



Dave Yost • Auditor of State

**APEX ACADEMY
CUYAHOGA COUNTY
FOR THE YEAR ENDED JUNE 30, 2010**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets as of June 30, 2010.....	7
Statement of Revenues, Expenses and Changes in Net Assets for the Year Ended June 30, 2010.....	8
Statement of Cash Flows for the Year Ended June 30, 2010.....	9
Notes to the Financial Statements	11
Federal Awards Receipts and Expenditures Schedule.....	23
Notes to the Federal Awards Receipts and Expenditures Schedule	24
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance Required by OMB Circular A-133.....	27
Schedule of Findings.....	29

This page intentionally left blank



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Apex Academy
Cuyahoga County
16005 Terrace Road
East Cleveland, Ohio 44112

To the Board of Directors:

We have audited the accompanying basic financial statements of Apex Academy, Cuyahoga County, Ohio (the Academy), as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the contract service fees incurred by the Academy which totaled \$6,674,600 as indicated in Note 10 to the basic financial statements. Other auditors audited these amounts and have furnished their report thereon to us and we base our opinion, insofar as it related to the amounts included in Note 10, on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Apex Academy, Cuyahoga County, Ohio, as of June 30, 2010, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The federal awards receipts and expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards receipts and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

March 18, 2011

APEX ACADEMY CUYAHOGA COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2010 - unaudited

The discussion and analysis of Apex Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities through June 30, 2010. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

The Management's Discussion and Analysis ("MD&A") is an element of the reporting model adopted by the Governmental Accounting Standards Board ("GASB") in their Statement No. 34 Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June, 1999.

Financial Highlights

For the fiscal year ended June 30, 2010, total assets were \$674,273, total liabilities were \$622,658, and total net assets were \$51,615.

Using this Financial Report

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

Reporting the Academy as a Whole

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Academy's net assets – the difference between assets and liabilities, as reported in the Statement of Net Assets – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net assets – as reported in the Statement of Net Assets – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the academy.

**APEX ACADEMY
CUYAHOGA COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 - unaudited (continued)**

The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report the activities for the Academy, which encompass all the Academy’s services, including instruction, support services, community services, and food services. Unrestricted state aid and state and federal grants finance most of these activities. The Academy has entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (“NHA”) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources.

The table below provides a summary of the Academy’s net assets for fiscal years ended June 30:

	2010	2009
Assets:		
Current assets	\$ 643,445	\$ 313,038
Capital assets, net of accumulated depreciation	<u>30,828</u>	<u>70,390</u>
Total assets	674,273	383,428
Liabilities—current	<u>622,658</u>	<u>296,996</u>
Net assets:		
Invested in capital assets	30,828	70,390
Unrestricted	<u>20,787</u>	<u>16,042</u>
Total net assets	<u>\$ 51,615</u>	<u>\$ 86,432</u>

The unrestricted net assets represent the accumulated results of the Academy’s operations to date. These assets can be used to finance day to day operations without constraints, such as legislative or legal requirements. The results of the current year operations for the Academy as a whole are reported in the Statement of Revenues, Expenses and Changes in Net Assets, which shows the change in net assets.

**APEX ACADEMY
CUYAHOGA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 – unaudited (continued)**

Statement of Revenues, Expenses and Changes in Net Assets

The table below shows the changes in net assets as well as a listing of revenues and expenses for the fiscal years ending June 30:

	2010	2009
Operating revenues:		
Foundation payments	\$ 4,262,951	\$ 4,994,481
Food services	8,897	18,185
Other revenues	<u>10,892</u>	<u>10,253</u>
Total operating revenues	<u>4,282,740</u>	<u>5,022,919</u>
Operating expenses:		
Depreciation	39,562	44,806
Contracted service fee	<u>6,674,600</u>	<u>6,407,644</u>
Total operating expenses	<u>6,714,162</u>	<u>6,452,450</u>
Operating loss	(2,431,422)	(1,429,531)
Nonoperating revenues:		
Federal grants	2,377,210	1,340,988
State grants	15,738	19,977
Private sources—NHA	<u>3,657</u>	<u>-</u>
Total nonoperating revenues	<u>2,396,605</u>	<u>1,360,965</u>
Change in net assets	<u>\$ (34,817)</u>	<u>\$ (68,566)</u>

As reported in the Statement of Revenues, Expenses and Changes in Net Assets, the cost of business activities was \$6,714,162. These activities were primarily funded by the Academy's state aid (based on student count) and governments and organizations that subsidized certain programs with grants. Revenues—Private sources—NHA represent a contribution granted by NHA for the excess of Academy expenses over public revenues available.

The Academy experienced a decrease in net assets of \$34,817 in 2010. Under the terms of the agreement with NHA, NHA provides a spending account to the Board of Directors for discretionary expenditures. The primary reason for the change in net assets is the timing of these discretionary expenditures.

Capital Assets—At June 30, 2010, the Academy had \$30,828 invested in capital assets primarily with purchases through the Charter School Grant. Capital assets are substantially provided as part of the agreement with NHA.

**APEX ACADEMY
CUYAHOGA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010 – unaudited (continued)**

General Economic Factors

The Academy depends on legislative and governmental support to fund its operations. Based on information currently available, no significant changes are expected to occur in the nature of the funding or operations of the Academy in 2011.

Contacting the Academy's Financial Management

The financial report is designed to provide users of the report with a general overview of the Academy's finances and to demonstrate the Academy's accountability for the money it receives. If you have questions about this report, contact the Chief Financial Officer of National Heritage Academies, Inc., 3850 Broadmoor SE, Ste. 201, Grand Rapids, MI 49512.

**APEX ACADEMY
CUYAHOGA COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

CURRENT ASSETS:

Cash	\$ 25,063
Intergovernmental receivable	618,382
Total current assets	<u>643,445</u>

NON-CURRENT ASSETS:

Capital assets	204,903
Less: accumulated depreciation	<u>(174,075)</u>
Total non-current assets	<u>30,828</u>

Total assets 674,273

LIABILITIES:

Accounts payable	4,080
Deferred revenue	514
Due to National Heritage Academies, Inc.	<u>618,064</u>
Total liabilities	<u>622,658</u>

NET ASSETS:

Invested in capital assets	30,828
Unrestricted	<u>20,787</u>
Total net assets	<u>\$ 51,615</u>

See notes to the basic financial statements.

**APEX ACADEMY
CUYAHOGA COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2010**

OPERATING REVENUES:	
Foundation payments	\$ 4,262,951
Food services	8,897
Other revenues	<u>10,892</u>
Total operating revenues	<u>4,282,740</u>
OPERATING EXPENSES:	
Depreciation	39,562
Contracted service fee	<u>6,674,600</u>
Total operating expense	<u>6,714,162</u>
OPERATING LOSS	<u>(2,431,422)</u>
NONOPERATING REVENUES:	
Federal grants	2,377,210
State grants	15,738
Private sources - National Heritage Academies, Inc.	<u>3,657</u>
Total nonoperating revenue	<u>2,396,605</u>
CHANGE IN NET ASSETS	(34,817)
NET ASSETS—Beginning of year	<u>86,432</u>
NET ASSETS—End of year	<u>\$ 51,615</u>

See notes to the basic financial statements.

**APEX ACADEMY
CUYAHOGA COUNTY**

**STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from State of Ohio	\$ 4,262,951
Cash received from food services	9,411
Cash received from other operating revenue	10,892
Cash paid on behalf of the Academy for goods and services	<u>(6,349,452)</u>
Net cash used for operating activities	<u>(2,066,198)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Federal grants received	2,055,628
State grants received	15,738
Support from private sources - National Heritage Academies, Inc.	<u>3,657</u>
Net cash provided by noncapital financing activities	<u>2,075,023</u>
NET DECREASE IN CASH	8,825
CASH—Beginning of year	<u>16,238</u>
CASH—End of year	<u><u>\$ 25,063</u></u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES:	
Operating Loss	\$ (2,431,422)
Depreciation	39,562
Changes in Assets and Liabilities—	
Change in accounts payable	4,080
Change in deferred revenue	514
Change in due to National Heritage Academies, Inc	<u>321,068</u>
NET CASH USED FOR OPERATING ACTIVITIES	<u><u>\$ (2,066,198)</u></u>

See notes to basic financial statements.

This page is intentionally left blank

APEX ACADEMY CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2010

1. NATURE OF OPERATIONS

Apex Academy (the “Academy”) is an Ohio Public School Academy which provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy operates under an approved charter received from Lucas County Educational Service Center (“LCESC” or the “Sponsor”), which is responsible for oversight of the Academy’s operations. The charter’s term expires on June 30, 2011 at which time it will automatically renew on a year-to-year basis, unless at least 90 days written notice is given by either the Academy or LCESC. The Academy provides education to students in kindergarten through the eighth grade, at no cost to the parent. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation.

The Academy was established and is operated as a non-profit corporation under Chapter 1702 of the Ohio Revised Code and believes itself to be exempt from taxation under Internal Revenue Code Section 115(1) because its income is derived from the exercise of an essential governmental function and accrues to the State of Ohio. Donations to the Academy qualify as a charitable deduction under Internal Revenue Code Section 170(c)(1).

The Academy’s primary source of revenue is provided by the State of Ohio and consists of an amount per student multiplied by weighted average student counts. The state revenue is recognized ratably over the school year and was funded through payments from July through June for each fiscal year.

The Academy operates under the direction of a Board of Directors (the “Board”). The Board is responsible for carrying out the provisions of the contract with the Sponsor 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 has entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (“NHA”) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The facility lease term is from July 1st to June 30th and is renewable on a year to year basis. The agreement will continue until termination of the charter contract, inclusive of renewals, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives as remuneration for its services an amount equal to the total revenue received by the Academy from all revenue sources. NHA provides a spending account to the Board for discretionary expenses on an annual basis. Revenues—private sources—National Heritage Academies, Inc. represent a contribution granted by NHA for the excess of Academy expenses over public revenues available.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (“FASB”) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Academy does not apply FASB statements or interpretations issued after November 30, 1989. The more significant of the Academy’s accounting policies are described below.

A. Basis of Presentation

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

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of revenues, expenses and 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 enterprises activities.

C. Basis of Accounting

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

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

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching 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.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process

The contract between the School and its Sponsor prescribes an annual budget requirement in addition to preparing a 5-year forecast, which is to be updated on an annual basis. Chapter 5705.391(A) of the Ohio Revised Code also requires the School to prepare a 5-year forecast, update it annually, and submit it to the Superintendent of Public Instruction at the Ohio Department of Education.

E. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

F. Cash Deposits

For cash management, all cash received by the Chief Financial Officer is pooled in a non-interest bearing central bank account. Total cash for the Academy is presented as “Cash” on the accompanying Statement of Net Assets. Cash as of June 30, 2010, represents bank deposits, which are covered by federal depository insurance.

G. Capital Assets

Capital assets, which include other equipment, are reported in the government-wide financial statements at historical cost. Capital assets are defined as other equipment purchased through the Charter School Grant with an estimated useful life in excess of one year and assets purchased by the Academy with an initial cost of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3-10 years.

H. Current Liabilities

Due to National Heritage Academies, Inc.—this amount consists of payments due to NHA for management services rendered in fiscal year 2010.

I. Operating Revenues and Expenses

Intergovernmental Revenues—the Academy currently participates in the State Foundation Program, the State Disadvantaged Pupil Impact Aid (“DPIA”) Program, and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and entitlements are recognized as non-operating revenue in the accounting period in which all eligibility requirements have been met.

Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At fiscal year end June 30, 2010, the Academy had no restricted net assets.

3. DEPOSITS AND INVESTMENTS

At fiscal year end June 30, 2010, the Academy's bank balance was \$26,503. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2010, none of the bank balance was exposed to custodial risk as discussed below, all of the bank balance was covered by the Federal Depository Insurance Corporation.

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Bank 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.

4. RECEIVABLES

Receivables at June 30, 2010, consisted of intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

4. RECEIVABLES (continued)

A summary of the principal items of receivables follows:

	Amounts
Title I	\$ 141,094
Title I School Improvement	39,203
Title IIA	10,950
Title IID	3,379
Title V	1,245
IDEA Part B	101,407
Title I ARRA	149,808
IDEA Part B ARRA	158,609
National School Lunch and Breakfast	<u>12,687</u>
Total governmental activities capital assets, net	<u>\$ 618,382</u>

5. CAPITAL ASSETS

Capital asset activity of the Academy's governmental activities was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Governmental activities—				
Other equipment	<u>\$ 204,903</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,903</u>
Total capital assets at historical cost	204,903	-	-	204,903
Less accumulated depreciation—				
Other equipment	<u>(134,513)</u>	<u>(39,562)</u>	<u>-</u>	<u>(174,075)</u>
Total accumulated depreciation	<u>(134,513)</u>	<u>(39,562)</u>	<u>-</u>	<u>(174,075)</u>
Total governmental activities capital assets, net	<u>\$ 70,390</u>	<u>\$ (39,562)</u>	<u>\$ -</u>	<u>\$ 30,828</u>

APEX ACADEMY CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2010

6. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description—NHA, on behalf of certain employees at the Academy, contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 43215-3476. It is also posted on the SERS’ website at www.ohsers.org under **Employers/Audit Resources**.

Funding Policy—Plan members are required to contribute 10 percent of their annual covered salary and NHA is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The NHA contributions to SERS for the years ended June 30, 2010, 2009, and 2008 were \$36,428, \$31,162, and \$37,965 respectively; which equaled the required contributions each year.

B. State Teachers Retirement System

Plan Description—NHA, on behalf of teachers at the Academy, 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 St., Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting STRS Ohio Web site at www.strsoh.org.

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’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 lump sum withdrawal.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

6. DEFINED BENEFIT PENSION PLANS (continued)

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 2010, plan members were required to contribute 10 percent of their annual covered salaries. NHA was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2009, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

NHA's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008, were \$246,808, \$247,077 and \$220,440, respectively; 100 percent was contributed for each fiscal year. Contributions to the DC and Combined Plans for fiscal year 2010 were \$3,280 made by NHA and \$2,343 made by the plan members.

7. POST-EMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description—The Academy participates in two cost-sharing multiple employer post-employment benefit plans administered by the School Employees Retirement System (SERS) for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans respectively.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

7. POST-EMPLOYMENT BENEFITS (continued)

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report, which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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 2010, .46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined compensation amount, pro-rated according to service credit earned. Statues provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009 and 2008, were \$6,114, \$19,489 and \$21,141, respectively; 100 percent was contributed for each fiscal year.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions to Medicare Part B for the fiscal years ended June 30, 2010, 2009 and 2008 were \$2,166, \$2,571 and \$2,735 respectively, 100 percent was contributed in each fiscal year.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

7. POST-EMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

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 or by calling (888)227-7877.

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-retirement health care may be deducted from employer contributions. For 2010, 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, 2010, 2009 and 2008 were \$18,985, \$19,006 and \$16,957 respectively; 100 percent was contributed in each fiscal year.

8. RISK MANAGEMENT

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained through Indiana Insurance Company. General liability coverage provides \$1,000,000 per occurrence and \$5,000,000 in the aggregate with no deductible. The Indiana Insurance Company also provides umbrella liability coverage of \$1,000,000 per occurrence, as well as, in the aggregate. There have been no significant reductions in insurance coverage during fiscal year 2010, and claims did not exceed coverage during the past three fiscal years.

9. 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 management, any such disallowed claims will not have a material adverse effect on the financial position of the Academy.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

9. CONTINGENCIES (continued)

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and 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 results of this review could result in the State funding being adjusted. The Academy does not anticipate any material adjustments to State funding for fiscal year 2010, as a result of such a review.

10. CONTRACTED SERVICE FEE

NHA incurred the following actual direct and indirect expenses on behalf of the Academy for the year ended June 30, 2010:

Direct Expenses:	
Salaries, wages and benefits	\$ 3,020,003
Professional and technical services	687,626
Property services	1,101,922
Travel	131,086
Utilities	83,488
Contracted (trade) services	49,451
Purchased services	63,944
Books, periodicals and films	124,560
Food and related supplies	355,334
Supplies	130,160
Insurance and property taxes	95,087
Field trips and student activities	3,023
Equipment lease and purchases	<u>132,819</u>
Total Direct Expenses	5,978,503
Total Indirect Expenses (Overhead)	<u>696,097</u>
Total Contracted Service Fee	<u>\$ 6,674,600</u>

NHA charges expenses benefiting more than one school (i.e. indirect overhead expenses) based on key cost drivers. These charges represent indirect cost of services provided in the operation of the Academy. Such services include, but are not limited to facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010**

11. SPONSORSHIP AGREEMENT

The Academy entered into a sponsorship agreement with the LCESC. This agreement provides that LCESC receives approximately one and one half percent of State Foundation funds received by the Academy from the State of Ohio. This amounted to \$63,944 for fiscal year 2010.

12. OPERATING LEASE

The Academy has entered into a sub-lease agreement with National Heritage Academies for a facility to house the Academy. The lease term is from July 1, 2009 through June 30, 2010. Annual rental payments required by the lease are \$837,600, payable in twelve monthly payments of \$69,800. This lease is renewable on a year to year basis.

The Academy subsequently renewed the sub-lease with National Heritage Academies on May 6, 2010, for the period of July 1, 2010 through June 30, 2011. Annual rental payments required by the lease are \$837,600, payable in twelve monthly payments of \$69,800.

National Heritage Academies paid \$84,007 of property taxes during fiscal 2010 for the facility which the Academy leases.

* * * * *

This page intentionally left blank.

**APEX ACADEMY
 CUYAHOGA COUNTY
 FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
 FOR THE YEAR ENDED JUNE 30, 2010**

Federal Grantor		Federal				
<i>Pass Through Grantor</i>	Grant	CFDA		Non-Cash		Non-Cash
<i>Program Title</i>	Year	Number	Receipts	Receipts	Expenditures	Expenditures
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Breakfast Program	2009	10.553	\$3,312	\$0	\$0	\$0
National School Breakfast Program	2010	10.553	49,951	0	51,991	0
Subtotal National School Breakfast Program			53,263	0	51,991	0
National School Lunch Program	2009	10.555	11,830	0	58	0
National School Lunch Program	2010	10.555	247,522	15,395	258,109	15,395
Subtotal National School Lunch Program			259,352	15,395	258,167	15,395
Total Child Nutrition Cluster			312,615	15,395	310,158	15,395
Total U.S. Department of Agriculture			312,615	15,395	310,158	15,395
<u>U.S. Department of Education</u>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2009	84.027	33,336	0	4,476	0
Special Education - Grants to States	2010	84.027	112,187	0	151,523	0
ARRA - Special Education - Grants to States	2010	84.391	23,319	0	91,647	0
Subtotal Special Education - Grants to States			168,842	0	247,646	0
Special Education - Preschool Grants	2010	84.173	832	0	832	0
Subtotal Special Education Preschool Grants			832	0	832	0
Total Special Education Cluster			169,674	0	248,478	0
Title I Grants to Local Education Agencies, Part A	2009	84.010	163,439	0	23,139	0
Title I Grants to Local Education Agencies, Part A	2010	84.010	658,299	0	774,722	0
School Improvement Subsidy A Title I	2010	84.010	24,316	0	26,720	0
ARRA - Title I Grants to Local Education Agencies, Part A	2010	84.389	384,254	0	438,381	0
Total Title I Grants to Local Education Agencies, Part A			1,230,308	0	1,262,962	0
Title IID - Education Technology State Grants	2009	84.318	1,022	0	1,022	0
Title IID - Education Technology State Grants	2010	84.318	10,815	0	10,815	0
Total Title IID - Education Technology State Grants			11,837	0	11,837	0
Title IIA - Improving Teacher Quality State Grants	2009	84.367	547	0	0	0
Title IIA - Improving Teacher Quality State Grants	2010	84.367	15,746	0	16,316	0
Total Title IIA - Improving Teacher Quality State Grants			16,293	0	16,316	0
School Improvement Grants	2010	84.377	20,302	0	7,151	0
Total School Improvement Grants			20,302	0	7,151	0
ARRA - State Fiscal Stabilization Fund - Education State Grants	2010	84.394	292,352	0	292,352	0
Total ARRA - State Fiscal Stabilization Fund - Education State Grants			292,352	0	292,352	0
Total U.S. Department of Education			1,740,766	0	1,839,096	0
Total Federal Financial Assistance			\$2,053,381	\$15,395	\$2,149,254	\$15,395

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

**APEX ACADEMY
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Apex Academy's (the Academy's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the fair value.

CFDA – Catalog of Federal Domestic Assistance.



Dave Yost • Auditor of State

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

Apex Academy
Cuyahoga County
16005 Terrace Road
East Cleveland, Ohio 44112

To the Board of Directors:

We have audited the basic financial statements of Apex Academy, Cuyahoga County, Ohio (the Academy) as of and for the year ended June 30, 2010, and have issued our report thereon dated March 18, 2011. Our report refers to other auditors. 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*. Other auditors audited the amounts presented in Note 10 in accordance with auditing standards generally accepted in the United States of America and not in accordance with *Government Auditing Standards* and accordingly this report does not extend to the amounts presented in Note 10.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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, Board of Directors, the Community School's sponsor, and federal awarding agencies and pass-through entities and others within the Academy. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

March 18, 2011



Dave Yost • Auditor of State

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

Apex Academy
Cuyahoga County
16005 Terrace Road
East Cleveland, Ohio 44112

To the Board of Directors:

Compliance

We have audited the compliance of Apex Academy, Cuyahoga County, Ohio (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Apex Academy's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy's major federal programs. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

In our opinion, Apex Academy complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, the Board of Directors, the Community School's sponsor, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

March 18, 2011

**APEX ACADEMY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I – Part A Cluster – CFDA 84.010 and 84.389 (ARRA) State Fiscal Stabilization Fund – CFDA # 84.394 (ARRA)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

APEX ACADEMY

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2011**