



Dave Yost • Auditor of State

**LIGHTHOUSE EDUCATIONAL DEVELOPMENT CORPORATION
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Lighthouse Educational Development Corporation
Summit County
1585 Frederick Boulevard, Suite 100
Akron, Ohio 44320

To the Board of Directors:

We have audited the accompanying basic financial statements of Lighthouse Educational Development Corporation, Summit County, Ohio, (the School), as of and for the year ended June 30, 2011, as listed in the Table of Contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Educational Development Corporation, Summit County, Ohio, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, the Ohio Department of Education made the determination that the School would terminate operations as of June 30, 2012.

As further described in Note 14 to the financial statements, the School has certain liabilities due to Akron Community School related to a past management agreement. However, Akron Community School is no longer in operation.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2012, 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*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Dave Yost
Auditor of State

March 7, 2012

Lighthouse Educational Development Corporation

Summit County, Ohio

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2011

(Unaudited)

The discussion and analysis of Lighthouse Educational Development Corporation (Lighthouse) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2011 (FY 11). The intent of this discussion and analysis is to look at Lighthouse's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of Lighthouse's financial performance.

Financial Highlights

Key financial highlights for 2011 are as follows:

- Total net assets increased \$19,974 in 2011. This represents a 119.0% increase from FY2010.
- Total revenue was \$1,061,419 in 2011, which represents a \$240,093 (18.4%) decrease from FY2010. The decrease is due to a reduction in Foundation, and Grant monies and the conclusion of Federal Stimulus monies received.
- Total expenses were \$1,041,445 in 2011. This is a decrease of \$208,166 (16.7%) from FY2010. The decrease is due mainly to a reduction in salaries, fringe benefits, and purchased services.
- Total assets decreased \$20,999 (15.0%) and total liabilities decreased \$40,973 (26.1%) in 2011. The decrease in total assets is mainly due to a reduction in accounts receivable. The decrease in total liabilities is mainly due to the reduction of unearned revenue. A reduction in accounts payable, accrued wages and benefits and intergovernmental payable also contributed to the decrease.
- Lighthouse has no long term debt at June 30, 2011.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lighthouse as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Revenues, Expenses and Changes in Net Assets* provide information about the activities of the whole School, presenting both an aggregate view of Lighthouse's finances and a longer-term view of those finances. Lighthouse's financial statements are presented based upon the enterprise method of reporting under Governmental Accounting Standards Board (GASB). As such, Lighthouse summarizes its financial data as expected of a traditional business or corporation.

Lighthouse Educational Development Corporation
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Reporting Lighthouse as a Whole

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

The view of Lighthouse as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The *Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report Lighthouse's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for Lighthouse as a whole, the financial position of Lighthouse has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include Lighthouse's student enrollment, per-pupil funding as determined by the State of Ohio that restricts revenue growth, change in technology, required educational programs and other factors.

Reporting Lighthouse's Financial Statements

The analysis of Lighthouse's financial statements begins on page 5. These financial statements use the accrual basis of accounting as business-type activities.

Lighthouse's major revenue source is the State Basic Aid Foundation. Additional sources of revenue come from federal entitlement programs and miscellaneous state grants.

Lighthouse's activities focus on how money flows into and out of the school and the balances left at year-end available for spending in future periods. Lighthouse reports its financial data using an accounting method called full accrual, which measures all financial assets. The financial statements provide a detailed snap-shot view of Lighthouse's general government operations and the basic services it provides. This information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

Lighthouse as a Whole

Recall that the Statement of Net Assets provides the perspective of Lighthouse as a whole. Table 1 provides a summary of Lighthouse's net assets for 2011 compared to the prior year:

Lighthouse Educational Development Corporation
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 1
Net Assets

	2011	2010
ASSETS:		
Current Assets	\$82,380	\$101,101
Capital Assets <i>(Restated as of July 1, 2010)</i>	36,816	39,094
<i>Total Assets</i>	119,196	140,195
LIABILITIES:		
Current Liabilities	116,005	156,978
<i>Total Liabilities</i>	116,005	156,978
NET ASSETS:		
Invested in Capital		
<i>Assets (Restated as of July 1, 2010)</i>	36,816	39,094
Restricted	45,643	0
Unrestricted (Deficit)	(79,268)	(55,877)
<i>Total Net Assets</i>		
<i>(Deficit) (Restated as of July 1, 2010)</i>	\$3,191	(\$16,783)

Total net assets increased \$19,974. The primary reason for this increase is that while Lighthouse's revenues and expenses both decreased from 2010 to 2011, the revenue was higher than the expenses in 2011.

Current assets decreased from \$101,101 in 2010 to \$82,380 in 2011. The major reason for this decrease is a reduction in cash and accounts receivable.

Total assets decreased from \$140,195 in 2010 to \$119,196 in 2011.

In 2011, liabilities decreased by \$40,973. A reduction in the intergovernmental payable is the main reason for the decrease. Reductions in accounts payable and accrued wages and benefits also contributed to the lower total liabilities.

Community School Activities

The overall revenue generated by a community school is solely dependent upon student enrollment plus the per-pupil allotment given by the State foundation and from the federal entitlement programs. Thus community schools dependence upon legislative and congressional decisions on per-pupil funding hampers revenue growth. Foundation payments made up 59.0 percent of revenues for Lighthouse in fiscal year 2011. Grant revenues decreased primarily due to the end of the availability of Federal Stimulus money. Also foundation monies decreased in fiscal year 2011.

Lighthouse Educational Development Corporation
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Table 2 shows the total cost of services for the past 2 years. That is, it identifies the cost of these services supported by unrestricted State entitlements and restricted State and Federal Grants:

Table 2
Change in Net Assets

	2011	2010
Operating Revenues:		
Foundation	\$625,982	\$716,393
Food Service	263	0
Other Operating Revenue	21,728	19,914
Non-Operating Revenues:		
Interest	17	17
Grants	412,955	565,188
Other	474	0
Total Revenues	1,061,419	1,301,512
Operating Expenses:		
Salaries	449,764	472,572
Fringe Benefits	132,289	222,422
Purchased Service	370,358	442,027
Materials and Supplies	75,491	85,752
Depreciation	7,190	11,869
Other	5,327	11,681
Non-Operating Expenses:		
Interest Expense	1,026	3,288
Total Expenses	1,041,445	1,249,611
Increase in Net Assets	19,974	51,901
Net Assets (Deficit) Beginning of Year (Restated as of July 1, 2010)	(16,783)	(68,684)
Net Assets (Deficit) End of Year	\$3,191	(\$16,783)

Total revenues decreased from \$1,301,512 in 2010 to \$1,061,419 in 2011. The primary reason for this decrease was due to a reduction in Federal Stimulus Grants, foundation and grant revenues.

Total expenses decreased from \$1,249,611 in 2010 to \$1,041,445 in 2011. Reductions in salaries, fringe benefits, and purchased services were the main factors in reducing total expenses.

Lighthouse Budgeting Highlights

Community schools are exempt from appropriations law but are required to maintain the finances under full accrual accounting as required by Generally Accepted Accounting Principles (GAAP). The budget requirement is prescribed by the Ohio Department of Education through each sponsor. Accordingly, Lighthouse's budget is prepared and approved according to a rigid process required by the Lighthouse Board. The Board reviews the budget monthly to stay compliant with its due diligence requirements. Budgets are revised at least once each year to reflect actual data.

Lighthouse Educational Development Corporation
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of June 30, 2011, Lighthouse had \$36,816 in net capital assets. See Note 6 for additional information.

Liabilities

At June 30, 2011 Lighthouse had \$116,005 in total liabilities. Liabilities are made up of accounts payable, accrued wages and benefits, intergovernmental payable, loan payable and line of credit payable. Lighthouse has a no long term debt at June 30, 2011.

Current Financial Related Activities

The School must look for ways to increase its efficiency and effectiveness. As described on the previous pages, the School has limited means to increase its revenue relative to traditional school districts. Community Schools cannot seek additional funds through levies and is limited to the per pupil revenue. As such, the School must constantly monitor budgets and develop revenue models to accurately anticipate changes in funding and timing of revenue.

Contacting Lighthouse's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of Lighthouse's finances and to reflect Lighthouse's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Joseph W. White Jr., President of the Board, 1585 Frederick Blvd., Suite 100, Akron, OH 44320.

BASIC FINANCIAL STATEMENTS

Lighthouse Educational Development Corporation
Summit County, Ohio
Statement of Net Assets
June 30, 2011

Assets

Current:

Cash	\$24,274
Receivables:	
Accounts Receivable	3,780
Intergovernmental Receivable	<u>54,326</u>

Total Current Assets	<u>82,380</u>
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Noncurrent:

Capital Assets:

Non-Depreciable Capital Assets	1,790
Depreciable Capital Assets, Net	<u>35,026</u>
Total Capital Assets	<u>36,816</u>

<i>Total Assets</i>	<u>119,196</u>
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Liabilities

Current Liabilities:

Accounts Payable	30,002
Accrued Wages and Benefits	23,019
Intergovernmental Payable	10,984
Line of Credit Payable	28,000
Loan Payable	<u>24,000</u>

<i>Total Liabilities</i>	<u>116,005</u>
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Net Assets

Invested in Capital Assets	36,816
Restricted	45,643
Unrestricted (Deficit)	<u>(79,268)</u>

<i>Total Net Assets</i>	<u><u>\$3,191</u></u>
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See accompanying notes.

Lighthouse Educational Development Corporation
Summit County, Ohio
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2011

Operating Revenues:	
Foundation	\$625,982
Food Service	263
Miscellaneous	<u>21,728</u>
<i>Total Operating Revenues</i>	<u>647,973</u>
Operating Expenses:	
Salaries	449,764
Fringe Benefits	132,289
Purchased Services	370,358
Materials and Supplies	75,491
Depreciation	7,190
Other	<u>5,327</u>
<i>Total Operating Expenses</i>	<u>1,040,419</u>
<i>Operating (Loss)</i>	<u>(392,446)</u>
Non-Operating Revenues (Expenses):	
Interest Income	17
Grants	412,955
Other	474
Interest Expense	<u>(1,026)</u>
<i>Net Non-Operating Revenues (Expenses)</i>	<u>412,420</u>
<i>Change in Net Assets</i>	19,974
<i>Net Assets (Deficit) at Beginning of Year (Restated as of July 1, 2010)</i>	<u>(16,783)</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,191</u></u>

See accompanying notes.

Lighthouse Educational Development Corporation
Summit County, Ohio
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2011

Increase (Decrease) in Cash

Cash Flows from Operating Activities	
Cash Received from State Foundation	\$577,938
Other Cash Receipts	21,991
Cash Payments to Employees for Services	(459,936)
Cash Payments for Employee Benefits	(138,598)
Cash Payments for Goods and Services	(448,165)
Other Cash Payments	<u>(8,398)</u>
<i>Net Cash (Used for) Operating Activities</i>	<u>(455,168)</u>
Cash Flows from Noncapital Financing Activities	
Grants Received	421,064
Proceeds from Line of Credit	28,000
Other Non-Operating Revenue	474
Interest Payments	<u>(1,026)</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>448,512</u>
Cash Flows from Capital and Related Financing Activities	
Capital Asset Purchases	<u>(4,912)</u>
<i>Net Cash (Used for) Capital and Related Financing Activities</i>	<u>(4,912)</u>
Cash Flows from Investing Activities	
Interest on Investments	<u>17</u>
<i>Net Cash Provided by Investing Activities</i>	<u>17</u>
<i>Net Decrease in Cash</i>	(11,551)
<i>Cash Beginning of Year</i>	<u>35,825</u>
<i>Cash End of Year</i>	<u><u>\$24,274</u></u>
Reconciliation of Operating (Loss) to Net Cash (Used for) Operating Activities	
Operating (Loss)	(\$392,446)
Adjustments:	
Depreciation	7,190
(Increase) in Assets:	
Intergovernmental Receivable	(28,956)
(Decrease) in Liabilities:	
Accounts Payable	(8,003)
Accrued Wages	(10,172)
Intergovernmental Payable	<u>(22,781)</u>
<i>Net Cash (Used for) Operating Activities</i>	<u><u>(\$455,168)</u></u>

See accompanying notes.

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Lighthouse Educational Development Corporation

Summit County, Ohio

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Lighthouse Educational Development Corporation d.b.a. Lighthouse Community School and Professional Development Academy (the School) is a school as provided for by Ohio Revised Code Sections 3314 and 1702. The School is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The School, which is part of the State's education program, is independent of any school. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. 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.

On May 16, 2006, the School signed an agreement with the Richland Academy of Arts to sponsor the School for a five year period beginning on July 1, 2006. The School operates under a self-appointing Board of Trustees (the Board).

The School's Code of Regulations specifies that vacancies that arise on the Board are filled by the appointment of a successor trustee by a majority vote of the then-existing trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes, but is not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility staffed by one non-certified and seven certified full-time teaching personnel who provide services to 85 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 governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School does not apply FASB statements and interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/ or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Lighthouse Educational Development Corporation

Summit County, Ohio

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the measurement focus.

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of Net Assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process

Unlike traditional public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow provisions of Ohio Revised Code Section 5705, except for Section 5705.391 as it relates to five-year forecasts.

Cash

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

Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year.

Donated capital assets are recorded at their fair market values as of the dates received. The School does not possess any infrastructure. Leasehold improvements are also capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Depreciation of leasehold improvements, computers, furniture and equipment is computed using the straight-line method over their estimated useful lives. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets. All items with a useful life of one year or greater and a value of \$1,000 or more are capitalized.

Lighthouse Educational Development Corporation

Summit County, Ohio

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Estimated useful lives are as follows:

<u>Capital Asset Classification</u>	<u>Years</u>
Leasehold Improvements	10
Fixtures and Equipment	7-10

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation, of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Intergovernmental Revenues

The School currently participates in several State and Federal programs:

Non-Reimbursable Grants

Management Information Systems

Safe & Drug Free Schools

Idea Part B

ARRA-Idea Part B

Improving Teacher Quality

Title I

ARRA-Title I

Title I – School Improvement

Title II-D

21st Century

Education Jobs

Race to the Top

ARRA-State Stabilization Funds

Reimbursable Grants

National School Lunch Program

School Breakfast Program

The School currently participates in the State Foundation Program through the Ohio Department of Education. Revenue from this program is recognized as operating revenue in the accounting period in which all eligibility requirements have been met. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Lighthouse Educational Development Corporation

Summit County, Ohio

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2011

Operating Revenues and Expenses

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

Accrued Liabilities

Obligations, such as wages and benefits due but unpaid, are reported as liabilities in the accompanying financial statements.

Unearned Revenue

Grants, received before the eligibility requirements are met, are recorded as unearned revenue.

Use of Estimates

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

Economic Dependency

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS

Change in Accounting Principle

For fiscal year 2011, the School has implemented GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions” and GASB Statement No. 59, “Financial Instruments Omnibus.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. GASB Statement No. 59 updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools.

The implementation of GASB 54 and GASB 59 had no material effect on the financial statements of the School.

Lighthouse Educational Development Corporation

Summit County, Ohio

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED JUNE 30, 2011****Restatement of Prior Year Net Assets**

During fiscal year 2011, it was determined that capital assets had been overstated in prior years by \$2,485. Net Assets and Invested in Capital Assets were restated as of July 1, 2010 and reduced by \$2,485.

NOTE 4 - DEPOSITS

At year-end, the bank balance was \$40,571. All of the bank balance is covered by federal depository insurance.

NOTE 5- INTERGOVERNMENTAL RECEIVABLE

All receivables are considered collectible in full, due to the stable condition and the current year guarantee by the State of Ohio. The receivable amount of \$54,326 was determined from claims submitted by the school to the Ohio Department of Education.

NOTE 6 - CAPITAL ASSETS AND DEPRECIATION

A summary of the School's capital assets at June 30, 2011, follows:

	Balance <u>06/30/2010</u>	Restatements <u>07/01/2011</u>	Balance <u>07/01/2011</u>	Additions	Deletions	Balance <u>06/30/2011</u>
Capital Assets, Not Being Depreciated:						
Land & Improvements	\$1,790	\$0	\$1,790	\$0	\$0	\$1,790
Total Capital Assets, Not Being Depreciated	<u>1,790</u>	<u>0</u>	<u>1,790</u>	<u>0</u>	<u>0</u>	<u>1,790</u>
Capital Assets, Being Depreciated:						
Leasehold Improvements	16,089	0	16,089	4,912	0	21,001
Fixtures and Equipment	126,388	(3,907)	122,481	0	(9,507)	112,974
Total Capital Assets, Being Depreciated	<u>142,477</u>	<u>(3,907)</u>	<u>138,570</u>	<u>4,912</u>	<u>(9,507)</u>	<u>133,975</u>
Less Accumulated Depreciation:						
Leasehold Improvements	(6,824)	0	(6,824)	(5,549)	0	(12,373)
Fixtures and Equipment	(95,864)	1,422	(94,442)	(1,641)	9,507	(86,576)
Total Accumulated Depreciation	<u>(102,688)</u>	<u>1,422</u>	<u>(101,266)</u>	<u>(7,190)</u>	<u>9,507</u>	<u>(98,949)</u>
Total Capital Assets, Being Depreciated, net	<u>39,789</u>	<u>(2,485)</u>	<u>37,304</u>	<u>(2,278)</u>	<u>0</u>	<u>35,026</u>
Total Capital Assets, net	<u>\$41,579</u>	<u>(\$2,485)</u>	<u>\$39,094</u>	<u>(\$2,278)</u>	<u>\$0</u>	<u>\$36,816</u>

Lighthouse Educational Development Corporation

Summit County, Ohio

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 7 - PURCHASED SERVICES

For the period July 1, 2010 through June 30, 2011, purchased service expenses were payments for services rendered by various vendors as follows:

Purchased Services	
Professional Services	\$228,775
Property Services	108,004
Communications	9,540
Utility Services	16,889
Pupil Transportation Services	371
Other Purchased Services	6,779
Total Purchased Services	<u>\$370,358</u>

NOTE 8 - RISK MANAGEMENT

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 fiscal year 2011, the School contracted with a company for property and general liability insurance. Property coverage carries a \$2,500 deductible and has a \$1,000,000 limit. General liability coverage provides \$1,000,000 per occurrence and \$1,000,000 in the aggregate with a \$2,500 deductible. Settled claims have not exceeded this commercial coverage, nor have there been any significant reductions in coverage in the past three fiscal years.

Workers Compensation - The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the total monthly gross payroll by a factor determined by the Bureau of Worker's Compensation.

NOTE 9 - OTHER EMPLOYEE BENEFITS

Employee Medical, Dental, and Vision Benefits – The School has contracted with a private carrier to provide employee medical/surgical benefits. The School pays 75% of the single coverage monthly premiums and the employee is responsible for the remaining 25% of the single coverage plus 100% of any additional coverage (i.e. single + 1, family coverage) the employee chooses to purchase. For fiscal year 2011, the School's and the employee's premiums varied depending on insurance coverage selected, family size and the ages of those covered. In addition, the School has contracted with a private carrier to provide dental and vision benefits. If the employee chooses to purchase dental or vision benefits, he/she is responsible for paying 100% of the monthly premium. The plans are Section 125 pre-tax cafeteria plans.

Lighthouse Educational Development Corporation

Summit County, Ohio

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 10 - RETIREMENT PLANS

School Employees Retirement System - The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per 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 contacting SERS website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits was 11.81%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's contributions to SERS for the years ended June 30, 2011, 2010 and 2009 were \$3,534, \$8,441, and \$15,377, respectively, 86% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

State Teachers Retirement System - The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options – New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary

Lighthouse Educational Development Corporation

Summit County, Ohio

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions, plus interest at specified rates, are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

In the Combined Plan Benefits, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offered by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member an employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependants. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Lighthouse Educational Development Corporation

Summit County, Ohio

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirement and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers. The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$54,580, \$58,675, and \$57,980, respectively; 95% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

STRS Ohio issues a stand-alone financial report. The 2010 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS Ohio have an option to choose Social Security or the SERS or STRS Ohio.

NOTE 11- OTHER POSTEMPLOYMENT BENEFITS

School Employees Retirement Systems – In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in the Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation was .76%. Lighthouse Educational Development Corporation's contributions for the years ended June 30, 2011, 2010 and 2009 were \$227, \$406, and \$824, respectively, 86% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

Lighthouse Educational Development Corporation

Summit County, Ohio

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2011

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. Lighthouse Educational Development Corporation's contributions assigned to health care for the years ended June 30, 2011, 2010, and 2009 were \$428, \$1,608, and \$4,569, respectively, 86% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on the SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement Systems

Plan Description – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorized STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contribution. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2011, 2010, and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The School's contributions for health care for fiscal years ended June 30, 2011, 2010, and 2009 were \$4,198, \$4,191, and \$4,141, respectively; 95% has been contributed for fiscal year 2011 and 100% for fiscal years 2010 and 2009.

Lighthouse Educational Development Corporation

Summit County, Ohio

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

NOTE 12 - CONTINGENCIES

GRANTS – The School received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies.

Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2011.

ENROLLMENT FTE - The Ohio Department of Education conducts reviews of enrollment and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted. Based on ODE's review, there was \$28,956 underfunded to the School by ODE and is booked as an intergovernmental receivable.

NOTE 13 – LINE OF CREDIT

During the year, the School had a revolving bank line-of-credit with an interest rate of 5.25%. In Fiscal Year 2011, the School borrowed \$28,000 for operating expenses. At June 30, 2011, the outstanding balance was \$28,000.

NOTE 14 – MANAGEMENT AGREEMENT

On August 22, 2004, the School contracted with Akron Community School (ACS) to facilitate day-to-day operations of ACS. This includes adopting the educational curriculum, providing teaching, developing and maintain state mandated testing and requirements, and completing all required administrative reports. As of June 30, 2005, the Akron Community School is no longer in operation.

During fiscal year 2005, a \$25,000 cash loan was given by ACS to Lighthouse Academy of which \$24,000 remains outstanding at June 30, 2011 and is reflected on the Statement of Net Assets as "Loan Payable". There is no written agreement specifying an interest rate or repayment requirements for this loan.

Also, during 2005 Akron Community School paid certain expenses totaling \$548 which should have been paid by Lighthouse Academy in accordance with the management agreement. In addition, the State FTE review resulted in an additional \$10,000 of Foundation Revenue overpayments to Akron Community School from past fiscal years. Akron Community School paid this revenue to Lighthouse Academy as a reimbursement of the management fee, since 100% of revenue was paid to Lighthouse as management fees. This revenue is due back to ACS to pay ODE. These amounts are reflected on the Statement of Net Assets as accounts payable.

The School also had an accounts receivable of \$410 due from ACS from the prior fiscal year that remains unpaid at June 30, 2011.

Lighthouse Educational Development Corporation

Summit County, Ohio

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011**

Summary of amounts due to and (due from) ACS:

	<u>June 30, 2011</u>
Accounts Receivable	(\$410)
Accounts Payable	10,548
Loan Payable	<u>24,000</u>
Net Amount Due to AkronCommunity School	<u><u>\$34,138</u></u>

NOTE 15 – SUBSEQUENT EVENTS

On August 25, 2011, the Ohio Department of Education made the determination that the School would terminate operations as of June 30, 2012 due to poor academic performance as defined in section 3314.25 of the Ohio Revised Code.

On January 4, 2012, the Ohio Department of Education notified the School that it is expected to make financial adjustments to repay the disallowed costs totaling \$38,386 paid with FY10 21st Century funds, CFDA 84.287 back to the pass through entity, the Ohio Department of Education (ODE). The School is currently appealing this decision.



Dave Yost • Auditor of State

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

Lighthouse Educational Development Corporation
Summit County
1585 Frederick Boulevard, Suite 100
Akron, Ohio 44320

To the Board of Directors:

We have audited the basic financial statements of Lighthouse Educational Development Corporation, Summit County, Ohio, (the School) as of and for the year ended June 30, 2011, and have issued our report thereon dated March 7, 2012, wherein we noted the School is terminating operations as of June 30, 2012 and has certain amounts due to Akron Community School. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated March 7, 2012.

We intend this report solely for the information and use of management, the Board of Directors, Richland Academy of the Arts, and others within the School. We intend it for no one other than these specified parties.

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

Dave Yost
Auditor of State

March 7, 2012

**LIGHTHOUSE EDUCATIONAL DEVELOPMENT CORPORATION
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	<p>2 C.F.R. Part 225, Appendix B (8)(h) and 2 C.F.R. Part 225, Appendix B 32(a) and (b)(8) - Numerous material weaknesses were noted regarding payments made to employees and non-employees working on the Twenty-First Century Community Learning Centers resulting in questioned costs of \$109,644 and Improving Teacher Quality grant resulting in questioned costs of \$12,595.</p>	No	<p>Partially Corrected.</p> <ul style="list-style-type: none"> • The Principal, Administrative Assistant, Grant Coordinator, and a teacher were paid \$14,758 from the 21st Century Grant without keeping personal activity reports. • Four employees were paid \$8,175 from the 21st Century Grant without a separate contract for these services. • Fringe benefits in the amount of \$2,671 were charged to the 21st Century Grant related to the unallowable payrolls noted above. • 9 non-employees were paid \$35,358 from the 21st Century Grant without Board approved contracts. • Personal activity reports for 1 of 15 employees tested were not signed by the employee and 5 of 15 did not document specific hours worked for the 21st Century Grant. • 4 of 5 employees tested did not maintain timesheets for the total activity the employee was compensated.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-02	<p>2 C.F.R. Part 225, Appendix A Section C and 2 C.F.R. Part 225, Appendix E Sections A and D - Indirect costs were charged to the School's Twenty-First Century Community Learning Centers grant without having an indirect cost rate plan approved by the Ohio Department of Education and items were charged to the grant without showing the items were used only for the grant resulting in questioned costs of \$14,796.</p>	Yes	Finding No Longer Valid.



Dave Yost • Auditor of State

Independent Accountants' Report on Applying Agreed-Upon Procedure

Lighthouse Educational Development Corporation
Summit County
1585 Frederick Boulevard, Suite 100
Akron, Ohio 44320

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Lighthouse Educational Development Corporation, Summit County, Ohio, (the School) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the School did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

Ohio Rev. Code Section 3313.666 required the School to amend its definition by September 28, 2010.

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 of Directors and Richland Academy of the Arts and is not intended to be and should not be used by anyone other than these specified parties.

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

Dave Yost
Auditor of State

March 7, 2012

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.ohioauditor.gov

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Dave Yost • Auditor of State

LIGHTHOUSE EDUCATIONAL DEVELOPMENT CORPORATION

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 10, 2012**