# YOUTHBUILD COLUMBUS COMMUNITY SCHOOL

## FRANKLIN COUNTY

## AUDITED FINANCIAL STATEMENTS

## FOR THE FISCAL YEAR ENDED JUNE 30, 2011

# Dave Yost • Auditor of State

Board of Directors
Youthbuild Columbus Community School
1183 Essex Avenue
Columbus, Ohio 43215

We have reviewed the *Independent Auditor's Report* of the Youthbuild Columbus Community School, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. 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 Youthbuild Columbus Community School is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

December 27, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us

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# YOUTHBUILD COLUMBUS COMMUNITY SCHOOL

# FRANKLIN COUNTY

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**TITLE PAGE**

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS
*Focused on Your Future.*

November 18, 2011

To The Board of Directors
Youthbuild Columbus Community School
1183 Essex Avenue
Columbus, OH 43201

**INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the Youthbuild Columbus Community School (the School), as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Youthbuild Columbus Community School, as of June 30, 2011, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. 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.

The Management's Discussion and Analysis on pages 3 through 6 are not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

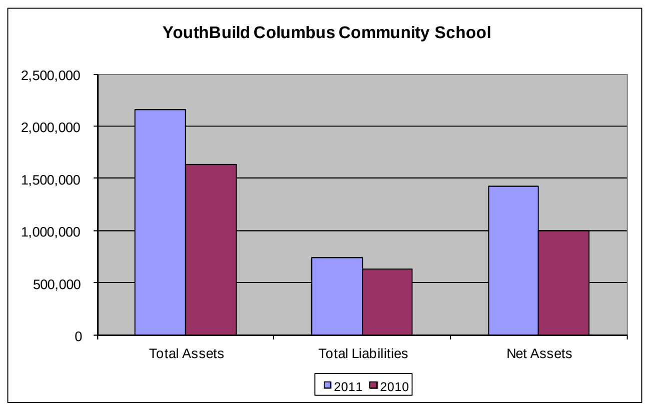
Our discussion and analysis of YouthBuild Columbus Community School (the School) financial performance provides an overall review of the Schools' financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as 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.

**Financial Highlights**

Key financial highlights for fiscal year 2011 are as follows:

- Total net assets increased $424,257, or 42% from 2010.
- Total liabilities increased $106,428, or 17%, while total assets increased $530,685, or 33% from 2010.
- Total revenue increased from $2,006,533 in fiscal year 2010 to $3,037,859 in fiscal year 2011, a 51% increase.
- Total expenses increased from $1,996,088 in fiscal year 2010 to $2,613,602 in fiscal year 2011, a 31% increase from 2010.
- The School has $339,708 in long term liabilities as of June 30, 2011.

**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 Statement of Revenues, Expenses and Changes in Net Assets reflect how the School did financially during fiscal year 2011. 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 includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The School uses enterprise presentation for all of its activities.

**Statement of Net Assets**

The Statement of Net Assets answers the question of how the School did financially during 2011. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets as of June 30, 2011 compared to the prior year.

**(Table 1)**
**Statement of Net Assets**

| | 2011 | 2010 |
|---|---|---|
| Assets | | |
| Current Assets | $ 935,175 | $ 480,408 |
| Capital Assets, Net | 1,223,957 | 1,148,039 |
| Total Assets | 2,159,132 | 1,628,447 |
| Liabilities | | |
| Current Liabilities | 443,039 | 286,941 |
| Long Term Liabilities | 292,581 | 342,251 |
| Total Liabilities | 735,620 | 629,192 |
| Net Assets | | |
| Investment in Capital Assets | 884,249 | 771,176 |
| Unrestricted | 539,263 | 228,079 |
| Total Net Assets | $ 1,423,512 | $ 999,255 |

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

Table 2 shows the changes in net assets for fiscal year 2011, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, for the school as a whole, the financial 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.

Total assets increased in 2011 due to increased revenues from foundation, federal grants, and private contributions. Capital assets increased by $75,918 due to additional grant awards of Federal Stimulus dollars. Also, current assets increased $454,767, or 95% from 2010. Liabilities increased by $106,428 and net assets increased by $424,257 in 2011. Liabilities increased primarily due to accounts payable due for equipment purchases at year end and for tuition payments due to Columbus State Community College.

Table 2 shows change in Net Assets for fiscal year 2011 compared with fiscal year 2010.

**Table 2**
**Changes in Net Assets**

| | 2011 | 2010 |
|---|---|---|
| **Operating Revenues** | | |
| Foundation | $ 1,910,760 | $1,388,363 |
| Services to Sponsor | 69,860 | 119,760 |
| **Non-Operating Revenues** | | |
| Interest Income | 998 | 544 |
| Private Contributions | 271,519 | 136,384 |
| Other Non-Operating | 2,610 | 460 |
| Grants | 782,112 | 361,022 |
| Total Revenues | 3,037,859 | 2,006,533 |
| **Operating Expenses** | | |
| Salaries | 1,015,267 | 853,780 |
| Fringe Benefits | 399,490 | 252,244 |
| Purchased Services | 857,374 | 625,348 |
| Materials and Supplies | 158,930 | 137,405 |
| Depreciation | 125,922 | 73,397 |
| Other | 34,835 | 22,680 |
| **Non-Operating Expenses** | | |
| Interest on Notes Payable | 21,784 | 31,234 |
| Total Expenses | 2,613,602 | 1,996,088 |
| Total Increase (Decrease) in Net Assets | $ 424,257 | $ 10,445 |

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the state foundation and federal entitlement program receipts. Foundation and federal entitlement revenues made up 89% of all revenues for the School in fiscal year 2011. Other revenues increased due to the increases in private donations received.

The primary reason for the increase in overall revenues from 2010 was the increase in students from 204 in fiscal year 2010 to 266 in fiscal year 2011. The School increased its expenditures to match the increased revenue.

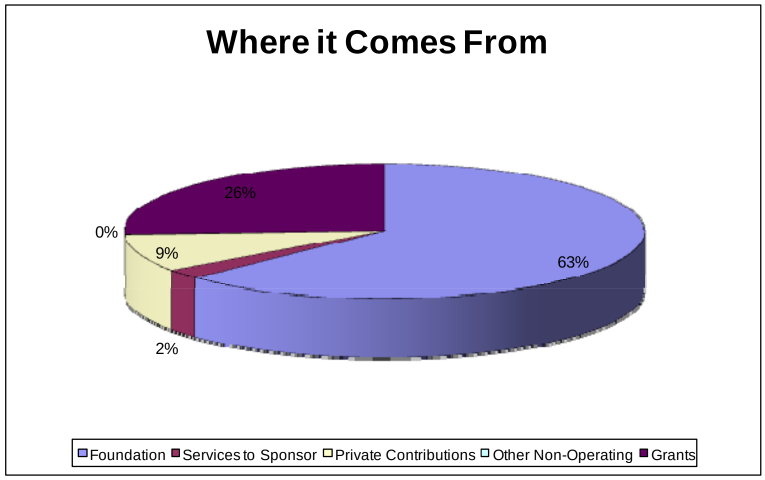
***Budgeting Highlights***

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its sponsor. The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one year spending plan and a five-year forecast that is reviewed periodically by the Board of Trustees. The five-year forecasts are also submitted to the Sponsor and the Ohio Department of Education.

***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2011, the School has $1,223,957 in net capital assets. The School made an investment of $201,840 in capital assets during the fiscal year. The largest capital asset is the school building. See Note 4 to the basic financial statements.




**Debt**

At June 30, 2011, the School had $339,708 in outstanding debt due to J. P. Morgan Chase Bank for the mortgage on the educational facility. See Note 15 in the notes to the basic financial statements.

**Current Financial Related Activities**

The School's financial outlook over the next several years shows continued growth as enrollment is projected to increase. Enrollment for the school is at 252 students as of November 2011. But, future revenue increases are cautious due to Ohio's weak economic recovery.

**Contacting the School's Financial Management**

This financial report is designed to provide all citizens, taxpayers, and creditors with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Brian G. Adams, CFO, YouthBuild Columbus Community School, 1183 Essex Ave. Columbus, OH 43215.

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**YouthBuild Columbus Community School**
**Franklin County**
**Statement of Net Assets**
**June 30, 2011**

| | |
|---|---|
| **Assets** | |
| *Current Assets:* | |
| Cash and Cash Equivalents | $ 588,559 |
| Accounts Receivable | 46,205 |
| Intergovernmental Receivable | 300,411 |
| Total Current Assets | 935,175 |
| *Noncurrent Assets:* | |
| Capital Assets: | |
| Depreciable Capital Assets, net | 1,223,957 |
| Total Assets | 2,159,132 |
| **Liabilities** | |
| *Current Liabilities:* | |
| Accounts Payable | 258,381 |
| Accrued Wages and Benefits | 95,408 |
| Deferred Revenue | 2,633 |
| Notes Payable, Due within one year | 47,127 |
| Intergovernmental Payable | 39,490 |
| Total Current Liabilities | 443,039 |
| *Long-Term Liabilities:* | |
| Notes Payable, due in more than one year | 292,581 |
| Total Long-Term Liabilities | 292,581 |
| Total Liabilities | 735,620 |
| **Net Assets** | |
| Invested In Capital Assets, Net of Related Debt | 884,249 |
| Unrestricted | 539,263 |
| Total Net Assets | $ 1,423,512 |

See accompanying notes to the basic financial statements

**YouthBuild Columbus Community School**
**Franklin County**
**Statement of Revenues,**
**Expenses and Changes in Net Assets**
**For the Fiscal Year Ended June 30, 2011**

| | |
|---|---|
| Operating Revenues | |
| Foundation | $1,910,760 |
| Services to Sponsor | 69,860 |
| Total Operating Revenues | 1,980,620 |
| Operating Expenses | |
| Salaries | 1,015,267 |
| Fringe Benefits | 399,490 |
| Purchased Services | 857,374 |
| Materials and Supplies | 158,930 |
| Depreciation | 125,922 |
| Other | 34,835 |
| Total Operating Expenses | 2,591,818 |
| Operating Income (Loss) | (611,198) |
| Non-Operating Revenues (Expenses) | |
| Private Contributions | 271,519 |
| Interest on Notes Payable | (21,784) |
| Interest Income | 998 |
| Other Non-Operating | 2,610 |
| Grants | 782,112 |
| Total Non-Operating Revenues (Expenses) | 1,035,455 |
| Change in Net Assets | 424,257 |
| Net Assets Beginning of Year | 999,255 |
| Net Assets End of Year | $1,423,512 |

See accompanying notes to the basic financial statements

**YouthBuild Columbus Community School**
**Franklin County**
**Statement of Cash Flows**
**For the Fiscal Year Ended June 30, 2011**

| | |
|---|---|
| Increase (Decrease) in Cash and Cash Equivalents | |
| **Cash Flows from Operating Activities** | |
| Cash Received from State | $1,943,344 |
| Cash Received from Other Operating Sources | 69,860 |
| Cash Payments to Employees for Services | (990,163) |
| Cash Payments for Employee Benefits | (424,190) |
| Cash Payments for Goods and Services | (811,820) |
| Other Cash Payments | (34,835) |
| Net Cash Provided by (Used in) Operating Activities | (247,804) |
| **Cash Flows from Noncapital Financing Activities** | |
| Grants Received | 598,327 |
| Private Contributions | 153,550 |
| Other Non Operating Revenue | 2,610 |
| Net Cash Provided by (Used in) Noncapital Financing Activities | 754,487 |
| **Cash Flows from Capital and Related Financing Activities** | |
| Cash Payments for Capital Assets | (201,840) |
| Cash Received from Interest on Investments | 998 |
| Interest Paid-Notes Payable | (21,784) |
| Principal Payments-Notes Payable | (37,154) |
| Net Cash Provided by (Used in) Financing Activities | (259,780) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 246,903 |
| Cash and Cash Equivalents Beginning of Year | 341,656 |
| **Cash and Cash Equivalents End of Year** | $ 588,559 |

**YouthBuild Columbus Community School**
**Franklin County**
**Statement of Cash Flows**
**For the Fiscal Year Ended June 30, 2011**
**(Continued)**

**Reconciliation of Operating Gain (Loss) to Net Cash Provided by (Used in) Operating Activities**

| | |
|---|---|
| Operating Gain (Loss) | $ (611,198) |
| Adjustments: | |
| Depreciation | 125,922 |
| Changes in Assets and Liabilities: | |
| Accounts Receivable | 32,584 |
| Accounts Payable | 204,484 |
| Accrued Wages and Benefits | 25,104 |
| Compensated Absences | (2,732) |
| Intergovernmental Payable | (21,968) |
| Net Cash Provided by (Used in) Operating Activities | $ (247,804) |

See accompanying notes to the basic financial statements

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## 1. DESCRIPTION OF THE ENTITY

YouthBuild Columbus Community School (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's objectives are to carry out the academic training component of the YouthBuild Columbus program, to advance underserved youth through education, job training, personal development, leadership development, and community service. The YouthBuild Columbus program helps dropouts from traditional high schools in a year round program that enables students to gain employable skills by building and rehabilitating houses in Columbus' Empowerment Zone that are sold to low-income families. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations.

The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School was approved for operation on June 14, 2001, under a contract by and between the Ohio Department of Education (ODE), as Sponsor, and the Governing Authority of YouthBuild Columbus Community School. The School commenced official operation on July 1, 2001.

The five-member Board 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 controls the School's principal, two full time non-certified staff, and nine certified full time teaching personnel who provide services to approximately 266 students during the school year.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board 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 or Interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

### A. Basis of Presentation

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The School uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

### B. Measurement Focus/Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the School are included on the Statement of Net Assets.

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

### B. Measurement Focus/Basis of Accounting (Continued)

The Statement of Revenues, Expenses and Changes in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows reflects how the School finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for reporting purposes. Revenue resulting from exchange transactions, in which each party gives and receives equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants, entitlements and donations, are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

### C. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and the Sponsor does not prescribe an annual budget requirement, but sets forth a requirement to submit a spending plan each fiscal year. Furthermore, the School must submit a five-year forecast to its Sponsor and the Ohio Department of Education, annually.

### D. Cash and Cash Equivalents

All cash received by the School is deposited in accounts in the School's name. The School did not have any investments during fiscal year 2011.

### E. Capital Assets and Depreciation

Capital assets and improvements are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The School maintains a capitalization threshold of seven hundred fifty dollars for computers and one thousand dollars for all other assets. The School does not possess any infrastructure.

The School does not capitalize interest. 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, improvements, however, are capitalized. Building, vehicles, furniture and equipment are depreciated using the straight-line method over the assets' estimated useful lives. Improvements to fixed assets are depreciated over the remaining useful lives of the related capital assets.

The following is the estimated useful lives for property, vehicles, furniture and equipment:

| Asset | Useful Life |
|---|---|
| Building | 45 years |
| Vehicles | 2 years |
| Furniture and Equipment | 1 - 10 years |

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

### F. Intergovernmental Revenues

The School currently participates in the state foundation and state disadvantaged pupil impact aid programs. Revenues received from these programs are recognized as operating revenues 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.

The School participates in the Comprehensive Continuous Improvement Planning Program through the Ohio Department of Education. Revenue received from this program is recognized as non-operating revenues. Amounts awarded under the above programs for the 2011 school year totaled $2,692,872.

### G. Compensated Absences

Leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered. Unused personal leave is paid out at 100% of the employee's current pay rate at the end of the school year.

Sick leave must be used during the school year, is non-accumulative, and is not paid out at the end of the school year. Permanent, year-round employees are entitled to annual vacation leave which is granted on June 1 of each subsequent year of employment and is based on the employee's service years. Upon separation from employment, employees are not entitled to compensation at their current rate of pay for all unused vacation leave, prorated to reflect the pay periods worked. As of June 30, 2011, the liability for unpaid compensated absences was $0.

### H. Estimates

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

### I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The School had no restricted net assets.

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

### J. 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.

### K. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase by the School and an expense is recorded when used. The School has no prepaids as of June 30, 2011.

## 3. CASH AND CASH EQUIVALENTS

The following information classifies deposits by category of risk as defined in GASB Statement No.3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No.40, “Deposit and Investment Risk Disclosures”.

The School maintains its cash balances at one financial institution located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000, per qualifying account. At June 30, 2011, the book amount of the School’s deposits was $588,559 and the bank balance was $612,107.

The School had no deposit policy for custodial risk beyond the requirement of state statute. Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment or by a collateral pool of eligible securities deposited with a qualified trustee to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2011, none of the bank balance was exposed to custodial credit risk.

The total bank balance was insured by the (FDIC) up to $250,000. Deposits in excess of $250,000 are uninsured. The School had no investments at June 30, 2011 or during the fiscal year.

## 4. CAPITAL ASSETS

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

| | Balance 06/30/10 | Additions | Deletions | Balance 06/30/11 |
|---|---|---|---|---|
| **Capital Assets Being Depreciated:** | | | | |
| Building | $ 1,152,837 | $ 47,729 | $ - | $ 1,200,566 |
| Vehicles | 42,740 | - | - | 42,740 |
| Furniture and Equipment | 276,420 | 154,111 | - | 430,531 |
| **Total Capital Assets Being Depreciated** | 1,471,997 | 201,840 | - | 1,673,837 |
| **Less Accumulated Depreciation:** | | | | |
| Building | (202,129) | (58,505) | - | (260,634) |
| Vehicles | (11,613) | (9,346) | - | (20,959) |
| Furniture and Equipment | (110,216) | (58,071) | - | (168,287) |
| **Total Accumulated Depreciation** | (323,958) | (125,922) | - | (449,880) |
| **Net Total Capital Assets** | $ 1,148,039 | $ 75,918 | $ - | $ 1,223,957 |

## 5. INTERGOVERNMENTAL RECEIVABLE/PAYABLE

At June 30, 2011, The School had intergovernmental receivables in the amount of $300,411. Intergovernmental receivables consist of federal assistance (CCIP) which eligibility requirements have been met (earned) at June 30, 2011, but the cash was not received by year end. Intergovernmental payable totaled $39,490, which consisted of overpayments for food service.

## 6. ACCOUNTS PAYABLE

Accounts Payable consists of obligations totaling $258,381 at June 30, 2011, incurred during the normal course of conducting operations.

## 7. ACCRUED WAGES AND BENEFITS

Accrued wages and benefits were $95,408 at June 30, 2011 which represents wages, with associated benefits, earned and not paid at June 30, 2011 for certain School teachers paid over a 12 month period.

## 8. DEFERRED REVENUE

Deferred Revenue represents cash payments received from private grants that are not liquidated as of June 30, 2011. The school received awards from the National School Initiative. Total deferred revenue is $2,633.

## 9. 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; injuries to employees; and natural disasters. For fiscal year 2011, the School contracted with Accordia of Illinois Insurance Company for property and general liability insurance. The property insurance limits are $1,000 deductible and $385,000 aggregate. The general liability insurance limits are $1,000,000 each occurrence and $2,000,000 aggregate. There has been no reduction in coverage over the prior year. There have been no settlements exceeding coverage in the last three years. Settled claims have not exceeded this coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

### B. Worker's Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State. The School had paid all premiums as of June 30, 2011.

## 10. DEFINED BENEFIT PENSION PLANS

### A. School Employees Retirement System

**Plan Description** – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plans. 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 contacting School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free 1-800-878-5853. It is also posted at the SERS' website at www.ohsers.org under Employer/ Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the school is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B and Health Care Fund.) of the System. For the fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School contributions to SERS for the year ended June 30, 2011, 2010 and 2009 were $43,369, $37,985, and $12,810, respectively, which equaled the required contributions each year.

## 10. DEFINED BENEFIT PENSION PLANS (Continued)

### B. State Teachers Retirement System

**Plan Description** – The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DB Plan and the DC Plan.

In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**Funding Policy** - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2011, 2010 and 2009 were $110,003, $87,192, and $101,983 respectively, of which 100% has been contributed.

The above is the latest information available.

## 10. DEFINED BENEFIT PENSION PLANS (Continued)

### C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2011, there were no members that elected Social Security. The contribution rate is 6.2 percent of wages.

## 11. POSTEMPLOYMENT BENEFITS

### A. School Employee Retirement Systems

In addition to a cost-sharing multiple-employer defined pension plan the School Employees Retirement System of Ohio (SERS) administers two post employment benefit plans.

**Medicare Part B**

Medicare B plan reimburse Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits 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 premium or the current premium. The Medicare Part B premium for calendar year 2011 was $96.40; SERS' reimbursement for 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 2011, the actuarial required allocation is .76 percent The School's contributions for the years ended June 30, 2011, 2010 and 2009 were $2,354, $2,062, and $609 respectively.

**Health Care Plan**

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.

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43 percent. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate.

## 11. POSTEMPLOYMENT BENEFITS (Continued)

### A. School Employee Retirement Systems (Continued)

more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year June 30, 2011, the minimum compensation level was established at $35,800. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care for the years ended June 30, 2011, 2010 and 2009 were $10,592, $3,395, and $6,809 respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years, 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 by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' website www.ohsers.org under Employers/Audit Resources

### B. State Teachers Retirement System

**Plan Description** – The School contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $8,464, $6,707, and $7,845, respectively all of which has been contributed for all fiscal years.

The above is the latest information available.

## 12. MEDICAL AND DENTAL EMPLOYEE BENEFITS

The School contracted with AETNA Insurance for its medical insurance benefits for full-time employees of the School. Dental insurance is provided by Prudential Insurance. All full-time employees are eligible to select coverage under this plan, once they have been employed by the School for thirty days. Currently, the School pays 100% of each employee's individual and/or family premium. Premiums are determined by the insurance company.

## 13. PURCHASED SERVICES

For the period July 1, 2010 through June 30, 2011, purchased service expenses were for the following services:

| | |
|---|---|
| Professional Services | $ 458,749 |
| Property Services | 100,144 |
| Travel and Professional Development | 77,859 |
| Communications | 12,303 |
| Utilities | 25,471 |
| Trade Services | 77,893 |
| Tuition Payments | 68,143 |
| Transportation | 21,488 |
| Insurance and Other | 15,324 |
| Total | $ 857,374 |

## 14. TAX EXEMPT STATUS

The School completed its application and filed for tax exempt status under 501(c) 3 of the Internal Revenue Code and was approved for tax exempt status on May 21, 2002. 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.

## 15. LONG-TERM LIABILITIES

A summary of long-term obligation on the mortgage outstanding for land, buildings and improvements at June 30, 2011, is as follows:

| Year(s) | Total | Principal | Interest |
|---|---|---|---|
| 2012 | $65,730 | $47,127 | $18,603 |
| 2013 | 65,730 | 49,957 | 15,773 |
| 2014 | 65,730 | 52,956 | 12,774 |
| 2015 | 65,730 | 55,864 | 9,866 |
| 2016 | 65,730 | 59,506 | 6,224 |
| 2017-18 | 77,028 | 74,298 | 2,730 |
| | $405,678 | $339,708 | $65,970 |

*J.P. Morgan Chase Bank (Mortgage)* – The School has a mortgage outstanding with J.P Morgan Chase Bank (formerly Bank One), refinanced on August 13,2010, in the amount of $376,863. This Note is for the purpose of acquiring land, a building and improvement to be used as an educational facility. Terms of the mortgage provide for monthly payments of $5,477, principal and interest, for 84 months at an annual interest rate of 5.84%. At June 30, 2011, the principal balance was $339,708. Interest and principal payments totaling $58,938 were made for the year ending June 30, 2011. Interest comprised of $ $21,784. The above is the amortization table for the outstanding obligation at June 30, 2011.

## 16. RELATED ORGANIZATIONS/RELATED PARTY TRANSACTIONS

The School is a related organization to Buckeye Community Hope Foundation (BCHF) and YouthBuild Columbus, a non-profit organization affiliated with YouthBuild USA. A description of the School's relationship with these entities follows.

### A. Buckeye Community Hope Foundation

BCHF appoints all five members of the Board of Trustees of the School. There is no financial dependency on the BCHF and the School does not provide services primarily to BCHF. BCHF does not impose its will on the School Board. The School Board sets its own budget, hires/terminates personnel, and authorizes all expenditures, without approval from BCHF. Two of the Board members appointed are also employed by BCHF. The School's accountability to BCHF ceases with BCHF's appointments to the Board.

### B. YouthBuild Columbus

YouthBuild Columbus supports policies and programs which enable young people to assume leadership in order to rebuild their communities. The Vice President of the School's Board of Trustees is also the Executive Director of YouthBuild Columbus. The School's Principal is also the President of the Board of YouthBuild Columbus. YouthBuild Columbus is a subsidiary of BCHF. The school has a contract with YouthBuild Columbus to provide construction training services. Amounts paid due per the contract were $159,800. All was paid except for $14,545 which is included in accounts payable.

### C. Services to Sponsor

YouthBuild Columbus contracts with Buckeye Community Hope Foundation (BCHF) for consulting services. The Consultant, Patricia Hughes will serve as BCHF's Director of Sponsorship, as such, Ms. Hughes will provide the following services:

- Oversight of Community School Compliance
- Provision of Technical Assistance as requested by sponsored schools
- Provision of Technical Assistance to sponsored schools as deemed necessary by BCHF's Community School Division
- Intervene in sponsored Schools' Operations as stated in their Community School Contract

The following table represents amounts reimbursed to BCHF for services rendered:

| Description of Transaction Amount | Amount |
|---|---|
| Amounts received by the School from BCHF for expense reimbursement for BCHF salaries paid by the School………………………………………… | $ 69,860 |

The above amount is reported as Services to Sponsor in the Statement of Revenues, Expenses and Changes in Fund Net Assets. The corresponding expense is recorded as salaries and fringe benefits. The agreement for Ms Hughes was terminated in January 31, 2011.

## 17. CONTINGENCIES

### A. 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 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 at June 30, 2011.

### B. Full Time Equivalency

The Ohio Department of Education (ODE) 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 foundation funding is calculated. A review for the 2010-11 school year has been performed, and the findings of that audit were immaterial and are not reflected in the financial statements, but will be included in the financial activity for fiscal year 2012.

## 18. COLUMBUS STATE COMMUNITY COLLEGE

The school has entered into an agreement with Columbus State Community College (CSCC) for students to get college level credit for courses offered at the school and on site at CSCC. Amounts due per the contract for fiscal year 2011 were $68,143. $28,537 was earned and due at June 30, 2011 and listed in accounts payable.

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS
*Focused on Your Future.*

November 18, 2011

To the Board of Directors
Youthbuild Columbus Community School
1183 Essex Avenue
Columbus, OH 43201

## INDEPENDENT AUDITOR'S 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*

We have audited the financial statements of the Youthbuild Columbus Community School (the School) as of and for the year ended June 30, 2011, which collectively comprise the School's basic financial statements and have issued our report thereon dated November 18, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

Management of Youthbuild Columbus Community School is responsible for establishing and maintaining effective 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 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.

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 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.

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 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 no instances of noncompliance or other matters that we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Trustees, management, and others within the school and the 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 specific parties.

Kea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

November 18, 2011

To the Board of Directors
Youthbuild Columbus Community School
1183 Essex Avenue
Columbus, OH 43201

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**Compliance**

We have audited the compliance of the Youthbuild Columbus Community School with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Youthbuild Columbus Community 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 Youthbuild Columbus Community School's management. Our responsibility is to express an opinion on Youthbuild Columbus Community School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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. An audit includes examining, on a test basis, evidence about Youthbuild Columbus Community School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Youthbuild Columbus Community School's compliance with those requirements.

In our opinion, Youthbuild Columbus Community School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

Management of Youthbuild Columbus Community School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Youthbuild Columbus Community School' internal control over compliance with 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 Youthbuild Columbus Community School' internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, 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.

Our consideration of internal control over compliance 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 compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Kea & Associates, Inc.

**YOUTHBUILD COLUMBUS COMMUNITY SCHOOL**
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS**
**FOR THE YEAR ENDED JUNE 30, 2011**

| Federal Grantor/ Pass Through Grantor/ Program Title | CFDA Number | Grant Year | Cash Receipts | Cash Disbursements |
|---|---|---|---|---|
| **U. S. Department of Education** | | | | |
| *Passed Through Ohio Department of Education:* | | | | |
| *Title I Cluster:* | | | | |
| Title I - 2011 | 84.010 | 2011 | $ 258,619 | $ 249,842 |
| ARRA - Title I | 84.389 | 2011 | 0 | 1,098 |
| Title I - School Improvement | 84.010 | 2011 | 0 | 0 |
| Total Title I Cluster | | | 258,619 | 250,940 |
| Title II-A - Improving Teacher Quality - 2011 | 84.367 | 2011 | 9,815 | 9,815 |
| Total Title II-A - Improving Teacher Quality | | | 9,815 | 9,815 |
| *IDEA PART B Cluster:* | | | | |
| IDEA Part B - 2011 | 84.027 | 2011 | 37,564 | 43,442 |
| ARRA - IDEA Part B - 2011 | 84.391 | 2011 | 0 | 0 |
| Total IDEA Part B Cluster | | | 37,564 | 43,442 |
| Safe and Drug-Free Schools - 2011 | 84.186 | 2011 | 1,496 | 0 |
| Total Safe and Drug-Free Schools | | | 1,496 | 0 |
| Education Technology State Grant | 84.318 | 2011 | 1,223 | 899 |
| Total Education Technology State Grants Cluster | | | 1,223 | 899 |
| ARRA - State Fiscal Stabilization Fund | 84.394 | 2011 | 162,865 | 162,865 |
| Total State Fiscal Stabilization Fund | | | 162,865 | 162,865 |
| ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentives | 84.395 | 2011 | 15,814 | 15,640 |
| Total State Fiscal Stabilization Fund - Race-to-the-Top Incentives | | | 15,814 | 15,640 |
| *Total U.S. Department of Education* | | | 487,396 | 483,601 |
| **U. S. Department of Agriculture** | | | | |
| *Passed Through the Ohio Department of Education:* | | | | |
| *Child Nutrition Cluster:* | | | | |
| School Breakfast Program (A) | 10.553 | 2011 | 39,681 | 39,681 |
| Total School Breakfast Program | | | 39,681 | 39,681 |
| National School Lunch Program (A) | 10.555 | 2011 | 64,963 | 64,963 |
| Total National School Lunch Program | | | 64,963 | 64,963 |
| Total Child Nutrition Cluster | | | 104,644 | 104,644 |
| *Total U.S. Department of Agriculture* | | | 104,644 | 104,644 |
| **TOTAL FEDERAL FINANCIAL ASSISTANCE** | | | $ 592,040 | $ 588,245 |

See accompanying Notes to the Schedule of Expenditures of Federal Awards - Cash Basis

**YOUTHBUILD COLUMBUS COMMUNITY SCHOOL**
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS**
**FOR THE YEAR ENDED JUNE 30, 2011**

(A) Federal money is commingled with state subsidy reimbursements. It is assumed federal moneys are expended firs

(B) The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE's approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2011, the Ohio Department of Education (ODE) authorized the following transfers:

| CFDA Number / Grant Title | Grant Year | Transfer In | Transfer Out |
|---|---|---|---|
| 84.010 Title I | 2011 | $ 26,031 | |
| 84.010 Title I | 2010 | | $ 26,031 |
| | | $ 26,031 | $ 26,031 |

**YOUTHBUILD COMMUNITY COLUMBUS SCHOOL**
**FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**OMB CIRCULAR A-133, Section .505**
**JUNE 30, 2011**

## 1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---|---|---|
| (d) (1) (i) | Type of Financial Statement Opinion | Unqualified |
| (d) (1) (ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d) (1) (ii) | Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)? | No |
| (d) (1) (iii) | Were there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| (d) (1) (iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d) (1) (iv) | Were there any other significant deficiencies reported for major federal programs? | No |
| (d) (1) (v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d) (1) (vi) | Are there any reportable findings under Section .510? | No |
| (d) (1) (vii) | Major Programs (list): | Title I Cluster CFDA #84.010 and #84.389<br>ARRA- State Fiscal Stabilization Fund CFDA #84.394 |
| (d) (1) (viii) | Dollar Threshold: Type A/B Programs | Type A: > $300,000<br>Type B: All others |
| (d) (1) (ix) | Low Risk Auditee? | No |

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

**No Findings noted.**

## 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

**No Findings noted.**

Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS
*Focused on Your Future.*

**Independent Accountant's Report on Applying Agreed-Upon Procedures**

Board of Directors
Youthbuild Columbus Community School
1183 Essex Avenue
Columbus, OH 43201

November 18, 2011

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 the Youthbuild Columbus Community School (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.

1. We noted the Board 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 Board 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 and Sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

**YOUTHBUILD COLUMBUS COMMUNITY SCHOOL**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

Susan Babbitt

**CLERK OF THE BUREAU**

**CERTIFIED**
**JANUARY 10, 2012**