in the aggregate, and excess umbrella liability insurance of not less than \$10 million per occurrence and \$15 million in the aggregate.

Personnel. WHDL has the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel, consistent with the Agreement and state and federal law. Compensation and benefits of all employees is paid by WHDL.

Agreement Termination

Termination by the School. The School may terminate the Agreement in the event WHDL materially breaches the Agreement or the School's contract with the OCCS to operate the School and WHDL does not cure the material breach within 60 days of its receipt of written notice from the School, unless the breach cannot be reasonably cured within 60 days, in which case the WHDL shall promptly undertake and continue efforts to cure said material breach within a reasonable time.

Termination by WHDL. WHDL may, at its option, terminate the Agreement upon the occurrence of certain events as defined in the Agreement.

**10. SPONSORSHIP FEES**

Under Paragraph C(4) of the sponsor contract with the OCCS, it states that the School "...shall pay to the Sponsor the amount of 3% of the total state and federal funds for the first 1,000 students received each year, 2% of the total state and federal funds for 1,001-2,500 students received, and 1% of the total state and federal funds for students after 2,500 received each year, in consideration for the time, organization, oversight, fees, and costs of the Sponsor pursuant." Such fees are paid to the OCCS monthly. As indicated on the Statement of Revenues, Expenses, and Changes in Net Assets, the School incurred \$264,365 in sponsorship fees to OCCS.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

**11. DEFINED BENEFIT PENSION PLANS**

The School has contracted with WHDL to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School is ultimately responsible for remitting retirement contributions to each of the systems noted below: (See Note 9.)

**A. SCHOOL EMPLOYEES RETIREMENT SYSTEM**

WHDL, on behalf of the School, contributes to the School Employees Retirement System of Ohio (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 State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2004, 9.09 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, up to a statutory maximum amount, by the SERS Retirement Board. The School's required contributions for pension obligations to SERS for the years ended June 30, 2004, 2003, and 2002, were \$58,079, \$15,343 and \$2,569, respectively; of which 100 percent has been contributed.

**B. STATE TEACHERS RETIREMENT SYSTEM**

WHDL, on behalf of the School, participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**B. STATE TEACHERS RETIREMENT SYSTEM (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 DB Plan and the DC 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 that 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, 2004, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

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

**B. STATE TEACHERS RETIREMENT SYSTEM (Continued)**

The School's required contributions for pension obligations for the fiscal years ended June 30, 2004, 2003, and 2002, were \$153,963, \$44,956 and \$8,726, respectively; of which 100 percent has been contributed.

**12. POSTEMPLOYMENT BENEFITS**

WHDL, on behalf of the School, provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the State Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the year ended June 30, 2004, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled \$11,882 during the 2004 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.1 billion at June 30, 2004. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2004, employer contributions to fund health care benefits were 4.91 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and member's pay, pro-rated for partial credit. For fiscal year 2004, the minimum pay was established at \$25,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2004, were \$223,443,805 and the target level was \$335.2 million.

At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits. For the School, the amount to fund health care benefits, including surcharge, equaled \$41,166 during the 2004 fiscal year.

**13. CONTINGENCIES**

**A. Grants**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School.

**B. Pending Litigation**

The suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging Ohio's Community (i.e., Charter) School's program violates the state Constitution and state laws. On April 21, 2003, the Court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed and the case was heard on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The effect of this suit, if any on the Alternative Education Academy is not presently determinable.



**ALTERNATIVE EDUCATION ACADEMY  
LUCAS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2004  
(Continued)**

**13. CONTINGENCIES (Continued)**

**C. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted.

In January 2005, the Ohio Department of Education proposed adjustments to the School, which are currently being reviewed. However, in the opinion of the School, these adjustments will not have a material adverse effect on the financial position of the School.

**14. 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.

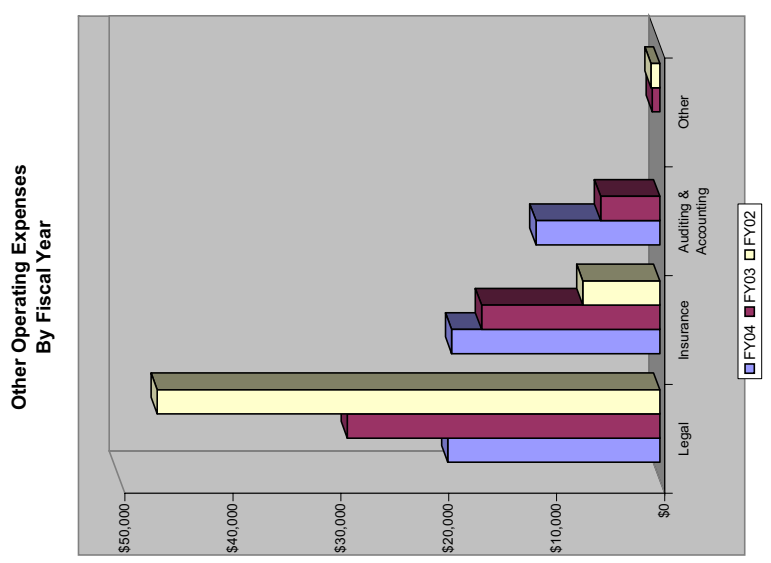
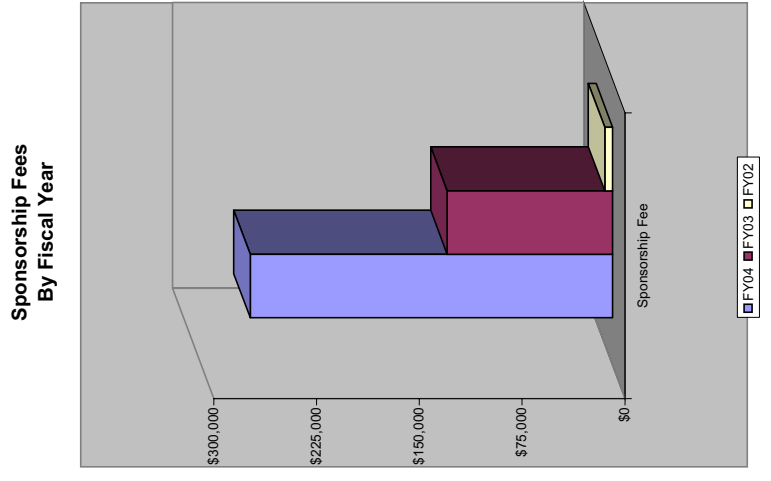
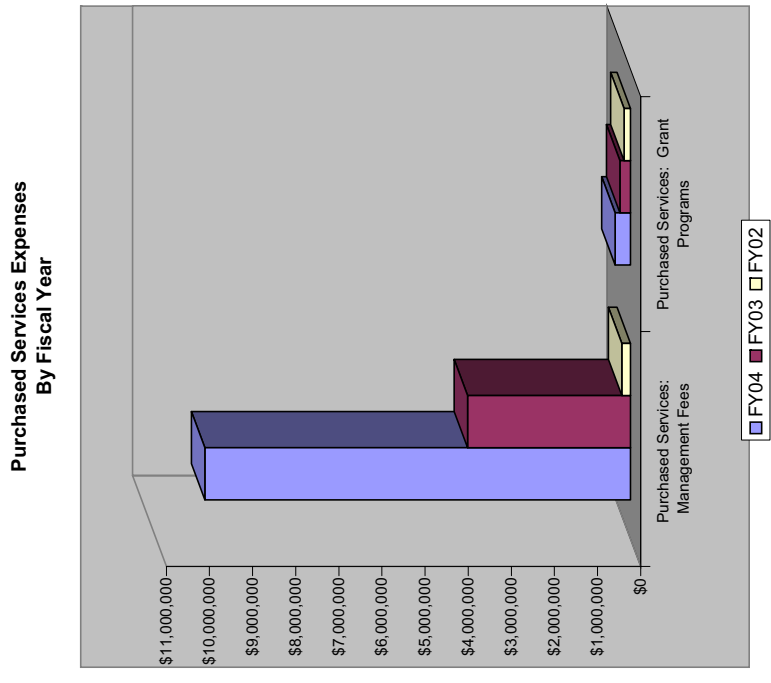
The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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# Statistical Section

**Alternative Education Academy  
Operating Expenses by Category  
Last Three Fiscal Years**

Year	Purchased Services: Management Fees	Purchased Services: Grant Programs	Sponsorship Fees	Legal	Insurance	Auditing & Accounting	Other	Total	FTE Enrollment	Per Pupil Expenditure
2004	\$ 9,871,050	\$ 358,067	\$ 264,365	\$ 19,650	\$ 19,294	\$ 11,478	\$ -	\$ 10,543,904	1,713	\$6,155
2003	\$ 3,781,126	\$ 245,762	\$ 120,773	\$ 28,957	\$ 16,526	\$ 5,496	\$ 701	\$ 4,199,341	755	\$5,562
2002	\$ 201,506	\$ 150,000	\$ 5,793	\$ 46,575	\$ 7,134	\$ -	\$ 816	\$ 411,824	50	\$8,236

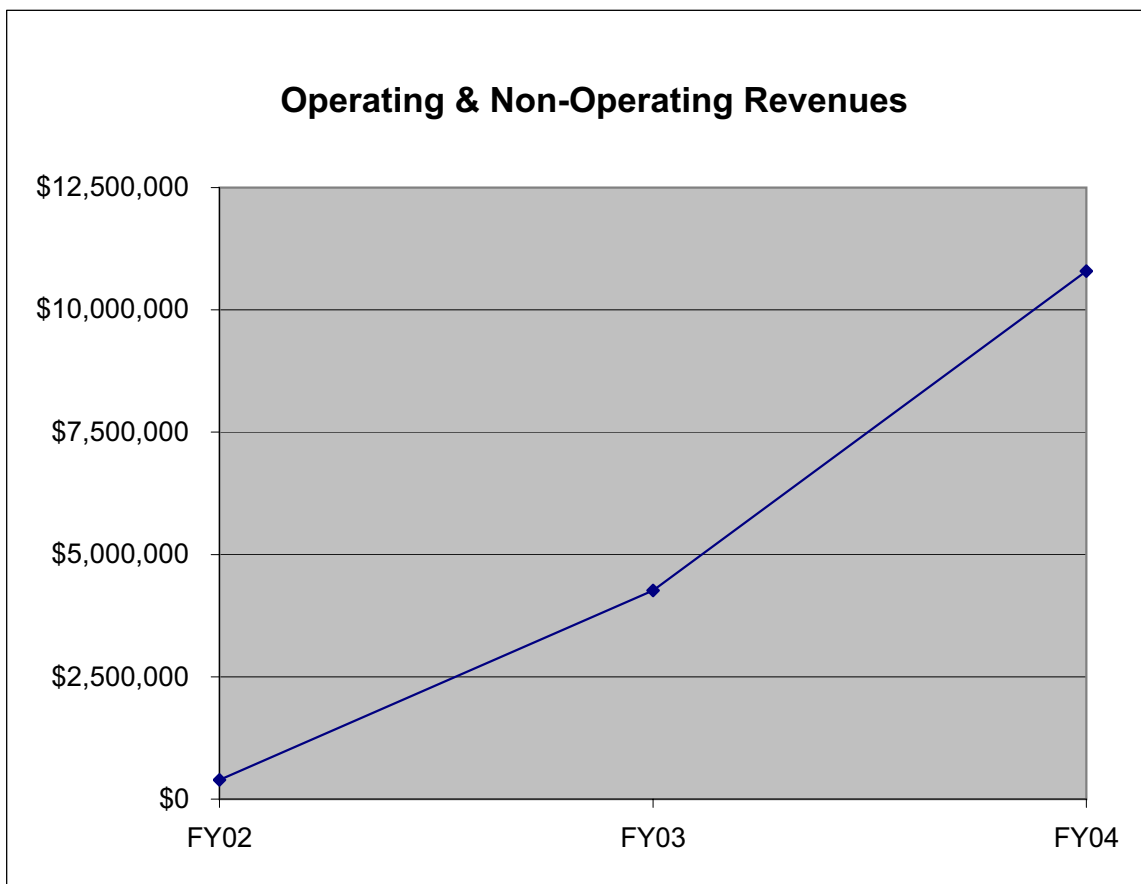


Note: The School began enrolling students in FY02.

Source: School Financial Records

**Alternative Education Academy  
Operating and Non-Operating Revenues  
Last Three Fiscal Years**

<b>Year</b>	<b>State Aid</b>	<b>Grants</b>	<b>Other</b>	<b>Total</b>
2004	\$ 10,435,309	\$ 358,067	\$ 500	\$ <b>10,793,876</b>
2003	\$ 4,021,252	\$ 245,762	\$ -	\$ <b>4,267,014</b>
2002	\$ 193,091	\$ 200,000	\$ -	\$ <b>393,091</b>



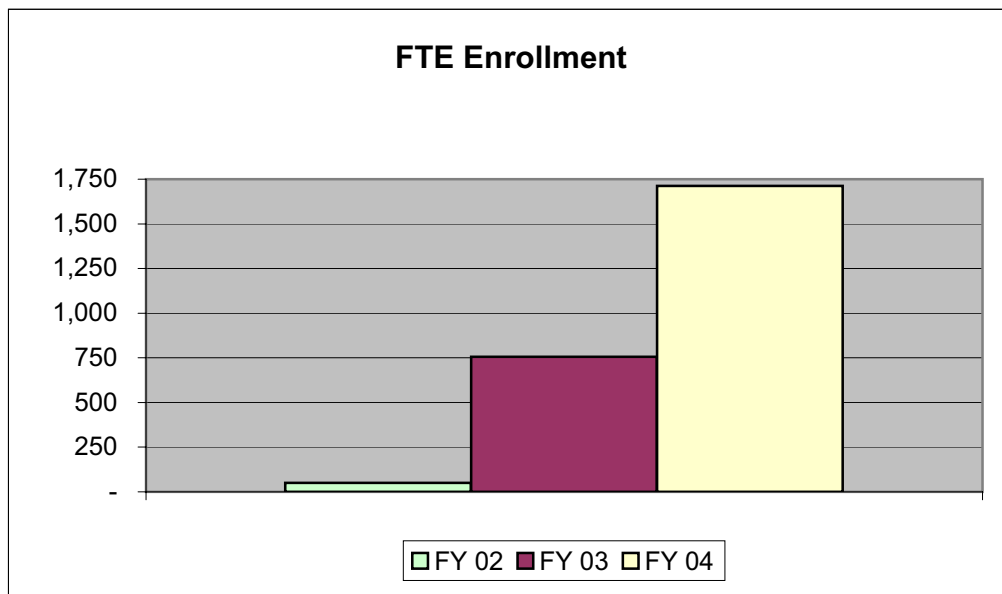
**Note:** The School began enrolling students in FY02.

**Source:** School Financial Records

**Alternative Education Academy  
FTE Enrollment  
Last Three Fiscal Years**

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<u>Year</u>	<u>Enrollment</u>
2004	1,713
2003	755
2002	50

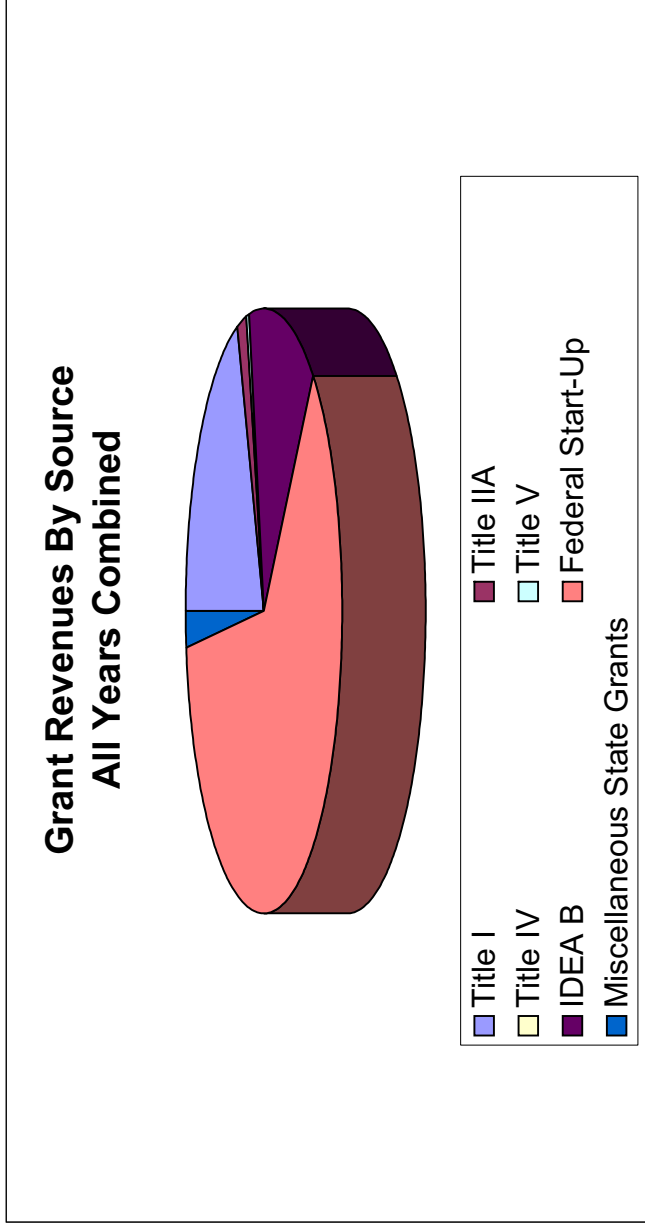


**Note: The School began enrolling students in FY02.**

**Source: School Financial Records**

**Alternative Education Academy  
Grant Revenues By Source  
Last Three Fiscal Years**

Year	Title I	Title IIA	Title IV	Title V	IDEA-B	Federal Start-Up	Miscellaneous State Grants	Total
2004	\$ 129,038	\$ 11,755	\$ 1,190	\$ 2,811	\$ 54,605	\$ 150,000	\$ 8,666	\$ 358,067
2003	\$ 28,300	\$ 2,476	\$ -	\$ 155	\$ 58,156	\$ 150,000	\$ 6,675	\$ 245,762
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ -	\$ 200,000

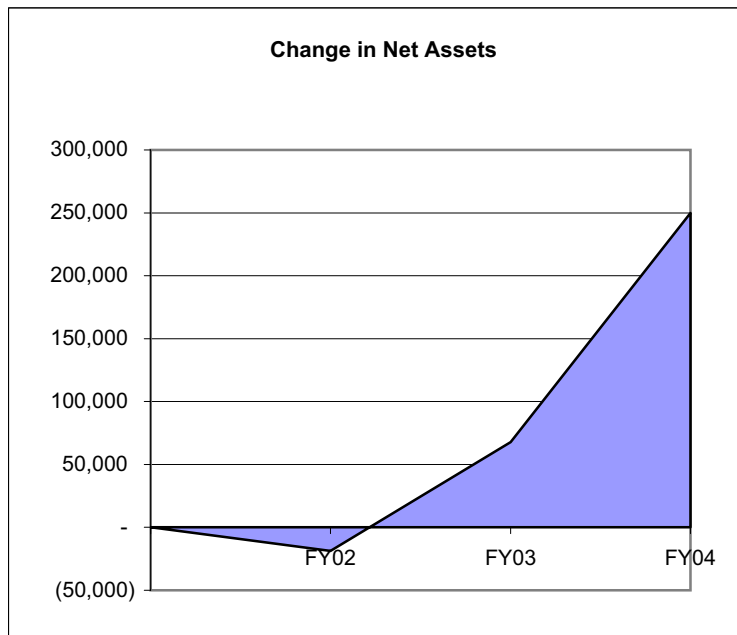


Note: The School began enrolling students in FY02.

Source: School Financial Records

**Alternative Education Academy  
Net Assets  
Last Three Fiscal Years**

<u>Year</u>	<u>Unrestricted</u>	<u>Change in Net Assets</u>
2004	\$ 298,912	\$ 249,972
2003	\$ 48,940	\$ 67,673
2002	\$ (18,733)	\$ (18,733)



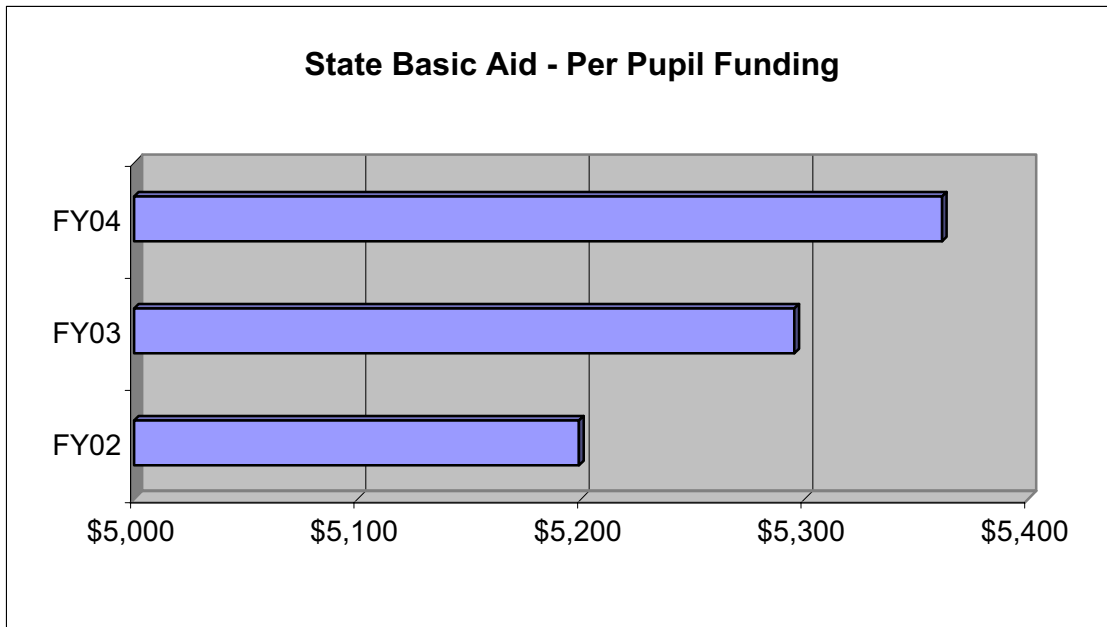
**Note: The School began enrolling students in FY02.**

**Source: School Financial Records**



**Alternative Education Academy  
State of Ohio - Per Pupil Revenue  
Last Three Fiscal Years**

<u>Year</u>	<u>Per Pupil Revenue</u>	<u>Cost of Doing Business Factor</u>	<u>Total Per Pupil Revenue</u>
2004	\$ 5,058	1.06	\$ 5,361
2003	\$ 4,949	1.07	\$ 5,295
2002	\$ 4,814	1.08	\$ 5,199



**Note 1:** In addition to the above, the School also receives other sources of State Aid including Disadvantaged Pupil Impact Aid, Parity Aid, and Special Education funding. These revenues have collectively been identified on the Statement of Revenues, Expenses, and Changes in Net Assets as "State Aid".

The Cost of Doing Business Factors are determined by the State of Ohio and vary by region.

**Note 2:** The School began enrolling students in FY02.

**Source:** Ohio Department of Education

**Alternative Education Academy  
Miscellaneous Statistics**

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**Capacity:** Unlimited

**Date of Incorporation:** 10/4/2001

**Home Office Address:** 1830 Adams Street  
Toledo, Ohio 43624

**Support Center Address:** 121 S. Main Street, Suite 102  
Akron, Ohio 44308

**Number of FY04  
Instructional Staff:** 41

**Total FY04 Staff:** 70

**Student/ Instructional  
Staff Ratio:** 42:1

} Note: All staff are employees of WHDL, LLC. See Note 9  
in Notes to the Basic Financial Statements.

**Source: School Records**



**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**ALTERNATIVE EDUCATION ACADEMY  
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 24, 2005**