

**TECHNOLOGICAL COLLEGE PREPARATORY
WORLD ACADEMY**

HAMILTON COUNTY

**Basic Financial Statements
Years Ended June 30, 2009 and 2008**

**with
Independent Auditors' Report**



Dave Yost • Auditor of State

Board of Directors
Technological College Preparatory World Academy
6000 Ridge Avenue
Cincinnati, Ohio 45213

We have reviewed the *Independent Auditors' Report* of the Technological College Preparatory World Academy, Hamilton County, prepared by Foxx & Company, for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Technological College Preparatory World Academy is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

November 14, 2011

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**Technological College Preparatory World Academy
Hamilton County**

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INDEPENDENT AUDITORS' REPORT

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Board of Directors:

We were engaged to audit the accompanying basic financial statements of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, as listed in the table of contents. These basic financial statements are the responsibility of the School's management. The financial statements as of June 30, 2008, were audited by other auditors whose report dated May 7, 2009, expressed an unqualified opinion on those statements. Also, those statements included an explanatory paragraph that described the fact that the School's financial statements had an accumulated deficit of \$307,788 as of June 30, 2008.

The School's management did not use generally accepted accounting principles in recording various revenue and expense transactions during the 2009 school year. Accounting principles generally accepted in the United States of America promulgates the use of consistent acceptable accounting methods to assist Management in providing reasonable assurance to the financial assertion to completeness and accuracy of financial data presented. The School's management did not use generally accepted accounting principles in recording various revenue and expense transactions. As a result, we could not determine the completeness of adjustments to salaries and wages, purchased services, materials and supplies, other non-operating expenses, and related adjustments to expenses recorded in the 2009 Statement of Revenues, Expenses and Changes in Net Assets. Also, we could not determine the amount of other non operating revenues recorded in the 2009 Statement of Revenues, Expenses and Changes in Net Assets.

In addition, the School's management has not prepared a cash flow statement in accordance with generally accepted accounting principles (Direct Method) to display the flow of cash activities during the 2009 school year. State statues require the School to prepare a cash flow statement in the direct method using accounting principles generally accepted in the United States of

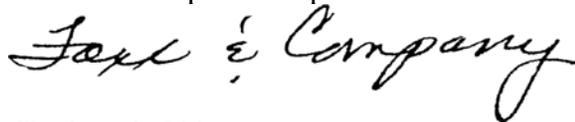
America. The amounts that would be reported in cash flow statement are not reasonably determinable due to inadequate records and ability of verify cash flows.

Due to the significance of the matters discussed in the preceding paragraphs, the scope of our auditing procedures were not sufficient to enable us to express and we do not express, an opinion on the financial statements of the Technological College Preparatory World Academy for the period July 1, 2008 through June 30, 2009.

In accordance with *Government Auditing Standards*, we have issued our report dated August 19, 2011 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

The federal awards receipts and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. Because of the issues discussed in Paragraphs 2 and 3, we are unable to express and we do not express an opinion on the Federal Awards Receipt and Expenditure schedule of the School.

A handwritten signature in cursive script that reads "Jaxx & Company". The signature is written in black ink and is positioned above the typed name and date.

Cincinnati, Ohio
August 19, 2011

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
for the year ended June 30, 2008 and 2009
(UNAUDITED)**

This discussion and analysis of the Technological College Preparatory World Academy's (the School's) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

In total, the School's net assets increased by \$225,885 or 73.39 percent, in fiscal year 2009. The asset increased due primarily to an increase in Equity in Pooled Cash and Cash Equivalents. Liabilities decreased by \$195,340 or 39.92 percent, due primarily to the School's ability to make large, direct payments to the Internal Revenue Service (IRS) to reduce the School's liability for previous tax filing penalties and interest assessed by the IRS and decreased in accrued wages and benefits.

Total revenues increased by \$196,834, or 6.47 percent, in fiscal year 2009. Total expenses increased by \$199,872, or 7.07 percent. Total revenues increased due primarily to an increase in state foundation revenue and poverty based assistance due to increased enrollment and in Federal and Nutrition grants. Total expenses increased due primarily to increases in staffing levels.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during 2009?" The statement of net assets and the statement of revenues, expenses and changes in net assets report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by private-sector corporations. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial

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HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
for the year ended June 30, 2008 and 2009
(UNAUDITED)**

position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Financial Analysis

The School is not required to present government-wide financial statements as the School is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the School's condensed financial information derived from the statement of net assets and the statement of revenues, expenses, and changes in net assets.

**Table 1
Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Assets			
Current assets	\$ 155,586	\$ 122,634	\$ 32,952
Non-current assets	<u>50,536</u>	<u>52,946</u>	<u>(2,410)</u>
Total assets	<u>206,122</u>	<u>175,580</u>	<u>30,542</u>
Liabilities			
Current liabilities	197,839	289,747	(91,908)
Non-current liabilities	<u>90,189</u>	<u>193,621</u>	<u>(103,432)</u>
Total Liabilities	<u>288,028</u>	<u>483,368</u>	<u>(195,340)</u>
Net Assets			
Invested in capital assets	50,536	52,946	(2,410)
Unrestricted	<u>(132,442)</u>	<u>(360,734)</u>	<u>228,292</u>
Total net assets	<u>\$ (81,906)</u>	<u>\$ (307,788)</u>	<u>\$ 225,882</u>

In total, the School's net assets increased by \$225,883, or 73.39 percent in fiscal year 2009. This increase was due primarily to an increase in Equity in Pooled Cash and Cash Equivalents and to the School's' ability to make large, direct payments to the IRS and reduction in accrued wages and benefits.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
for the year ended June 30, 2008 and 2009
(UNAUDITED)**

Table 2 shows the changes in net assets for fiscal years 2009 and 2008, as well as a listing of revenues and expenses.

**Table 2
Change in Net Assets**

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Operating revenues:			
Foundation payments	\$ 2,151,640	\$ 2,016,903	\$ 134,737
Proverty based assistance	505,095	469,967	35,128
Charges for services	5,951	5,949	
Other operating revenues	17,207	36,441	(19,234)
Non-operating revenues:			
Federal and State grants	557,542	510,341	47,201
Interest earnings	735	974	(239)
Total revenues	<u>3,238,170</u>	<u>3,040,575</u>	<u>169,865</u>
Operating expenses:			
Salaries and wages	1,791,567	1,693,556	98,011
Fringe benefits	593,289	436,659	156,630
Purchased services	395,242	333,812	61,430
Matrials and supplies	165,191	269,200	(104,009)
Depreciation	17,709	18,103	(394)
Other Operating Expenses	32,719	59,314	(26,595)
Non-operating expenses:			
Tax penalty and expense	16,568	16,000	568
Total expenses	<u>\$ 3,012,285</u>	<u>\$ 2,826,644</u>	<u>\$ 185,073</u>
Increase in net assets	<u>\$ 225,885</u>	<u>\$ 213,931</u>	<u>\$ 11,954</u>

Fiscal year 2009 and 2008 financial information is provided in the discussion and analysis for comparison purposes. Additionally, the School operates as a one business-type enterprise fund; therefore analysis of balances and transactions of individual funds are not included in the discussion and analysis State foundation payments and poverty based assistance increased overall by \$169,865 or 11.9 percent, in fiscal year 2009. This increase is due primarily to increased enrollment.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The expenses related to salaries and fringe benefits increased overall by \$254,641, or 12 percent, in fiscal year 2009. This was due primarily to slight increases in staffing levels and employees' medical premiums.

Capital Assets

Table 3 provides a summary of the School's capital assets, net of accumulated depreciation, for fiscal years 2009 and 2008:

**(Table 3)
Capital Assets at June 30, 2009
(Net of Accumulated Depreciation)**

	2009	2008	Variance
Capital Assets, Net	\$ 50,536	\$ 52,946	\$ (2,410)

The School had \$50,536 invested in capital assets, net of accumulated depreciation which represented a decrease of \$2,410, or 4.78 percent, at the end of fiscal year 2009. This decrease was primarily due to annual depreciation exceeding capital acquisitions.

Current Financial Issues

The School was formed in 2000. The School receives its finances mostly from state aid. During fiscal years 2009 and 2008, there were approximately 389 and 369 students, enrolled in the School. The School receives state foundation payments based on enrollment.

Contacting the School's Financial Management

This financial report is designed to provide our citizen's with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact Karen Y. French, Superintendent at Technological College Preparatory (TCP) World Academy, 6000 Ridge Avenue; Cincinnati, Ohio 45213 or at (513) 531-9500.

**TECHNOLOGIACL COLLEGE PREPARTORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF NET ASSETS
as of June 30, 2009 and 2008**

	2009	2008
Assets		
Current assets		
Equite in pooled cash and cash equivalents	\$ 153,028	\$ 101,062
Intergovernmental receivable	2,558	21,572
Total current assets	155,586	122,634
Non-current assets		
Fixed assets (Net of accumulated depreciation)	50,536	52,946
Total assets	206,122	175,580
Liabilities		
Current liabilities		
Accounts payable	11,081	22,752
Accrued wages and benefits	173,339	230,879
Intergovernmental payable	13,419	36,116
Internal Revnue Services Payable	-	-
Total current liabilities	197,839	289,747
Non-current liabilities		
Internal Revnue Services Payable	90,189	193,621
Total liabilities	288,028	289,747
Net assets:		
Invested in capital assets	50,536	52,946
Unrestricted	(132,442)	(360,734)
Total net assets	\$ (81,906)	\$ (307,788)

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

**TECHNOLOGIACL COLLEGE PREPARTORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
for the years ended June 30, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
Operating revenues		
Foundation payments	\$ 2,151,640	\$ 2,016,903
Poverty based assistance	505,095	469,967
Charges for services	5,951	5,949
Other operating revenues	<u>17,207</u>	<u>36,441</u>
Total operating revenues	<u>2,679,893</u>	<u>2,529,260</u>
 Operating expenses:		
Salaries and wages	1,791,567	1,693,556
Fringe benefits	593,289	436,659
Purchased services	395,242	333,812
Matrials and supplies	165,191	269,200
Depreciation	17,709	18,103
Other Operating Expenses	<u>32,719</u>	<u>59,314</u>
Total operating expenses	<u>2,995,717</u>	<u>2,810,644</u>
 Operating loss	 (315,824)	 (281,384)
 Non-operating revenues and (expenses):		
Federal and State grants	557,542	510,341
Interest Income	735	974
Tax penalty and expense	<u>(16,568)</u>	<u>(16,000)</u>
Total non-operating revenues	<u>541,709</u>	<u>495,315</u>
 Increase in net assets	 225,885	 213,931
 Net assets beginning of year	 <u>(307,790)</u>	 <u>(521,719)</u>
Net assets end of year	<u>\$ (81,905)</u>	<u>\$ (307,788)</u>

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

**TECHNOLOGIACL COLLEGE PREPARTORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
for the fiscal years ended June 30, 2009 and 2008**

	2009	2008
Increase (Decrease) in cash and cash equivalents		
Cash flows from operating activities		
Cash received from foundation payments from State of Ohio	\$ 2,151,640	\$ 1,994,087
Cash received for Poverty Based Assistance from State of Ohio	505,095	469,967
Cash received for charges for services	5,951	5,949
Cash received for other operating revenues	16,446	36,441
Cash payments to employees for salaries and related benefits	(2,384,096)	(2,180,137)
Cash payments to suppliers for goods and services	(560,432)	(674,375)
Cash payments to suppliers for other operating expenses	(32,719)	-
Net cash used for operating activities	(298,115)	(348,068)
Cash flows from noncapital financing activities		
Cash received from federal and state subsidies	557,542	506,555
Cash payments to internal revenue service	(120,000)	(120,000)
IRS Payable	30,517	(120,000)
Net cash provided by noncapital financing activities	468,059	266,555
Cash flows from capital and related financing activities		
Payments for capital acquisitions	(15,299)	(12,852)
Net cash used for capital and related financing activities	(15,299)	(12,852)
Cash flows from investing activities		
Cash received from interest	735	974
Net increase in cash and cash equivalents	51,966	26,609
Cash and cash equivalents at beginning of year	101,062	74,453
Cash and cash equivalents at end of year	\$ 153,028	\$ 101,062

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

**TECHNOLOGIACL COLLEGE PREPARTORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
for the fiscal years ended June 30, 2009 and 2008
(Continued)**

	2009	2008
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ 225,885	\$ (281,384)
Adjustments to reconcile operating loss to net cash provided by operating activities		
Depreciation	17,709	18,103
Changes in assets and liabilities:		
Decrease in accounts payable	(25,197)	(31,425)
Decrease /increase in accrued wages and benefits	(133,792)	(11,095)
Decrease in intergovernmental payable	(21,309)	(19,451)
Decrease in due to Ohio Department of Education Payable	-	(22,816)
Decrease in accounts receivable	19,013	
Increase in accounts payable-Other	2,109	-
Total adjustments	(141,467)	(66,684)
Net cash used for operating activities	\$ 84,418	\$ (348,068)

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

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Quality Team Corporation operating as Technological College Preparatory (TCP) World Academy, Hamilton County, Ohio (the School), is a non-profit organization established pursuant to the Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades K to sixth grade. The School, which is part of the State's education program, is independent of any school district and is non-sectarian in its program, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. Quality Team Corporation qualifies as an exempt organization under Section 501c (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's tax-exempt status.

The School was approved for operation under contract with the Educational Resource Consultants of Ohio, Inc. (the Sponsor) for a period commencing August 17, 2005 and ending June 30, 2010. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's one instructional /support facility staffed by 17 non-certified and 20 certified full-time teaching personnel who provides services to approximately 389 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The School's basic financial statements consist of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. The School uses enterprise accounting to monitor its financial activities. Enterprise fund reporting focuses on the determination of operating income, change in net assets, financial position and cash flows.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

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 flow provides information about how the School finances and meets the cash flow needs of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The School'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 values, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the School 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 resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the School on a requirement basis. Expenses are recognized at the time they are incurred.

Expenses are recognized at the time they are incurred.

D. 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 School and its sponsors. The contract between the School and its Sponsors requires the School to follow Ohio Revised Code 5705.391 and prepared a five year projection. However, no budgetary information is presented in the financial statements.

E. Cash Deposits

All monies received by the School are accounted for by the School's Treasurer. For cash management, all cash received by the Treasurer is deposited within four separate bank accounts as demand deposits. Total cash for the School is presented as "equity in pooled cash and cash equivalents" on the accompanying statement of net assets.

The School had no investments during the fiscal year.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the date received. The School maintains a capitalization threshold of \$1,000. The School does not possess any infrastructure. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an assets life are not capitalized.

Depreciation of furniture, fixtures and equipment is computed using the straight-line method over estimated useful lives of 3 - 10 years. Leasehold improvements to capital assets are depreciated over the remaining useful lives of the related capital assets up to the end of the lease. Improvements are depreciated over the remaining useful lives of the related capital assets.

G. Net Assets

Net assets represent the difference between assets and liabilities. Assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for acquisition, construction, or improvement of those assets. The School has no capital related debt.

H. Operating Revenues and Expenses

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

I. Estimates

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

J. Economic Dependency

The School receives approximately 98 percent of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

K. Subsequent Events

The School has evaluated subsequent events through June 22, 2011, the date the financial statements were available to be issued.

NOTE 3 – DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. Protection of School cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At fiscal year-end 2009, the carrying amount of the School's deposits was \$153,028 and the bank balance was \$253,553. Of the bank balance, the whole amount was covered by the federal depository insurance.

At fiscal year-end 2008, the carrying amount was \$101,062 and the bank balance was \$106,931. Of the bank balance, \$100,448 was covered by federal depository insurance and \$6,438 was uninsured and uncollateralized.

The School did not have any investments as of June 30, 2009 and 2008, or during the fiscal years.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2009 and 2008 consisted of intergovernmental receivable for grants in the amount of \$2,559 and \$21,572, respectively. All intergovernmental receivables are considered collectible in full and within one year.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

NOTE 5 - CAPITAL ASSETS

A summary of the School's capital assets at June 30, 2009 and 2008 follows:

	<u>Balance</u> <u>06/30/2008</u>	<u>Addition</u>	<u>Deletion</u>	<u>Balance</u> <u>06/30/2009</u>
Capital assets being depreciated				
Leasehold improvements	\$ 21,698	\$ 8,170	-	\$ 29,868
Furniture, fixtures, and equipment	<u>71,168</u>	<u>7,129</u>	<u>-</u>	<u>78,297</u>
Total capital assets	<u>92,866</u>	<u>15,299</u>	<u>-</u>	<u>108,165</u>
Less: Accumulated depreciation				
Leasehold improvements	(12,536)	(1,221)	-	(13,757)
Furniture, fixtures and equipment	<u>(27,384)</u>	<u>(16,488)</u>	<u>-</u>	<u>(43,872)</u>
Total accumulated depreciation	<u>(39,920)</u>	<u>(17,709)</u>	<u>-</u>	<u>(57,629)</u>
Capital assets	<u>\$ 52,946</u>	<u>\$ (2,410)</u>	<u>\$ -</u>	<u>\$ 50,536</u>

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal years 2009 and 2008, the School contracted with the Hartford Insurance Company for general liability and property insurance and Hartford Insurance Company for educational errors and omissions insurance.

Coverage is as follows:

Fire Damage (Any one fire)	\$300,000
Medical Expenses (Any one)	10,000
Personal and Adv Injury	1,000,000
General Aggregate	2,000,000
Products - Comp/Op	2,000,000
Boiler and Machinery	2,000,000
Business Personal Property	356,700
Computers and media	100,000
Money and Securities - Inside Premises	10,000
Money and Securities - Outside Premises	5,000

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

There were no claims against this commercial coverage in any of the past five (5) years. There has been no significant change in the insurance coverage from the prior year.

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. This premium is calculated by multiplying the monthly total gross payroll by a factor that is determined by the State.

NOTE 7 - JOINTLY GOVERNED ORGANIZATION

The School is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and community schools within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modem technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The School paid SWOCA \$12,886 for services provided during fiscal year 2009 and \$16,172 for fiscal year 2008. Financial information can be obtained from the fiscal agent, Butler County JVS, 3606 Hamilton-Middletown Road, Hamilton, Ohio 45011.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiples 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.

Funding policy - Plan members are required to contribute 10 percent of their annual salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health benefits. 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. The schools required contribution for fiscal years ended June 30, 2009, 2008 and 2007 were \$128,085, \$72,789, and \$82,293 respectively. 95.13 percent has been

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
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contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Chapter 3309 of the Ohio Revised Code provides statutory authority for members and employer contributions.

E. State Teachers Requirement System

Plan Description - The School participates in the State Teachers Retirement System of Ohio (SIRS Ohio), a cost-sharing, multiple employer public employee retirement plan. SIRS Ohio provides retirement and disability benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio web site 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 SIRS 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 credit 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 ending June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation 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.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description - The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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, PPG'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 obligation to contribute are established by the System based on authority 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 432115-3746.

Funding Policy - State statute permits SERS to fund health care benefits through employer contributions. Each year, after the allocation for statutory 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 in accordance with Internal Revenue Code Section 401h.

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

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund.

B. State Teachers Retirement System

Plan Description - The School contributes to the cost of 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. The school's required contributions for pension obligations to STRS for fiscal years ended June 30, 2009, 2008 and 2007 were \$137,934, \$126,147 and 119,268 respectively. 100 percent has been contributed for fiscal years 2009, 2008 and 2007. Contributions to the DC and the combined plans for the fiscal year 2009 were \$9,312, that was made by the school and \$5,148

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

made by plan members. Under Ohio law, funding for post-employment health care may be deducted from employer contribution.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Leave Benefits

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of Directors.

Vacation Leave: Calendar year employees who are regularly scheduled to work 25 or more hours per week are eligible for vacation leave. Teachers or employees following the academic year calendar are not eligible for vacation leave. Unused accrued vacation leave days may not be carried forward into the next year.

Sick Leave: Certified teachers earn one sick day each month resulting in nine sick days annually. Classified teacher assistants earn six sick days annually. Sick days with pay may not be used before they are earned. Sick days must be used during the fiscal year. Sick days do not carry over to the next year. Full time other classified staff members earn six days and three personal leave days per year.

B. Insurance Benefits

The School provides life, dental and medical/surgical benefits to most employees through Anthem.

NOTE 11 – CONTINGENCIES

A. Grants

The School received financial assistance from the 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School as June 30, 2009 and 2008.

B. Full Time Equivalency

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

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
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for the fiscal years ending June 30, 2009 and 2008**

foundation funding is calculated. The conclusions of this review could result in state funding being adjusted.

NOTE 12 - TAX EXEMPT STATUS

The School is a non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's non-profit status. The School was approved on June 19, 2002 for tax-exempt status under 501(c)3 of the Internal Revenue Code.

NOTE 13 - INTERGOVERNMENTAL PAYABLES

A. SERS/STRS Intergovernmental Payables

At June 30, 2009 and 2008, the School had payables, in the amount of \$11,676 and \$27,171 respectively. The payables are for payments in arrears of the Employees' share of SERS and STRS.

B. IRS Intergovernmental Payable

At year end, the School had payables due to the Internal Revenue Service (IRS) in the amount of \$ 90,189. This payable represents penalties and interest for late filings of the required IRS Form 990 Annual Reports for 2001 through 2006.

	Outstanding IRS Pay 06/30/2008	Additions	Deletions	Outstanding IRS Payable 06/30/2009
Internal Revenue Service Payable	\$ 193,621	\$ 16,568	\$ (120,000)	\$ 90,189

The School plans to pay \$10,000 per month until this obligation is satisfied. See note 17 for further disclosure of the School's repayment to the IRS.

NOTE 14 - DEFICIENCY IN NET ASSETS AND MANAGEMENT PLAN

At June 30, 2009 and 2008, the School had a net asset deficiency of \$81,906 and \$307,788 respectively, meaning that liabilities were in excess of assets by this amount. The School had implemented plans for fiscal year 2009 which reduced the deficiency in net assets at the end of the fiscal year. The School projects to have a positive net asset by the end of fiscal year. The School continued its monthly payment of \$10,000 to the IRS and will fully pay off the IRS Intergovernmental Payable by April 2010.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

NOTE 15 - OPERATING LEASE OF BUILDING

The Superintendent of the School purchased the building at 6000, Ridge Avenue, in which the School is currently operating, for \$340,000. The Superintendent leased the building to the School for an initial term of five (5) years which ended June 30, 2005.

On February 28, 2005, the School entered into a new five-year leased commencing July 1, 2005. The new five-year lease commits the School to monthly lease payments of \$7,000 (\$84,000 annually) for the period July 1, 2005 through June 30, 2010.

The Superintendent also leases the building at 6008 Ridge Avenue to the School for monthly lease payments of \$1,500 (\$18,000 annually) for the period beginning June 1, 2008 to June 30, 2009 and July 1, 2009 through June 30, 2013, the annual rent increases to \$20,000 (monthly rent is \$1,667). Insurance of the building's contents is the responsibility of the School.

NOTE 16 - RELATED PARTY TRANSACTIONS

As described in Note 15, the School leases two buildings from the Superintendent for \$8,500 per month.

NOTE 17 - SUBSEQUENT EVENTS

During fiscal year 2010, the School has continued to pay \$10,000 per month to the Internal Revenue Service to reduce its payable for penalties and interest due to failure to file annual Form 990 reports for fiscal years 2001 through 2006. As of March 28, 2010, the School completely fulfilled the obligation payable to the Internal Revenue Service.

See Note 13 for further disclosure of the School's obligation to the IRS.

SUPPLEMENTARY INFORMATION

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
for the fiscal years ending June 30, 2009**

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster:					
Food Donation	10.579		\$ 12,434		\$ 12,434
<i>Passed Through Ohio Department of Education:</i>					
School Breakfast program	10.553	\$ 41,331		\$ 41,331	
National Lunch Program	10.555	<u>137,999</u>	<u>-</u>	<u>137,999</u>	<u>-</u>
Total Child Nutrition Cluster		<u>179,330</u>	<u>12,434</u>	<u>179,330</u>	<u>12,434</u>
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education:</i>					
Title Part B-IDEA (Special Education)	84.027	66,911		66,911	
Grants to Local Educational Agencies (ESEA Title 1)	84.010	282,038		282,038	
Improving Teacher Quality (Title II-A)	84.367	32,369		32,369	
Technology Literacy Challenge (Title II-D)	84.318	2,641		2,641	
Safe and Drug Free Schools (Title IV-A)	84.186	1,219		1,219	
Innovative Educational Program Strategies (Title V)	84.298	<u>247</u>	<u>-</u>	<u>247</u>	<u>-</u>
Total U.S. Department of Education		<u>385,425</u>	<u>-</u>	<u>385,425</u>	<u>-</u>
TOTAL		<u>\$ 564,755</u>	<u>\$ 12,434</u>	<u>\$ 564,755</u>	<u>\$ 12,434</u>

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
for the fiscal years ending June 30, 2009 and 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying federal awards receipts and expenditures schedule (the schedule) is a summary of activity on the School's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – FOOD DONATION

Program regulation does not require the School to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. The non-monetary assistance (expenditure) is reported in the Schedule at the fair market value of the commodities received.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Members of the Board of Directors
Technological College Preparatory World Academy

We were engaged to audit the financial statements of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated August 19, 2011 in which we disclaimed an opinion upon the financial statements wherein we noted that the School's management did not use generally accepted accounting principles in recording various revenue and expense transactions. In addition, the School's management has not prepared a cash flow statement in accordance with generally accepted accounting principles (Direct Method) to display the flow of cash activities during the 2009 school year

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial

reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies 2009-001, and 2009-003 described in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies discussed in Finding Nos. 2009-002 and 2009-004 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2009-001, 2009-002, 2009-003, and 2009-004.

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, the Community's Sponsor, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Cincinnati, Ohio
August 19, 2011



**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Technological College Preparatory World Academy
Hamilton County
6000 Ridge Avenue
Cincinnati, Ohio 45213

To the Members of the Board of Directors
Technological College Preparatory World Academy

Compliance

We were engaged to audit the compliance of Technological College Preparatory World Academy, Hamilton County, Ohio (the School)'s with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The School's major federal programs for the year ended June 30, 2009. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School's management. Our responsibility is to express an opinion on The School's compliance based on our audit.

We were unable to conduct our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. We were unable to adequately conduct our audit of compliance because the School's management did not use generally accepted accounting principles in recording various revenue and expense transactions (See Finding No. 2011-001)

In addition, as described in items 2009-003 and 2009-004 in the accompanying schedule of findings and questioned costs, the School did not comply with requirements of 2 CFR 225 Appendix A Section (E), Determination of direct cost and 2 CFR 225 Appendix B, Paragraph 8h, that are applicable to its Title I - Grants to Local Education Agencies. Also, as described in 2009-004, the School did not comply with requirements regarding OMB Circular A-133, Paragraph 320a, filing OMB A-133 Report. Compliance with such requirements is necessary, in our opinion, for the School to comply with requirements applicable to that Federal program

Due to the significance of the matters discussed in the second and third paragraphs, the scope of our auditing procedures was not sufficient to enable us to express, and we do not express, an opinion on the Federal Awards Receipts and Expenditures Schedule of Technological College Preparatory World Academy for the period ending June 30, 2009.

Internal Control Over Compliance

The management of the School 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 School's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified deficiencies in internal control over compliance that we consider to be a material weakness.

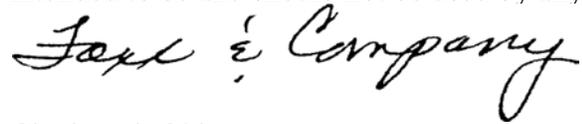
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-001 and 2009-003 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance,

yet important enough to merit attention by those charged with governance. We consider the deficiencies in Finding Nos. 2009-002 and 2009-004 described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the School's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of Directors, the Community School's Sponsor, federal awarding agencies and pass-through entities 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 "Jaxx & Company". The signature is written in black ink and is positioned above the typed name and date.

Cincinnati, Ohio
August 19, 2011

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SCHEDULE F FINDINGS AND QUESTIONED COSTS
for the fiscal year ending June 30, 2009**

Section 1. SUMMARY OF AUDIT RESULTS

Type of Financial Statement Opinion	Disclaimer
Were there any material weaknesses in internal control reported at the financial statement level?	Yes
Were there any other significant deficiencies in internal control reported at the financial statement level?	Yes
Was there any reported material noncompliance at the financial statement level?	Yes
Were there any material weaknesses in internal control reported for major federal programs?	Yes
Type of Major Programs' compliance Opinion	Disclaimer
Are there any reportable findings under Section .510?	Yes
Major Programs:	Grants to Local Educational Agencies (ESEA Title I) CDFR#84010 Food Donation CFDA# 10.579
Dollar Threshold: Type A and B Programs:	Type A: > \$300,000 Type B: All others
Low Risk Auditee?	No

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2009**

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

Finding Number	2009-001
-----------------------	-----------------

Material Weakness/Noncompliance– The School had inadequate internal controls related to accounting and financial reporting.

Criteria – According to Ohio Administrative Code 117-2-02 *Accounting and Reporting Records*, Public offices should maintain accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions and account balances, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements, and prepare financial statements required by rule 117-2-03 of the Ohio Administrative Code.

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 any 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.

In addition, **Ohio Rev. Code, Section 3314.03(A)(8)**, requires that each contract entered into between a sponsor and the governing authority of a community school shall require the school to maintain financial records in the same manner as all public school districts in the State of Ohio.

Internal controls related to financial reporting also suggest that financial statements be the product of a financial reporting system that provides reasonable assurance that management is able to prepare reliable financial statements that are fairly presented in conformity with generally accepted accounting principles (GAAP).

Condition – During the audit, we noted that certain receipts and disbursements were not recorded in conformity with GAAP. The School’s management engaged in an inconsistent pattern of recording and reporting revenues and expenses during the 2009 period including the following:

Financial Reporting

1. Financial statements were not prepared in conformity with GAAP
2. The Cash Flow Statement was not prepared using the direct method
3. Beginning balances could not be verified (including prior year audit adjustments) from the accounting records.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2009**

4. Significant delays were experienced in receiving requested accounting records.
5. Some accounting records presented for audit were disorganized and incomplete.
6. The School utilized an inconsistent method of recognizing accruals.
7. The School posted an invalid miscellaneous receipt to adjust expenditures.
8. Duplicate transactions were posted from the internal reporting system to the external reporting system.
9. The School was inconsistent in applying the capitalization policy for property
10. Transactions were recorded in combined amounts rather than in individual transactions making it difficult to ascertain transaction amounts.
11. The School did not have written procedures for account reconciliations.
12. Journal entries were not adequately supported..
13. Checks were written out of sequence or voided without supporting documentation.
14. Two accounting systems were used for financial reporting (USAS and Peachtree), but the two systems were not reconciled.

Payroll

1. Salaries and wages paid to employees were recorded as purchased services instead of salaries.
2. Adjustments to payroll were not recorded in the financial records.
3. Transactions were posted to the financial system at net amounts.
4. Various cash transactions related to salaries and wages could not be verified.
5. There was a lack of supporting documentation for payroll payments.
6. The payroll bank account was not reconciled accurately.

Receipts and Expenditures

1. Various reclassifications of revenues and expenses were made by the School without explanation for purchased services, salaries, fringe benefits, and lunch receipts.
2. Transactions were posted to the financial system at net amounts with expenses being offset by receipts.
3. Accrued liabilities were excluded from reported expenses.
4. Receivables were excluded from reported receipts.
5. Various cash transactions related to miscellaneous receipts could not be verified.
6. There was a lack of supporting documentation for many transactions.

Also, we observed that months after year-end (6/30/09), proposed adjusting entries identified by our audit and reclassification transactions had not been properly recorded within the general ledger and financial statements. Examples follow:

1. Accrued expense for purchased services, materials and supplies, and other non operating expense totaling \$11,080 were not recorded as expenses
2. Accrued expense for workers compensation and other intergovernmental payable of \$14,770 was not recorded as an expense.
3. Various adjustments were made to salaries and expenses which could not be identified because the transactions were recorded as net per the cash transactions reports.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2009**

4. The School did not recognize the receipt of State foundation payment totaling \$28,970 in its financial system during the School's fiscal year.
5. The School did not include the Nutrition Cluster cash receipt from the Ohio Department of Education on the Schedule of Federal Awards.
6. Workers compensation from the salaries and expense account in the amount of \$30,699 was moved to fringe benefits expense.
7. Reclassifications of the long term payable to IRS were made from long-term to current in the amount of \$90,189 with no explanation.
8. Reclassification of Poverty Based Assistance revenue in the amount of \$15,406 was transferred to Foundation Payment revenue without explanation.
9. Various reclassifications of amounts were made to correct capital assets (including additions and disposals) and a net increase of \$2,732 in depreciation expense which was not explained.

Due to the material weaknesses identified and the lack of complete evidential matter, we were unable to gain assurance over the completeness, existence, and accuracy of the School's payroll and non-payroll, specific receipts, and other related transactions which contributed to the issuance of a disclaimer of opinion on the financial statement.

Cause – The School did not have an adequate financial reporting process. Also, the School did not have adequate procedures for review or approval of journal entries prior to posting to the financial accounting system. In addition, the School did not maintain adequate documentation to support many accounting transactions. Finally, even though notified during the audit of errors in the financial accounting system, the School's management did not take corrective action to make properly adjust error transactions.

Effect – Inaccurate financial reporting, and increased risk of misappropriation of cash due to fraud or errors in accounting. Also, the financial accounting issues has resulted in a disclaimer of opinion on the financial statements.

Recommendation – We recommend that the School establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare financial statements in conformity with GAAP. Consideration should be given to, but not limited to the following:

1. The School should use the Uniform School Accounting System solely as the system for financial reporting or if it must continue to use Peachtree, the two systems should be reconciled at least monthly.
2. Consistently record all revenues and expenses in conformity with GAAP.
3. Reconcile all bank accounts monthly to the School's general ledger ensuring that all reconciling items be promptly investigated and adjusted in a timely manner to the general ledger with adequate explanations.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2009**

4. Strict numerical control should be maintained over all checks issued and that checks are issued in sequence as much as possible. Also, TCP maintain supporting documentation for voided checks.
5. Fully update the capital assets schedule in accordance with the School's Board of Directors Fixed Asset Policy, including all equipment (meeting capitalization policy threshold) purchases should be properly coded by object class to a separate expense account to allow management to continue to assess current expenditures along with identifying significant assets that will later be capitalized.

Views of responsible officials and planned corrective actions

In FY 2009, the Academy did not solely use Unified School Accounting System (USAS) in connection with its financial reporting. However, it used USAS coding in combination with Peachtree. See Attachment A (2009 Peachtree General Ledger with USAS coding) and Attachment B (2009 Peachtree Trial Balance with USAS coding). At the close of FY 2009, the Academy appointed a new treasurer and now uses the USAS format for all financial reporting.

The Academy assesses its accounting staff annually to determine changes needed and shall continue to do so. As a result of its assessment at the close of FY 2009, the Academy increased its staff and appointed a new treasurer with higher training.

The Academy consistently records all revenues and expenses in conformity with GAAP.

TCP World Academy has set in place a series of checks and balances designed to eliminate fraud and substantiate the financial statements, bank reconciliations (General Fund, Payroll), general ledges, and CCIP (Comprehensive Continuous Improvement Plan) grant funding.

Prior to each new fiscal year, our financial department analyzes the needs of the school utilizing OAT, the CCIP grant and the expected number of students and staff. Then it creates a budget based on assessed needs. The Academy plans how to successfully approach executing its new fiscal year general fund operational budget and analyzes the previous Comprehensive Continuous Improvement Plan for changes to the upcoming year. During this analysis, the financial department and the Superintendent discuss and agree how and when the fulfillment of the budgets should take place. Then the budget is submitted to the Board for approval.

With reference to the CCIP plan, the Academy outlines in its budget all of the federal programs. All receipts and disbursements that correspond to both the General Fund operational budget and federal programs are accurately reconciled to bank statements. (See Attachment C or CCIP Budget and Budget Detail Screens).

During the course of the year, the Academy has various processes in place that allow it to track each transaction so that there is consistent reconciliation of all funds to general fund budgets and to all transactions that affect the federal budget as explained in the CCIP plan. The Academy has a process in place for disbursement, receipts, payroll and board approvals.

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Operating with a system of checks and balances between the Treasurer, Superintendent and Board members, any purchase request completed by a staff member must be approved by the Superintendent (See Blank Example Purchase Request Form at Attachment D). After approval, a request is sent to the Treasurer who checks to determine whether funds are available, and if funds are available, fills out a Purchase Order (See Blank Example of Purchase Order Form at Attachment E). The Treasurer and Superintendent sign the Purchase Order Form then the item is ordered. When the ordered item arrives, the academy secretary verifies that the delivered item matches against the packing slip, invoice or purchase order. When the invoice arrives, the Superintendent cuts a check. The purchase order, copy of the check, copy of the invoice and all other supporting information is placed in a monthly disbursement book by the Treasurer or a designee. Also, the disbursement is entered into the monthly financial transaction ledger which tracks each monthly disbursement by date, check number, purchase order number, amount and USAS code. (See General Ledger document at Attachment F).

State Foundation and federal grants are deposited directly into the Academy's General Fund from the Ohio Department of Education Finance Department.

Lunchroom money is collected by teachers and sent to the office together with records. Office personnel reconcile the money and transmit the money and records to the finance department for deposit in the General Fund.

Money received from outside vendors (Lifetouch, Seven-Up bottling, etc.) is deposited into the General Fund by the finance department. The amount is recorded as a deposit in the monthly financial transaction ledger, with the supporting documentation for the receipt placed in the monthly disbursement book. (See General Ledger document at Attachment F).

The Treasurer prepares payroll bi-monthly. The Academy secretary submits the sign-in sheet with calculations to the Treasurer. The finance department prepares the payroll, the Treasurer or a designee signs and submits the payroll to the Superintendent/Principal to report to ADP, the payroll processing company. The Superintendent checks the data again for errors or omissions. If appropriate, corrections are made and discussed with the Treasurer. The Superintendent signs the report and submits the data via telephone to ADP. When the payroll pouch is delivered to the school, the Treasurer checks the payroll for accuracy, signs the submission report again, and transmits the checks to the Superintendent for delivery to staff (See Payroll Verification Sheet at Attachment G).

Periodically throughout the fiscal year, the Board assesses the vitality and operational state of the Academy. During this meeting, the Treasurer provides the Board with the following:

1. Balance Sheet (generally a three month time frame).
2. Income Statement (generally a three month time frame).
3. Payroll Worksheets.
4. Any other supporting financial documents to identify financial transactions.
5. Financial overview. (See Board Minutes at Attachment 14).

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This system of checks and balances has contributed to the successful operation of the Academy, in existence for 11 years, and identified by the State of Ohio as a School of Excellence.

In FY 2009, the Bank with which the Academy banked was in the process of merging with another bank. In order to assure immediate and continued access to its funds, the Academy opened a duplicate account at a separate bank and deposited funds in it.

The Academy never used any of the funds deposited at this separate bank and shortly afterwards, transferred these funds back to its original bank and closed this account. The Academy can only surmise that the Auditor may have considered these transfers "suspicious." Currently, the Academy deposits all funds in one account.

As noted above, all bank records are monthly reconciled to the Academy's general ledger.

The Academy maintains all voided checks. The Academy shall attach to each voided check documentation of the reason the check was voided and authorization for voiding it.

In FY 2009, the Academy had an updated capital assets schedule in accordance with its Fixed Asset Policy, See Attachment I.

Auditor's Evaluation of Comments:

During the fieldwork phase of the audit and after leaving the field we were provided with multiple versions of financial reports in support of the complied financial statements. We identified two separate systems being used for financial reporting., Peachtree was identified as the Academy's internal accounting system while the School, used methods outside of Peachtree (namely excel files and USAS account codes) to compile all the external financial reports under audit. At no time were we provided a Peachtree general ledger with the USAS account codes. This document was apparently prepared for the response to the draft audit report.

Although the School implemented some of the noted internal control procedures within the operations of purchasing, receipts, payroll, general ledger, cash reconciliation processes, our audit testing observed various instance of non compliance with these processes. Included within the audit samples, were various transactions without the supporting documentation and/or proper approval in accordance with the School's procedures. Also, we noted various transactions not recorded or inaccurately recorded in the provided general ledger (USAS). Because of the reconciliation issues between Peachtree and the other related accounting documentation (USAS) and the errors we identified in the compilation of the financial reports, unless the errors are corrected, the support for the financial statements will continue to be incorrect.

All details related to the Academy's entire response can be obtained from Foxx & Company.

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Finding Number	2009-002
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Significant Deficiency/Noncompliance– The School did not have adequate internal controls related to statutory compliance with the provisions of selected sections of the Ohio Revised Code and the Internal Revenue Service.

Criteria – The Ohio Revised Code establishes various requirements for state and local agencies including the following:

Ohio Rev. Code §3314.011, requires every Ohio community school established under this chapter shall have a designated fiscal officer. Ohio Administrative Code § 117-6-07 requires a community school fiscal officer to execute a bond prior to entering upon the duties of the fiscal officer as provided for in Ohio Rev. Code §3314.011.

Ohio Rev. Code §9.38 requires deposit of all public moneys in excess of \$1,000 received with the treasurer of the public office or properly designated depository on the next business day following the day of receipt.

Ohio Rev. Code Chapter 1347 requires every state or local agency maintain a personal information system which includes the following:

1. Appointing persons directly responsible for the system
2. Adopt and implement rules for systems operation
3. Promulgation of adopted rules to employees
4. Specify disciplinary measures for unauthorized use of information
5. Inform a person supplying personal information if it is legally required, or if they may refuse
6. Develop procedures for purposes of monitoring and maintenance of the personal information in this system
7. Establish reasonable precautions to protect personal information from unauthorized modification, destruction, use, or disclosure
8. Collect, maintain, and use only personal information that is necessary and relevant to the functions that the agency.

Ohio Revised Code Section. 102.03(D), 2921.42(A)(4), and 2921.43 (A), requires establishment of policies, allowable expenses, unallowable expenses, limitations on amount of reimbursement for travel reimbursement by employees, including accrual and usage of frequent flyer miles.

Internal Revenue Service Regulation 26 C.F.R. §1.6041-1, requires reporting of miscellaneous income aggregating of \$600 or more paid to individual contractors (not corporations) by using IRS form 1099.

Condition: The School did not comply with various ORC requirements and an IRS requirement which have a significant impact on the School’s liability risk, operations, and funding, including

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
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the following:

1. The School has one treasurer and two co-treasurers acting as fiscal agents for the School, with the treasurer performing most duties throughout the fiscal year. During our review of compliance with Ohio Admin. Code § 117-6-07, we observed that only one of the co-treasurers was bonded with the required level of insurance for the fiscal agency position. The treasurer and co-treasurers were not bonded.
2. The School did not maintain adequate support for miscellaneous and lunch room receipts and deposits. Also, the daily lunch room receipts were not deposited into the bank intact, because moneys were used as petty cash fund even though a petty cash fund was not established.
3. The School did not establish policies and procedure in place which comply with Ohio Rev. Code Chapter 1347 for maintaining a personal information system.
4. The School did not have a written travel policy which prevented the personal use of frequent flyer miles.
5. The School did not provide documentation to support the completion and or submission of the IRS Form 1099s for the School's contractors receiving payment in excess of \$600 during the fiscal year. During our field work the School informed us it had filed the 1099s but had not maintained copies. Furthermore, they told us that they contacted the IRS to receive copies of their submissions of 1099's. However, we were never provided the requested 1099 forms during the 1 1/2 year process of collecting data for our audit. During review of clients reports, we identified the following as potential contractors who may require a form 1099:

<u>Name (Company or Individual)</u>	<u>Position/Service Provided</u>	<u>Est. Amount</u>	** ****
Karen French	(Director/Staff Mentor/Landlord)	\$ 103,100	
Erica Baker	Unknwon Contractor (10k Office expense)	10,667	***
Bruce Meizlish	Unknwon Contractor (5k Office expense)	5,333	***
Brown Steel Contractor	Construction Contractor	22,000	
John Ware	Construction Contractor	1,037	
Antoun Johnson	Computer Consultant/Related Services	600	*
Gerardo Yanes (Janitor)	Janitor/Castodial services	600	*
Raphael Israel (Janitor Asst)	Janitor/Castodial services	600	*
Cheryl Evans	Consulatant	5,315	
Lagina Baurton	Psychology Consultant	600	*
Ingrind Burton	Substitution or Other services	821	***
Dionne Hollis	Psychology Consultant	3,262	
Joyce Mcgee	Psychology Consultant	600	*
Chips Flooring	Repairs/Other Services	600	*
Julio Sierra	Repairs/Other Services	600	*
Estimated Total		<u>\$ 155,735</u>	

* - Amount included multiple transactions in excess of \$600 but not \$1000

** - Estimated amounts may include multiples trasactions throughout the year.

***- Single Trasaction

****- Amount reviewed include cash tranactions during a fiscal year ending 06/30/09

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
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Cause – The School did maintain adequate controls over compliance with ORC and IRS requirements.

Effect – Potential loss of funding, potential lost of status of operations as an Ohio Community School, potential fines and penalties from the IRS, inaccurate financial reporting, and increased risk of misappropriation.

Recommendation

We recommend that the School

1. Implement a policy related to federal and statutory compliance that addresses the following issues:
 - Compliance with Ohio Revised Code Section 3314.011 – Public Officials Bonding requirements.
 - Compliance with Internal Revenue Regulations 26 C.F.R. §1.6041-1: Reporting of income aggregating \$600 or more to individual contractors [i.e., 1099s-MISC] – Filing 1099s
 - Compliance with Ohio Revised Code Section 9.38 – deposits of public money
 - Compliance with Ohio Revised Code Section 1347.05(F) – *Storage, Use and Distribution of Personal Information.*
 - Compliance with Ohio Revised Code Section. 102.03(D), 2921.42(A)(4), and 2921.43 (A)- Local Legislative body polices; charter requirements.
2. Submit 1099s for all contractors that were paid \$600 or more during the FY 2009,
3. Ensure the required bonding is obtained for all public officials and

Views of responsible officials and planned corrective actions

1. ***Compliance with Ohio Revised Code Section 3314.011 — Public Officials Bonding requirements.***

The Academy has adopted policies to comply with statutory bonding requirements.

The Academy has one treasurer and one assistant treasurer. In FY 2009, Adolfo Titong was treasurer of the Academy, subsequently replaced by Paul McGhee in FY 2010. During FY 2009, the Academy had a general bond of \$50,000 for Dishonesty B — Charter Schools and a separate \$10,000 bond for Superintendent French. The bonding agency incorrectly lists Ms. French as a co-treasurer. This is inaccurate and is not reflected in any Board minutes. (See Attachment A or Bond# 70204457 Certificate of Continuance from Western Surety Company).

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Currently, Treasurer McGhee, Assistant Treasurer Titong and Superintendent French are all separately bonded in compliance with Ohio Revised Code 3314.011 — Public Officials Bonding requirements. The bonding agency incorrectly had listed the three as co-treasurers. However, the Academy requested that the bonding agency reissue corrected bonds and the bonding agency did so. (See Update Bond# 70204457 Certificate of Continuance from Western Surety Company or Attachment B). This error is corrected.

Following FY 2009, the Academy appointed a new treasurer and has timely paid all insurance policies and maintains adequate coverage approved by its Sponsor.

2. *Compliance with Internal Revenue Regulations 26 C.F.R. §1.6041-1: Reporting of income aggregating \$600 or more to individual contractors [i.e., 1099s-MISCJ — Filing 1099s.*

The Academy acknowledges that during FY 2009, it failed to comply with IRS Regulations 26 C.F.R. §1.6041-1 regarding filing of 1099s. After FY 2009, the Academy appointed a new treasurer and has complied with this requirement each subsequent year.

The Academy has established a system of preparing and distributing IRS Form 1099s when appropriate.

3. *Compliance with Ohio Revised Code Section 9.38 — Deposits of public money*

During FY2009, the Academy failed to deposit all lunchroom receipts intact into its General Fund, using a portion as a petty cash fluid. At the end of FY 2009, the Academy appointed a new treasurer and has deposited all lunchroom receipts and other miscellaneous funds intact into its General Fund in every subsequent year.

4. *Compliance with Ohio Revised Code Section 1347.05(F) — Storage, Use and Distribution of Personal Information.*

The Academy has proposed to its Board adopting a policy for Storage, Use and Distribution of Personal Information. (See proposed policy for Storage, Use and Distribution of Personal Information or Attachment D).

5. *Compliance with Ohio Revised Code Section 102.03(D), 2921.42(A)(4), and 2921.43(A) — Local Legislative body policies; charter requirements.*

The Academy has proposed to its Board adopting the attached Travel Policy. See Attachment E

Auditor's Evaluation of Comments:

Based upon review of the effective Bonds (No. 24830141, 24830160, and 70204457) from Western Surety Company dated August 17, 2011, it appears that the School currently has the proper bonds. Accordingly, the recommendation has been adequately addressed.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
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However, because the Treasurer and one Assistant Treasurer were not bonded during the audit period the finding remains in the final report.

In regard to the IRS form 1099s the School still needs to submit the 1099s for the contractors in Fiscal Year 2009.

It appears that the recommendation for the deposit of public monies has been satisfactorily addressed if the School implements the proposed action properly.

Based upon review of the proposed policy for Storage, Use and Distribution of Personal Information and Travel Policy, it appears that the School has plans to implement the necessary processes in order to comply with Ohio Rev. Code Chapter 1347 and Ohio Revised Code Section 102.03(D), 2921.42(A)(4), and 2921.43(A). Therefore, the recommendation is closed pending the proper implementation of the process.

Finally, if the School properly implements the proposed travel policy this recommendation is also closed. However, because the findings in the draft report existed during Fiscal Year 2009 the finding in the draft report will remain in the final report.

All details related to the Academy's entire response can be obtained from Foxx & Company.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2009**

SECTION 3. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

Finding Number	2009-003
CFDA Title and Number	Title I – 84.010
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Material Weakness/Noncompliance/Questioned Cost – The School did not have adequate support for the salaries and related costs charged to the Title I award. In addition, a portion of the non personnel costs were not supported.

Criteria - As promulgated in 2 CFR 225 Appendix A Section (E), agencies are required to use the detailed guideline in determining if a direct cost is considered to be allowable under a specific federal program. These guidelines state:

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
2. Application. Typical direct costs chargeable to Federal awards are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
 - c. Equipment and other approved capital expenditures.
 - d. Travel expenses incurred specifically to carry out the award.

In addition, Appendix B, Paragraph 8h, Individuals charging time to federal awards must either have periodic certifications of their time or have some form of time and effort reporting to support personnel cost charged to Federal awards.

Condition – The School did not adequately support all expenditures charged to the Title I awards. Also, the School did not determine if the expenditures were allowable in accordance with 2 C.F.R. 225 Appendix A before expending money from Title I funds. In addition, the School had not implemented an adequate labor distribution system to comply with Federal guidelines.

The School could not support the following charges to the Title I awards:

- The School charged a total of \$229,611 to the Title I fund for salaries & benefits for Instructional and Support Salaries and related benefits which were not supported by

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
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employee time and effort reports or periodic certifications as required by federal regulations.

- In addition we questioned 3 out of 15 (20%) non-payroll disbursements (Categorical) tested totaling \$24,679 that was expended for unallowable costs for Professional Development and Mentoring paid from the Title I fund. The School could not provide documentation that supported these expenses as direct charges to the Title I program.

Cause – The School did not properly implement policies and procedures for accounting for expenditures of federal programs in accordance with federal requirements. Also, the School had not implemented a time and effort reporting system in accordance with federal requirement to support charges to the Title I program.

Effect – As a result, the School was in Non compliance with 2 C.FR. 225 Appendix A, Appendix B. As a result, \$254,290 charged to the Title I program was not adequately supported and has been questioned. Failure to properly identify allowable costs for the Title I federal program could result in monies having to be paid back to the grantor and/or having monies withheld from the federal program in the future.

Recommendation – We recommend that the School

1. Provide documentation to the grantor agency supporting the questioned \$254,290 in accordance with federal requirements or return the \$254,290 to the grantor agency,
2. Establish policy and procedures to determine allowable expenditures for federal programs in accordance with 2 CFR 225, Appendix A, and Appendix B, and
3. Implement a time and effort reporting system that is in compliance with 2 CFR 225.

Views of responsible officials and planned corrective actions:

The Academy presents to the State its budget for CCIP — Title I funds with a total adjusted allocation of \$287,037.80, which include salaries, support services and professional development. (See Attachment A or CCIP Budget and Budget Details). The Academy uses these funds exactly as proposed on the budget, as set out in the Grant Allocation worksheet. (See Attachment B or Title I Grant Allocation Worksheet). In addition, the Academy breaks down monthly the amount spent on instruction, benefits, supplies, purchased services and professional development per month and per instructor. (See Attachment C or Title I Breakdown of Grant Allocation Worksheet by USAS Account Code).

The Academy has policies and procedures to determine allowable expenditures. ODE accepted without any qualifications the Academy's final expenditure report.

The Academy shall implement a time and effort reporting system. (See Attachment D or Title I's Time and Effort/Personnel Schedule Requirements).

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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Auditor's Evaluation of Comments:

The information provided in the School's response to the finding was not supported by documentation prepared in accordance with 2 CFR 225 such as time and effort reporting or periodic certifications for the salaries and benefits charged to the Title I program. Accordingly, the questioned costs remain in the final report. We continue to recommend that the School be required to provide documentation to support the \$254,290 questioned or refund the questioned costs to the grantor agency. In regard to the action contemplated by the School if the labor and effort process for Title I, is implemented properly the Title I's Time and Effort/Personnel Schedule Requirements as detailed in the Title I Fast Fact Series should bring the School into compliance for future audit periods. However, because the finding in the draft report existed in FY 2009, the finding remains in the final report.

All details related to the Academy's entire response can be obtained from Foxx & Company.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2009**

Finding Number	2009-004
CFDA Title and Number	All
Federal Agency	
Pass-Through Agency	

Significant Deficiency/Noncompliance Citation – The School did not file its Single Audit Report by March 31, 2010.

Criteria: Good internal control related to financial reporting suggests that financial report should be issued in a timely manner in accordance with applicable guidelines and regulations. According to OMB Circular A-133, Paragraph 320a entities which expend more than \$500,000 in federal funds in a fiscal year to have an audit completed within nine months after the entity’s year end.

Condition: The School did not file its Fiscal Year 2009 Single Audit Report by March 31, 2010.

Cause – While the School made an effort to timely meet this requirement, the supporting documentation and accounting records to support the Schools Schedule of Federal Expenditures did not meet the AOS or Federal requirements. Additionally, although a request was submitted to extend the filing due date, the request was denied as a result of OMB guidance issued to Federal agencies on March 22, 2010 indicating agencies should not grant any extension request to grantees for fiscal years 2009 through 2011.

Effect – Non compliance with OMB Circular A-133, Paragraph 320a.

Recommendation – We recommend that the School establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare the Schedule of Federal Awards in conformity with OMB Circular A-133 to help avoid delays in issuing the Single Audit reports.

Views of responsible officials and planned corrective actions:

Since FY 2009, the Academy has established a system of financial reporting sufficient to assure preparation and timely filing of the Single Fixed Audit Report.

Auditor’s Evaluation of Comments:

Since the filing deadline to file the FY 2010 Single Audit has passed the School will not be in compliance with this requirement. The finding in the draft report remains in the final report because the School did not meet the filing deadline in FY 2009.

All details related to the Academy’s entire response can be obtained from Foxx & Company.

**TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2009**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Or Finding No Longer Valid; Explain:
2008-001	Ohio Admin Code Section 117-2-03(A). The School had numerous posting errors to the accounting records requiring adjustment and reclassification.	No	Reissued as Finding No. 2009-002
2008-002	Ohio Admin Code Sections 1702 (A) and (B). Failure to file a statement of continued existence with the Secretary of State's Office in the School's corporate status with the State being cancelled on July 22, 2004.	Yes	



Independent Accountants' Report on Applying Agreed-Upon Procedures

Technological College Preparatory World Academy
Hamilton County, Ohio
2727 Madison Road
Cincinnati, Ohio 45209

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.”

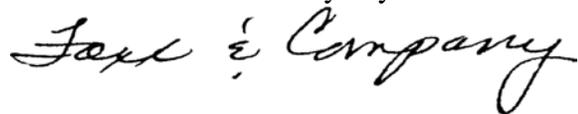
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Technological College Preparatory World Academy (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management 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.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 25, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - a. A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - b. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

- c. A procedure for reporting prohibited incidents;
- d. A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- e. A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- f. A procedure for documenting any prohibited incident that is reported;
- g. A procedure for responding to and investigating any reported incident;
- h. A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- i. A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student’s rights under the first amendment to the Constitution of the United States;
- j. A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the “Family Educational Rights and Privacy Act of 1974,” 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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 is not intended to be and should not be used by anyone other than these specified parties.



Foxx & Company
August 19, 2011



Dave Yost • Auditor of State

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY

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
NOVEMBER 29, 2011**