



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 11, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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

DAVE YOST
Auditor of State

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**NIA UNIVERSITY COMMUNITY SCHOOL
HAMILTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Nia University Community School
Hamilton County
c/o Educational Resource Consultants of Ohio, Inc.
11260 Chester Road, Suite 230
Cincinnati, Ohio 45246

To the Sponsor:

We were engaged to audit the accompanying basic financial statements of Nia University Community School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the School's management.

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* require us to obtain written representations from management as part of our audit. Management has not provided the Auditor of State written representations, including but not limited to, management's responsibility for preparing the financial statements in conformity with the School's accounting basis; the availability of original financial records and related data, the completeness and availability of all minutes of the legislative or other bodies and committee meetings; management's responsibility for the School's compliance with laws and regulations; the identification and disclosure to the Auditor of State of all laws, regulations, and provisions of contracts and grant agreements directly and materially affecting the determination of financial statement amounts and; the presence or absence of fraud involving management or employees with significant roles in internal control; compliance with laws, regulations, and provisions of contracts and grant agreements, and compliance with any debt covenants.

The School did not maintain supporting documentation for student full-time equivalents reported to the Ohio Department of Education (ODE); (the full-time equivalencies are used by ODE to calculate the School's State Foundation Settlement payments for the amounts shown as Foundation Payments revenue of \$955,757 on the School's Statement of Revenues, Expenses and Changes in Net Assets.

We were unable to obtain sufficient evidential matter supporting the amount recorded as accounts payable as of June 30, 2009. Accounts payable consisted of \$142,692, which is 67 percent of current liabilities as of June 30, 2009. We were unable to determine the validity of accounts payable through alternative procedures.

The financial statements and notes to the financial statements include errors and management refuses to modify the errors. The School also failed to disclose the School changed their name to Aspiring to Excellence and Achievement effective July 1, 2009; the School suspended operations effective January 14, 2010; and the School's sponsor cancelled the contract of the school with an effective closure date of June 30, 2010.

Since we were unable to obtain written representations, evidence regarding the accuracy of the School's Foundation Payments revenue of \$955,757 on the School's Statement of Revenues, Expenses, and Changes of Net Assets, sufficient evidential matter supporting the amount recorded as accounts payable, as described above, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on the basic financial statements of Nia University Community School, Hamilton County, Ohio for the year ended June 30, 2009.

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. The School has an operating loss of (\$289,008) for the year ended June 30, 2009 and a net assets deficit of (\$8,419) at June 30, 2009 that raise substantial doubt about its ability to continue as a going concern. The School did not provide Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2010, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. As a result of such limited procedures, we believe that the Management's Discuss and Analysis is not in conformity with guidelines established by the *Governmental Accounting Standards Board* because the School did not disclose three years of information. However, we did not audit the information and express no opinion on it.



Mary Taylor, CPA
Auditor of State

August 25, 2010

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Managements Discussion and Analysis For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the Aspiring to Excellence and Achievement Academy, Hamilton County, Ohio (the Academy) financial performance provides an overall review of the Academy's financial activities for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- For fiscal year 2009 assets were less than liabilities by \$8,419.
- The Academy derived 100 percent of their revenues through federal and state programs.
- Salaries and benefits accounted for 49 percent of the \$1,334,751 in expenses for fiscal year 2009.
- The Academy was able to increase the cash balance by \$7,677 from fiscal year 2008.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of three components: the management discussion and analysis, 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.

The statement of net assets presents information on all the Academy's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The statement of revenues, expenses and changes in net assets presents information showing how the Academy's net assets changed during the most recent fiscal year.

The statement of cash flows presented the sources and uses of the Academy's cash and how it changed during the most recent fiscal year.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Managements Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 1 provides a summary of the Academy's net assets for fiscal year 2009 compared to fiscal year 2008.

Table 1			
Net Assets			
	2009	2008	Change
Assets			
Current assets	\$76,689	\$50,892	\$25,797
Capital assets, net	128,915	163,026	(34,111)
<i>Total assets</i>	205,604	213,918	(8,314)
Liabilities			
Current liabilities	214,023	139,196	74,827
<i>Total liabilities</i>	214,023	139,196	74,827
Net Assets			
Invested in capital assets	128,915	163,026	(34,111)
Unrestricted	(137,334)	(88,304)	(49,030)
<i>Total net assets</i>	(\$8,419)	\$74,722	(\$83,141)

The Academy saw assets decrease with the depreciation on capital assets of \$37,959. The Academy was able to generate significantly more revenue through the state foundation program to cover the increased operating costs. The Academy saw total intergovernmental revenue increase by twenty-four percent from 2008. The Academy also saw current liabilities increase by twenty-six percent from 2008 as the Academy had large outstanding vendor payables.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY**Hamilton County**Managements Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 2 shows the change in net assets for the year ended 2009 compared to fiscal year 2008.

	2009	2008	Change
Revenues			
Operating revenues:			
Foundation payments	\$955,757	\$645,852	\$309,905
Special education	89,986	0	89,986
Donations	0	10,000	(10,000)
Other operating revenues	0	8,486	(8,486)
Non-operating revenues:			
Federal and state grants	205,867	362,387	(156,520)
Total revenues	<u>1,251,610</u>	<u>1,026,725</u>	<u>224,885</u>
Expenses			
Operating expenses:			
Salaries and benefits	660,009	418,591	241,418
Purchased services	551,862	318,715	233,147
Materials and supplies	84,921	79,378	5,543
Depreciation	37,959	36,675	1,284
Other expenses	0	10,265	(10,265)
Non-Operating Expenses:			
Interest and fiscal charges	0	211	(211)
Total Expenses	<u>1,334,751</u>	<u>863,835</u>	<u>470,916</u>
Change in Net Assets	<u>(83,141)</u>	<u>162,890</u>	<u>(\$246,031)</u>
Beginning Net Assets	<u>74,722</u>	<u>(88,168)</u>	
Ending Net Assets	<u>(\$8,419)</u>	<u>\$74,722</u>	

The Academy saw a significant increase in the revenues from 2008 to 2009 mainly to due to increase in the state foundation program revenue (Foundation Payment and Special Education Funding) although federal and state grant revenues were less than the prior year. The Academy took advantage of the increased revenue by offering the students with services that weren't provided in 2008. The Academy increased enrollment, which in turn required additional teachers to be hired and the use of more consulting services. Some of the professional services that were utilized help keep salary and benefit expense lower.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Managements Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Capital Assets

At the end of 2009, the Academy had \$128,915 (net of \$84,680 in accumulated depreciation) invested in furniture and equipment. For more information on the Academy's capital assets refer to note 5 of the notes to the financial statements.

Debt

The Academy had no outstanding debt at June 30, 2009.

Current Financial Issues

The Academy now has a finance professional on staff which will aid in the improvements in the quality of financial records and strengthens internal controls. Also after the 2009 fiscal year, the Academy moved its location to share a facility with another school. This move is projected to save the Academy a significant portion of operating costs. The Academy continues to promote their educational quality to increase enrollment. With an community school, the Academy's financial viability relies on the amount of state funding it receives and that formula's key component is student enrollment.

Contacting the Academy's Financial Management

This financial report is designed to provide a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information contact the Superintendent of the Academy, ATEA, 7030 Reading Road, Suite 100, Cincinnati, Ohio 45237.

**ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY
HAMILTON COUNTY
STATEMENT OF NET ASSETS**

AS OF JUNE 30, 2009

Assets:

Current assets:

Cash and cash equivalents	\$ 7,677
Intergovernmental receivable	69,012
Total current assets	<u>76,689</u>

Noncurrent assets:

Capital assets, net	128,915
Total noncurrent assets	<u>128,915</u>

Total Assets 205,604

Liabilities:

Current liabilities

Accounts payable	142,692
Accrued wages and benefits payable	61,785
Intergovernmental payable	9,546
Total current liabilities	<u>214,023</u>

Total Liabilities 214,023

Net Assets:

Invested in capital assets, net of related debt	128,915
Unrestricted	<u>(137,334)</u>

Total net assets \$ (8,419)

See accompanying notes to the basic financial statements

**ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUS, EXPENSES AND CHANGES IN NET ASSETS**

For the Fiscal Year Ended June 30, 2009

Operating Revenues:	
Foundation payments	\$ 955,757
Special Education	89,986
	<hr/>
Total operating revenues	1,045,743
	<hr/>
Operating Expenses:	
Salaries	608,920
Fringe benefits	51,089
Purchased services	551,862
Materials and supplies	84,921
Depreciation	37,959
	<hr/>
Total operating expenses	1,334,751
	<hr/>
Operating Loss	(289,008)
	<hr/>
Non-Operating Revenues and Expenses:	
Federal grants	181,767
State grants	24,100
	<hr/>
Total non-operating revenues and expenses	205,867
	<hr/>
Change in net assets	(83,141)
Net assets at beginning of year	74,722
Net assets at end of year	<u><u>\$ (8,419)</u></u>

See accompanying notes to the basic financial statements

**ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY
HAMILTON COUNTY
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

Cash received from State of Ohio - Foundation	\$ 1,045,743
Cash payments for personal services	(617,683)
Cash payments for contract services	(501,297)
Cash payments for supplies and materials	(72,093)
Net cash used by operating activities	<u>(145,330)</u>

Cash flows from noncapital financing activities:

Cash received from state and federal grants	<u>156,855</u>
Net cash provided by noncapital financing activities	<u>156,855</u>

Cash flows from capital and related financing activities:

Acquisition of Capital Assets	<u>(3,848)</u>
Net cash used by capital and related financing activities	<u>(3,848)</u>

Net change in cash and cash equivalents	7,677
Cash and Cash Equivalents at beginning of year	-
Cash and Cash Equivalents at end of year	<u><u>7,677</u></u>

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	(289,008)
Adjustments to reconcile operating loss to net cash provided for operating activities:	
Depreciation	37,959
Change in assets and liabilities:	
Decrease in accounts payable	78,042
Increase in accrued wages and benefits	32,780
Decrease in intergovernmental payable	<u>(35,995)</u>

Net cash used by operating activities	<u><u>\$ (145,330)</u></u>
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See accompanying notes to the basic financial statements

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ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY

Aspiring to Excellence and Achievement Academy (formerly known as NIA UNIVERSITY COMMUNITY ACADEMY), Hamilton County, Ohio (the Academy), is a 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 services. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 2006. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. Starting the 2007 school year, the Ohio Department of Education was no longer permitted to sponsor charter schools. Due to this legislative change, Educational Resource Consultants of Ohio, Inc. became the sponsor for the Academy beginning with school year 2007.

The Academy operated under a self-appointing five-member Board of Trustees (the Board). The School Code of Regulations specifies that vacancies that arise on the Board are filled by the appointment of a successor trustee by a majority vote of the ten existing trustees. 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 of Trustees controls the Academy two instructional/support facility staffed by 14 certified full-time teaching personnel who provided services to 162 students.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. 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, to its business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. However, the Academy has elected not to apply FASB statements and interpretations after November 30, 1989. Following are the more significant of the Academy's accounting policies.

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. The Academy uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. Measurement Focus and Basis of Accounting

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 present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of cash flows reflects how the Academy finances and meets its cash flow needs.

C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the Academy and its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Investments

All monies received by the Academy are accounted for by the Academy's treasurer. All cash received is maintained in accounts in the Academy's name. Monies for the Academy are maintained in bank accounts or temporarily used to purchase short-term investments.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Capital Assets and Depreciation

Capital Assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of five hundred dollars. The Academy does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Capital Assets are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Equipment	3-7

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are 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 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.

Amounts awarded under grants and entitlements for the year ended June 30, 2009 totaled \$1,251,610.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Net Assets

Net assets represent the difference between assets and liabilities. Invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy presently has no restricted net assets.

H. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily the State Foundation program, and the State Special Education program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

3. DEPOSITS AND INVESTMENTS

At June 30, 2009, the carrying amount of the Academy's deposits was \$7,677 and the bank balance was \$7,677. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

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 percent of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository 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.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

3. DEPOSITS AND INVESTMENTS (continued)

The Academy had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

4. RECEIVABLES

Receivables at June 30, 2009, primarily consist of intergovernmental receivables arising from grants, entitlement and shared revenues. All receivables are considered collectable in full. A summary of the principal items of receivables follows:

<u>Intergovernmental</u>	<u>Amount</u>
Title I Grant	\$37,405
School Improvement Grant	25,833
Safe and Drug Free Academics Grant	337
Part B-IDEA Grant	5,437
Total	<u>\$69,012</u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009:

	<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/09</u>
Capital Assets Being Depreciated Furniture and Equipment	<u>\$209,747</u>	<u>\$3,848</u>	<u>\$0</u>	<u>\$213,595</u>
Less Accumulated Depreciation Furniture and Equipment	<u>(46,721)</u>	<u>(37,959)</u>	<u>0</u>	<u>(84,680)</u>
Capital Assets, Net	<u>\$163,026</u>	<u>(\$34,111)</u>	<u>\$0</u>	<u>\$128,915</u>

6. DEBT

The Academy had no outstanding debt at June 30, 2009.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

7. RISK MANAGEMENT

A. Property and Liability

The School's is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. For fiscal year 2008, the School's contracted with Indiana Insurance Company for property and general liability insurance. There were no settlements exceeding coverage during the last three years.

B. Worker's Compensation

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

8. DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,138, \$10,935, and \$10,711 respectively; 100 percent for fiscal years 2009, 2008 and 2007.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

8. DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, 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.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

8. DEFINED BENEFIT PENSION PLANS (continued)

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$62,662, \$35,272, and \$26,361; 100 percent for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$0 made by the Academy and \$7,357 made by the plan members.

9. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.25 percent of covered payroll was allocated to health care.

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

The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,805, \$6,144, and \$3,330 respectively; 100 percent for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.66 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal year ended June 30, 2009, 2008 and 2007 were \$591, \$788 and 69, respectively; 100 percent for fiscal years 2009, 2008 and 2007.

ASPIRING TO EXCELLENCE AND ACHIEVEMENT ACADEMY

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

9. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

Plan Description – The Academy contributes to the cost sharing multiple employer defined benefit Health 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-employment health care may be deducted from employer contributions. For 2009, 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, 2009, 2008, and 2007 were \$4,820, \$2,713, and \$2,028 respectively; 100 percent for fiscal years 2009, 2008 and 2007.

10. CONTINGENCIES

A. Grants

The Academy receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the Academy at June 30, 2009.

11. PURCHASED SERVICES

For the period July 1, 2008 through June 30, 2009, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	\$235,537
Utilities	31,011
Communications	14,272
Property Services	183,275
Food Service	74,708
Other	13,059
Total Purchased	<u>\$551,862</u>

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Mary Taylor, CPA

Auditor of State

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

Nia University Community School
Hamilton County
c/o Educational Resource Consultants of Ohio, Inc.
11260 Chester Road, Suite 230
Cincinnati, Ohio 45246

To the Sponsor:

We were engaged to audit the basic financial statements of Nia University Community School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, which collectively comprise the School's basic financial statements and have issued our report thereon dated August 25, 2010, in which we did not express an opinion because we were unable to obtain documentation and evidence regarding management representations and the accuracy of the School's Foundation revenue and the accuracy of accounts payable. We also issued substantial doubt that the school will continue as a going concern due to the School incurring an operating loss and net assets deficit, they suspended operations effective January 14, 2010 and effective June 30, 2010, the sponsor cancelled their contract and closed the school. We also noted that effective July 1, 2009, the school changed their name to Aspiring to Excellence and Achievement Academy and indicated the financial statements and notes to the financial statements included errors and excluded required disclosures.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider findings 2009-001 and 2009-003 through 2009-005 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. Of the significant deficiencies described above, we believe finding numbers 2009-001 and 2009-004 are also material weaknesses.

We also noted certain internal control matters that we reported to the School's management in a separate letter dated August 25, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the School'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 engagement and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001, 2009-002 and 2009-004.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated August 25, 2010.

We intend this report solely for the information and use of management, Board of Directors, and the Community School's sponsor. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 25, 2010

**NIA UNIVERSITY COMMUNITY SCHOOL
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-001

Noncompliance/Material Weakness

The **Ohio Rev. Code, Section 3314.17(C)**, states that each fiscal officer appointed under section 3314.011 of the Revised Code is responsible for annually reporting the community school's data under section 3301.0714 of the Revised Code. Ohio Rev. Code, Section 3301.0714(B)(1)(c)-(l) & (n), requires the following data must be reported to the Ohio Department of Education:

- Average student grades in each subject in grades nine through twelve
- Academic achievement levels as assessed by the testing of student achievement
- The number of students designated as having a disabling condition
- The numbers of students reported to the state board
- Attendance rates and the average daily attendance for the year
- Expulsion, Suspension, Graduation and Dropout rates
- Rates of retention in grade

The School was responsible for ensuring the aforementioned student information was updated to the Ohio Department of Education's (ODE's) Community School Options Enrollment System (SOES) database. For the year ended June 30, 2009, the School failed to maintain student files for all students. The School was able to obtain a list of students enrolled from the SOES database. However, the School did not maintain grade records and/or attendance records of the students, nor did any other student headcount lists exist; hence, it could not be determined if the information reported on the SOES database was accurate.

Because of the lack of documentation, we were unable to ascertain the following:

- An accurate average daily membership count
- The resident district of students
- The enrollment and withdrawal dates of students
- The age of students
- The grade level of students, as well as rates of graduation, expulsion, suspension, and dropout

Since most State and Federal grants and entitlements are based on student attendance and socioeconomic status of students, the accuracy of funding received could not be ascertained. For the School this resulted in \$955,757 of 2009 foundation receipts, which could not be verified that resulted in a disclaimer of opinion.

We recommend the School develop procedures to properly document the number of student attendance and properly input the amounts into the SOES database. In addition, the School should train employees on the procedures and monitor the process regularly.

**FINDING NUMBER 2009-001
(Continued)**

This matter will be referred to the Ohio Department of Education.

FINDING NUMBER 2009-002

Noncompliance

Ohio Rev. Code, Section 3314.03(A)(11)(d), requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code. Ohio Rev. Code Section 149.43(B) states, in part, that all public records shall be promptly prepared and made available for inspection to a person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division.

The following records for the audit period could not be located for audit:

- Entire cancelled checks (i.e. fronts and backs) were not maintained for the audit period. The School could not locate 74 cancelled checks out of 83 (89%)
- Seven personnel files out of 28 employees
 - Of the 21 personnel files located, 12 retirement participation forms (57%) and 21 state withholding forms (100%) could not be located
- Nine employee contracts
- Remittances for eight withholding disbursements out of 15 tested (53%)
- 10 purchase orders out of 50 tested (20%)
- Invoices for \$180,605 of the accounts payable amount calculated by the auditors (\$211,550). Due to the lack of invoices we could not determine the actual amount of accounts payable which is reported on the financials at \$142,692 as of June 30, 2009.
- 1099 Forms
- Student files

The School should develop policies and procedures outlining the security of all records or take a written inventory of all records noting the records description and location. All records should be maintained in a secure central location, such as locked file cabinets or in a locked office, with access limited to specific officials and/or personnel. Disposal of records should only be made in accordance with an approved records retention schedule.

FINDING NUMBER 2009-003

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly classified and recorded on the books and in the annual report to ensure that accounting records are accurate as to the type of revenue that is received, the type of disbursement made, or the fund that disbursements or transfers are made from.

**FINDING NUMBER 2009-003
(Continued)**

The following conditions were identified during testing of the School's expenditures:

- The School lacked controls over the expenditure process resulting in penalties and fines being assessed to the school, as well as, missing documentation that could have a potential impact on expenditures being either under/over stated on the financial statements.
- Due to missing contracts or contract amendments we could not determine if employees were being paid in accordance with their authorized rates/salaries in 17 instances out of 40 payroll expenditures tested (43%). However, employees were paid similar amounts every pay period and the School hired a company to perform payroll services for fiscal year 2009. A spreadsheet was provided to the company listing employee rates/salaries from the school which we were able to trace certain employees' rates/salaries to.
- Five payroll-related disbursements totaling \$6,894 were not recorded in the Payroll Ledger. Withholdings were not taken from these payments since they were paid along with other non-payroll related disbursements

A lack of internal controls increases the risk that theft, fraud, or errors could occur in the notes and financial statements and not be detected. Furthermore, failure to accurately review disbursements:

- reduces the accountability over School funds.
- reduces the Board's ability to monitor financial activity and make informed financial decisions.
- increases the likelihood that moneys will be misappropriated and not detected.
- increases the likelihood that the School's financial statements will be misstated.

A good internal control system includes procedures to help ensure management receives and processes accurate information as well as mitigate fraud, theft, or errors going unresolved.

We recommend the following to the School in regards to expenditures:

- Supporting documentation should be maintained for all disbursements, including cancelled checks and invoices, and organized in a fashion to facilitate quick comparison between the support and disbursement.
- All disbursements should be approved by the Board and their approval should be documented in the Board minutes.
- Purchase orders should be used for all expenditures.
- Proper documentation should be maintained of all payroll-related payments, including documentation of pay cuts. If an employee is not being paid according to their contract, then documentation of the change should be documented and placed in the employee's personnel file.
- All payroll-related disbursements should be recorded in the Payroll Ledger and proper withholdings should be withheld.

FINDING NUMBER 2009-004

Noncompliance and Material Weakness

2 C.F.R. Part 225, Appendix A, Section (A)(2)(a)(2) states that governmental units assume responsibility for administering Federal funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the Federal award.

OMB Circular No. A-133, Section .300(a) states, in part, that the auditee shall:

- a) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.
- b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.
- c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.
- d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB Circular A-133, Section .310.

During the audit period, the School segregated their federal revenues. However, the School did not segregate their federal expenses on their financial records thus federal funds were commingled.

We recommend that the School segregate their federal funds on their financial records by utilizing the Uniform School Accounting System, maintain and provide adequate documentation in support of all federal expenditures and comply with all requirements of the grant agreements. We also recommend the School implement adequate controls over their Federal programs. Failure to identify federal funds, provide adequate documentation, implement controls, and comply with grant requirements, could result in errors in classification on the financial statements future questioned costs and potential loss of Federal financial assistance.

FINDING NUMBER 2009-005

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly classified and recorded on the books and in the annual report to ensure that accounting records are accurate as to the type of revenue that is received, the type of disbursement made, or the fund that disbursements or transfers are made from.

The School's financial statements and notes to the financial statements included errors and the lack of controls of management oversight over their financial report preparation and proper footnote disclosures is illustrated by the following conditions:

- The Management's Discussion and Analysis (MD&A) included errors that were not adjusted on the financial statements as follows: Each page should indicate it is Unaudited on each page; Under Table 1 within the MD&A, it is stated that current liabilities increased by twenty-six percent from 2008 as the Academy had large outstanding vendor payables. However, it should state that current liabilities increased by fifty-four percent.

FINDING NUMBER 2009-005
(Continued)

- The financial statements and notes to the financial statements and MD&A either included or excluded information pertinent to accounting standards or information to readers of the financial statements:
 - The note including information that the School changed their name effective July 1, 2009 from NIA University Community School to Aspiring to Excellence and Achievement Academy was not included in the notes to the financial statements. The financial statements, notes to the financial statements and MD&A are presented as information of the Aspiring to Excellence and Achievement Academy. Since the financial report is dated as of June 30, 2009, the information should be presented as that of the NIA University Community School, with a note disclosure describing the name change.
 - There were errors in the Statement of Cash Flows. A decrease in prepaid assets totaling \$30,892 is not shown on the face of this statement, but the amount is included in the Net cash used by operating activities of (\$145,330).
 - Note 1 in the Notes to the Basic Financial Statements (the Notes) refers to the Board of Trustees. However, the School had a Board of Directors.
 - The School did not have any investments; hence, Note 2 in the Notes, Section D should be titled Cash and Deposits instead of Cash and Investments and Note 3 should be titled Deposits instead of Deposits and Investments. Also all references to investments within these sections should be removed.
 - Note 3 in the Notes reported the bank balance as \$7,677 at June 30, 2009. However, it should be \$17,578.
 - The School disclosed inaccurate required contributions for pension obligations for 2009 for the School Employees Retirement System (SERS) and State Teachers Retirement System (STRS) as reported in Note 8 of the Notes. The required contributions for SERS should have been \$8,848 instead of \$8,138 and for STRS should have been \$54,962 instead of \$62,662.
 - The School disclosed inaccurate required contributions and percentages of contributions for health care and the Medicare B fund for 2009 for the School Employees Retirement System as reported in Note 9 of the Notes. The percent of covered payroll that was allocated to health care should have been 4.16 with contributions of \$5,103. The percent of covered payroll that was allocated to the Medicare Part B Fund should have been .75 with contributions of \$730.
 - The School disclosed inaccurate required contributions for health care for the State Teachers Retirement system as reported in Note 9 of the Notes. The required contributions should have been \$4,228 instead of \$4,820.
 - Note 10 in the Notes does not have a Litigation section referring to the lawsuit entitled ***Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #:3:04CV197***. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314 violates both the Ohio and Federal constitutions.
 - Note 11 of the Notes should state that the purchased services were for the period July 1, 2009 through June 30, 2009. Also Professional and Technical Services should be \$271,001 while Property Services should be \$147,811.

**FINDING NUMBER 2009-005
(Continued)**

- Governmental Accounting and Financial Reporting Standards codification (GASB Cod.) section 2300.106 states, the notes to the financial statements are essential to the fair presentation of the financial statements. GASB Cod. 2300.107 also states the notes to the financial statements in 2300.106 are not all-inclusive, and additional disclosures should be made if applicable.

The notes to the financial statements are intended to communicate information that is necessary and that cannot be included in the financial statements themselves. The notes provide necessary disclosure of material items, the omission of which would cause the financial statements to be misleading. The notes are an integral part of the financial statements and are intended to be read with the financial statements. In addition to the inadequate disclosures noted above, the footnotes did not include the following necessary disclosures:

- Significant violations of finance-related legal or contractual provisions and actions taken to address such violations (GASB Cod. 2300.106 (i) & 1200)
- Significant effects of subsequent events (GASB Cod. 2300.106 (f) & 2250.106-.112)
- Operating leases (GASB Cod. 2300.106 (k) & L20.125) pertaining to building leases
- Conditions and events giving rise to substantial doubt about the government's ability to continue as a going concern (GASB Cod. 2300.107 (II))

The School did not make the adjustments noted above to the Management's Discussion & Analysis, Statement of Cash Flows, or Notes.

Lack of correcting financial statements and footnote disclosures and properly disclosing required items makes these financial statements and the Notes useless to readers. The School should have corrected the above items so that citizens and creditors could utilize these financial statements to gain knowledge of the School's financial activity.

We did not receive a response from Officials to the findings reported above.

**NIA UNIVERSITY COMMUNITY SCHOOL
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Finding for Recovery – overpayment to Board members for meetings attended	No	Partially repaid—Yirmeyahaw Yisreal reimbursed the School \$125 on September 30, 2009. Remainder not repaid as of August 25, 2010.
2008-002	Finding for Recovery – failure to provide evidence that expenditures were for proper public purpose	No	Partially repaid—Yirmeyahaw Yisrael reimbursed the School \$225 on September 30, 2009. Remainder not repaid as of August 25, 2010.
2008-003	Finding for Recovery – failure to provide evidence that expenditures were for proper public purpose	No	Not repaid as of August 25, 2010.
2008-004	Finding for Recovery – failure to provide evidence that expenditures were for proper public purpose	No	Not repaid as of August 25, 2010.
2008-005	Finding for Recovery – failure to provide evidence that expenditures were for proper public purpose	No	Not repaid as of August 25, 2010.
2008-006	Finding for Recovery – overpayment to SOAR Academy, Inc. for treasurer services	No	Not repaid as of August 25, 2010.
2008-007	ORC 3307.26 – failure to deduct and remit STRS	No	Reissued in Management Letter
2008-008	ORC 3314.011 – failure to employ a licensed school treasurer	Yes	
2008-009	ORC 2921.42(A)(4) – failure to transact business in accordance with Ohio Ethics Laws	No	Reissued in Management Letter
2008-010	ORC 2921.42(A)(1) – failure to transact business in accordance with Ohio Ethics Laws	Yes	

2008-011	Improper reconciliation of bank balances to fund balances	Yes	
2008-012	Failure to implement an effective monitoring control system over capital assets	No	Partially corrected – Reissued in Management Letter
2008-013	ORC 149.351 – destruction of records	No	Reissued as Finding 2009-002
2008-014	26 USC 3402(a) – failure to remit federal income taxes	Yes	
2008-015	ORC 5747.06 (A) – failure to remit Ohio income taxes	Yes	
2008-016	ORC 9.42 – failure to remit City of Hamilton taxes	Yes	
2008-017	ORC 4123.38 – failure to remit BWC premiums	Yes	
2008-018	Failure to certify the availability of funds	No	Reissued in Management Letter
2008-019	Lack of oversight over the GAAP conversion process	No	Partially corrected—Reissued in Management Letter
2008-020	Lack of internal control over expenditures	No	Reissued as Finding 2009-003
2008-021	Failure to implement an effective monitoring control system	Yes	
2008-022	2 CFR Part 225, Appendix A, Section A.2 – commingling of federal funds	No	Reissued as Finding 2009-004
2008-023	A-102 Common Rule, Section .23 and OMB Circular A-110, Section .28 – failure to use funds during the proper period of availability	Yes	
2008-024	2 CFR Part 225 Appendix A, Section (C)(1)(j) – federal questioned costs	Yes	



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Nia University Community School
Hamilton County
7030 Reading Road
Suite 134
Cincinnati, Ohio 45237

To the Board of Directors:

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

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

We noted the Board did not adopt an anti-harassment policy as of June 30, 2009.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 25, 2010



Mary Taylor, CPA
Auditor of State

NIA UNIVERSITY COMMUNITY SCHOOLS

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 11, 2011**