



Dave Yost • Auditor of State



**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Position .....	7
Statement of Revenues, Expenses, and Changes in Net Position .....	8
Statement of Cash Flows.....	9
Notes to the Basic Financial Statements .....	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	23

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Autism Academy of Learning  
Lucas County  
219 Page Street  
Toledo, Ohio 43620

To the Governing Board:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the Autism Academy of Learning, Lucas County, Ohio (the Academy), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Autism Academy of Learning, Lucas County, Ohio as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2014, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 18, 2014

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The management's discussion and analysis of the Autism Academy of Learning (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

**Financial Highlights**

Key financial highlights for 2014 are as follows:

- In total, net position was \$481,191 at June 30, 2014.
- The Academy had operating revenues of \$1,530,136 and operating expenses of \$1,672,616 for fiscal year 2014. The Academy also received \$131,478 in federal and State grants during fiscal year 2014. The total change in net position for the fiscal year was a decrease of \$8,714.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

**Reporting the Academy Financial Activities**

***Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows***

These documents look at all financial transactions and ask the question, "How did we do financially during 2014?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets plus deferred outflows, liabilities plus deferred inflows, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net position* and changes in net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

The statement of cash flows provides information about how the Academy finances and is meeting the cash flow needs of its operations.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The table below provides a summary of the Academy's net position for fiscal years 2014 and 2013.

	<b>Net Position</b>	
	<u>2014</u>	<u>2013</u>
<b><u>Assets</u></b>		
Current assets	\$ 549,042	\$ 524,860
Capital assets, net	<u>31,317</u>	<u>50,805</u>
 Total assets	 <u>580,359</u>	 <u>575,665</u>
<b><u>Liabilities</u></b>		
Current liabilities	88,319	71,388
Non-current liabilities	<u>10,849</u>	<u>14,372</u>
 Total liabilities	 <u>99,168</u>	 <u>85,760</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	16,945	33,115
Restricted	7,951	8,872
Unrestricted	<u>456,295</u>	<u>447,918</u>
 Total net position	 <u>\$ 481,191</u>	 <u>\$ 489,905</u>

At June 30, 2014, the Academy's assets increased by \$4,694. Cash and cash equivalents increased by \$93,337 due to decrease in the Academy's expenditures for materials and supplies, and intergovernmental receivables decreased by \$60,151. The decrease in intergovernmental receivables is primarily due to timing of grant receipts. Total liabilities increased by \$13,408 from fiscal year 2013. The net position of the Academy decreased \$8,714, which represents a 1.78 percent decrease from fiscal year 2013.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

The table below shows the changes in net position for fiscal years 2014 and 2013.

**Change in Net Position**

	<u>2014</u>	<u>2013</u>
<b><u>Operating Revenues:</u></b>		
Special education	\$ 1,181,663	\$ 1,238,664
Foundation basic aid	343,418	336,534
Sales/charges for services	47	1,572
Other operating revenue	<u>5,008</u>	<u>2,803</u>
Total operating revenue	<u>1,530,136</u>	<u>1,579,573</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	869,329	897,937
Fringe benefits	271,638	267,928
Purchased services	426,987	431,262
Materials and supplies	47,337	43,448
Depreciation	24,008	27,454
Other	<u>33,317</u>	<u>30,198</u>
Total operating expenses	<u>1,672,616</u>	<u>1,698,227</u>
<b><u>Non-operating revenues (expenses):</u></b>		
Federal and state grants	131,478	113,890
Interest income	1,044	1,245
Contributions and donations	2,215	5,282
Gain on disposal of capital assets	-	7,023
Interest and fiscal charges	<u>(971)</u>	<u>(322)</u>
Total non-operating revenues (expenses)	<u>133,766</u>	<u>127,118</u>
Change in net position	(8,714)	8,464
Net position at beginning of year	<u>489,905</u>	<u>481,441</u>
Net position at end of year	<u>\$ 481,191</u>	<u>\$ 489,905</u>

State Foundation Basic Aid and Special Education, as a whole, are the primary support for the Academy, representing 91.60 percent of the total operating and non-operating revenue during fiscal year 2014. Community schools receive no support from tax revenues.

Operating expenses remained relatively stable from fiscal year 2013 to fiscal year 2014, with a slight decrease of 1.51 percent.

**Capital Assets**

At June 30, 2014, the Academy had \$31,317 invested in furniture, fixtures and equipment, leasehold improvements, vehicles and capital leases net of accumulated depreciation. The Academy had \$4,520 in capital acquisitions and \$24,008 in depreciation expense in fiscal year 2014. Capital assets, net of accumulated depreciation decreased \$19,488 from fiscal year 2014. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(UNAUDITED)**

**Debt Administration**

At June 30, 2014, the Academy had \$14,372 in capital lease obligations outstanding. Of this amount, \$3,523 was due in one year and \$10,849 was due in more than one year. See Note 12 in the notes to the basic financial statements for more detail on long-term obligations.

**Current Financial Related Activities**

The Autism Academy of Learning was formed in 2001. During the 2013-2014 school year there were 51 students enrolled in the Academy. The Academy receives its finances mostly from State aid. In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for State and Federal funds that are made available to finance its operations.

**Contacting the Academy's Financial Management**

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Carol Holmes, Board President of Autism Academy of Learning, 219 Page Street, Toledo, Ohio 43620 or email at [board@theautismacademy.org](mailto:board@theautismacademy.org).

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2014

**Assets:**

Current assets:

Equity in pooled cash and cash equivalents . . . . .	\$ 477,798
Receivables:	
Accounts . . . . .	199
Intergovernmental. . . . .	51,682
Prepayments . . . . .	19,363
	549,042
Total current assets . . . . .	549,042

Non-current assets:

Depreciable capital assets, net . . . . .	31,317
	31,317

Total assets. . . . .	580,359
-----------------------	---------

**Liabilities:**

Current liabilities:

Accounts payable. . . . .	28,487
Accrued wages and benefits . . . . .	23,237
Pension obligation payable. . . . .	3,826
Intergovernmental payable . . . . .	29,246
Capital leases payable . . . . .	3,523
	88,319

Total current liabilities . . . . .	88,319
-------------------------------------	--------

Non-current liabilities:

Capital leases payable . . . . .	10,849
	10,849

Total liabilities . . . . .	99,168
-----------------------------	--------

**Net position:**

Net investment in capital assets. . . . .	16,945
Restricted for locally funded programs. . . . .	7,951
Unrestricted. . . . .	456,295
	481,191
Total net position. . . . .	\$ 481,191

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<b>Operating revenues:</b>	
Special education . . . . .	\$ 1,181,663
Foundation revenue . . . . .	343,418
Sales/charges for services. . . . .	47
Other . . . . .	5,008
Total operating revenues . . . . .	<u>1,530,136</u>
<b>Operating expenses:</b>	
Salaries and wages. . . . .	869,329
Fringe benefits. . . . .	271,638
Purchased services. . . . .	426,987
Materials and supplies . . . . .	47,337
Other. . . . .	33,317
Depreciation . . . . .	24,008
Total operating expenses. . . . .	<u>1,672,616</u>
Operating loss. . . . .	<u>(142,480)</u>
<b>Non-operating revenues (expenses):</b>	
Federal and state operating grants . . . . .	131,478
Interest revenue . . . . .	1,044
Contributions and donations. . . . .	2,215
Interest and fiscal charges . . . . .	(971)
Total nonoperating revenues (expenses). . . . .	<u>133,766</u>
Change in net position . . . . .	(8,714)
<b>Net position at beginning of year. . . . .</b>	<u>489,905</u>
<b>Net position at end of year . . . . .</b>	<u><u>\$ 481,191</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

<b>Cash flows from operating activities:</b>	
Cash received from state foundation . . . . .	\$ 1,525,081
Cash received from sales/charges for services. . . . .	47
Cash received from other operations . . . . .	5,008
Cash payments for salaries and wages. . . . .	(859,670)
Cash payments for fringe benefits . . . . .	(257,794)
Cash payments for contractual services . . . . .	(416,170)
Cash payments for materials and supplies . . . . .	(47,378)
Cash payments for other expenses . . . . .	(32,100)
	(82,976)
<b>Net cash used in operating activities . . . . .</b>	
<b>Cash flows from noncapital financing activities:</b>	
Federal and state operating grants. . . . .	181,863
Cash received contributions and donations . . . . .	2,215
	184,078
<b>Net cash provided by noncapital financing activities. . . . .</b>	
<b>Cash flows from capital and related financing activities:</b>	
Interest and fiscal charges . . . . .	(971)
Principal retirement on capital lease . . . . .	(3,318)
Acquisition of capital assets . . . . .	(4,520)
	(8,809)
<b>Net cash used in capital and related financing activities. . . . .</b>	
<b>Cash flows from investing activities:</b>	
Interest received . . . . .	1,044
	1,044
<b>Net increase in cash and cash equivalents . . . . .</b>	
	93,337
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>384,461</b>
<b>Cash and cash equivalents at end of year . . . . .</b>	<b>\$ 477,798</b>
	477,798
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss. . . . .	\$ (142,480)
Adjustments:	
Depreciation . . . . .	24,008
Changes in assets and liabilities:	
(Increase) in accounts receivable . . . . .	(199)
Decrease in intergovernmental receivable . . . . .	9,766
Decrease in prepayments . . . . .	9,203
Increase in accounts payable. . . . .	11,502
Increase in accrued wages and benefits . . . . .	9,779
Increase in intergovernmental payable. . . . .	370
Decrease in pension obligation payable . . . . .	(4,925)
	(82,976)
<b>Net cash used in operating activities . . . . .</b>	<b>\$ (82,976)</b>
	(82,976)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**This page intentionally left blank.**

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**1. DESCRIPTION OF THE ACADEMY**

Autism Academy of Learning (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events which have occurred that might adversely affect the Academy's tax exempt status. The Academy provides services to autistic students ages 5 through 21 year-round and operates a Parent Resource Room, which offers parents of enrolled students resources and information on parenting children with autism. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under contract with the Educational Service Center of Lake Erie West (the "Sponsor") commencing July 12, 2001. The sponsorship agreement has been renewed on a yearly basis since the expiration of the original contract. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The sponsorship agreement states the Treasurer of Educational Service Center of Lake Erie West shall serve as the Chief Financial Officer of the Academy (See Note 13).

The Academy operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's one instructional/support facility staffed by 26 non-certified and 10 certified teaching personnel who provide services to 51 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy's significant accounting policies are described below.

**A. Basis of Presentation**

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

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**B. Measurement Focus**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

**C. Basis of Accounting**

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

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

Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

**D. Budgetary Process**

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

**E. Cash and Cash Equivalents**

All monies received by the Academy are accounted for by the Academy's fiscal agent, the Educational Service Center of Lake Erie West. All cash received by the fiscal agent is maintained in separate bank accounts in the Academy's name. Monies for the Academy are maintained in these accounts or temporarily used to purchase short-term investments.

For the purposes of the statement of cash flows and for presentation on the statement of net position, investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During the fiscal year ended 2014, the Academy only had deposits.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**F. Capital Assets and Depreciation**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the dates received. The Academy maintains a capitalization threshold of \$250. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Live</u>
Leasehold improvements	3 Years
Furniture, fixtures and equipment	5 Years
Vehicles	5 Years
Computers	3 Years

**G. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program, State Special Education Program, Title I, IDEA-B grant and Title II-A. Revenues from the State foundation program are recognized as operating revenue in the accounting period in which all eligibility requirements had been met. Revenues received from the remaining programs are recognized as non-operating revenues in the accompanying financial statements. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2014, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

**I. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

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

**J. Estimates**

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

**K. Operating Revenues and Expenses**

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

**3. ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2014, the Academy has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the Academy.

**4. DEPOSITS**

At June 30, 2014, the carrying amount of all Academy deposits was \$477,798. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, the Academy's bank balance was \$500,769, of this \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$209,418 was covered by the National Credit Union Administration (NCUA). \$41,351 of the Academy's bank balance was exposed to custodial credit risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy. The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Academy to a successful claim by the FDIC.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**5. RECEIVABLES**

Receivables at June 30, 2014, consisted of intergovernmental receivables arising from grants and entitlements and accounts receivable from miscellaneous receipts. All receivables are considered collectable in full. A summary of the intergovernmental receivables follows:

<b>Intergovernmental receivables:</b>	<u>Amount</u>
Title I	\$ 2,786
Casino revenue sharing	1,317
Medicaid	<u>47,579</u>
Total intergovernmental receivables	<u>\$ 51,682</u>

**6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Balance</u>	<u>06/30/13</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u>	<u>06/30/14</u>
<i>Capital assets, being depreciated:</i>						
Furniture, fixtures and equipment	\$ 77,164	\$ 4,520	\$ -	\$ -	\$ 81,684	
Leasehold improvements	28,042	-	-	-	28,042	
Vehicles	138,181	-	-	-	138,181	
Capital leases	<u>18,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,440</u>	
Total capital assets, being depreciated	<u>261,827</u>	<u>4,520</u>	<u>-</u>	<u>-</u>	<u>266,347</u>	
<i>Accumulated depreciation:</i>						
Furniture, fixtures and equipment	(66,949)	(6,004)	-	-	(72,953)	
Leasehold improvements	(28,042)	-	-	-	(28,042)	
Vehicles	(114,187)	(14,316)	-	-	(128,503)	
Capital leases	<u>(1,844)</u>	<u>(3,688)</u>	<u>-</u>	<u>-</u>	<u>(5,532)</u>	
Total accumulated depreciation	<u>(211,022)</u>	<u>(24,008)</u>	<u>-</u>	<u>-</u>	<u>(235,030)</u>	
Capital assets, net	<u>\$ 50,805</u>	<u>\$ (19,488)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,317</u>	

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**7. RISK MANAGEMENT**

**A. Property and Liability**

The Academy 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 2014, the Academy contracted with Philadelphia Insurance Company for general liability and property insurance and educational errors and omissions insurance.

Coverage is as follows:

<u>Coverage</u>	<u>Limits of Coverage</u>
Commercial General Liability per occurrence	\$ 1,000,000
Commercial General Liability aggregate	3,000,000
Personal Injury and Property Damage	1,000,000
Directors and Officers Liability per occurrence	1,000,000
Directors and Officers Liability aggregate	2,000,000
Business Automobile	1,000,000
Umbrella Liability	5,000,000

Settled claims have not exceeded this coverage in any of the past three years. There has been no other significant reduction in coverage from the prior fiscal year.

The Academy owns no property, but leases a facility located at 219 Page Street, Toledo, Ohio 43620 (See Note 10).

**B. Workers' Compensation**

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

**C. Employee Benefits**

From July 1, 2013 through January 31, 2014, the Academy provided medical/surgical benefits to its salaried employees through Paramount. Effective February 1, 2014, the Academy no longer provided medical/surgical benefits. Salaried employees that previously had coverage received a salary increase in lieu of coverage. The Academy also provides vision benefits to most employees through Vision Service Plan and dental benefits through Delta Dental.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**8. PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 14 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$61,851, \$67,816 and \$75,899, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**B. State Teachers Retirement System of Ohio**

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

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

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**8. PENSION PLANS (Continued)**

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

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 14 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$50,264, \$49,781 and \$56,422, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$5,251 made by the Academy and \$4,126 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2014 certain members of the Board of Directors have elected Social Security. The Academy's liability is 6.2 percent of wages paid.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The Academy participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

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

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$9,561, \$9,166 and \$12,820, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2014, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$3,588, \$3,831 and \$4,482, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" 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 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2014, 2013 and 2012 were \$3,866, \$3,829 and \$4,340, respectively; 100 percent has been contributed for fiscal years 2014, 2013 and 2012.

**10. OPERATING LEASES**

The Academy entered into an operating lease agreement with the Roman Catholic Diocese of Toledo in America, for the operation of the Academy's facility, for a term beginning March 1, 2004 through August 31, 2006. The lease agreement was renewed, began July 1, 2011 through July 31, 2017. This agreement is, in substance, a rental agreement (operating lease) and is classified as purchased services in the financial statements. Facility lease payments for the year totaled \$115,200 during fiscal year 2014.

**11. CAPITALIZED LEASE - LESSEE DISCLOSURE**

In a prior year, the Academy entered into a capital lease for copier equipment. Principal payments made totaled \$3,318 for fiscal year 2014.

Capital assets have been capitalized in the amount of \$18,440. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2014 was \$5,532, leaving a current book value of \$12,908. A corresponding liability is recorded on the statement of net position.

The following is a schedule of the future minimum lease payments required under the capital lease and present value of the minimum lease payments as of June 30, 2014:

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**11. CAPITALIZED LEASE - LESSEE DISCLOSURE (Continued)**

Fiscal Year Ending <u>June 30,</u>	<u>Payments</u>
2015	\$ 4,289
2016	4,289
2017	4,289
2018	<u>3,217</u>
Total future minimum lease payments	16,084
Less: amount representing interest	<u>(1,712)</u>
Present value of future minimum lease payments	<u>\$ 14,372</u>

**12. LONG-TERM OBLIGATIONS**

The changes in the Academy's long-term obligations during the year consist of the following:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Amounts</u>
	<u>6/30/13</u>			<u>6/30/14</u>	<u>Due in</u>
					<u>One Year</u>
Capital lease obligation	<u>\$ 17,690</u>	<u>\$ -</u>	<u>\$ (3,318)</u>	<u>\$ 14,372</u>	<u>\$ 3,523</u>

See Note 11 for details on capital lease obligations.

**13. FISCAL AGENT**

The Academy entered into a service agreement as part of its Sponsorship contract with the Treasurer of the Educational Service Center of Lake Erie West (the "Sponsor") to serve as the Chief Fiscal Officer of the Academy. As part of this agreement, the Academy shall compensate the Sponsor two percent of the per pupil allotment paid to the Academy from the State of Ohio. Total contract payments of \$29,689 in fiscal fees and \$30,865 in Sponsor fees were paid during fiscal year 2014. A liability in the amount of \$2,599 was accrued for June 2014 fiscal fees.

The Treasurer shall perform all of the following functions while serving as the Chief Fiscal Officer of the Academy:

- Maintain custody of all funds received by the Academy in segregated accounts separate from the Sponsor or any other Community Academy's funds;
- Maintain all books and accounts of the Academy;
- Maintain all financial records of all State funds of the Academy and follow State Auditor procedures for receiving and expending State funds;
- Assist the Academy in meeting all financial reporting requirements established by the Auditor of the State of Ohio;
- Invest funds of the Academy in the same manner as the funds of the Sponsor are invested, but the Treasurer shall not commingle the funds with any of the Sponsor or any other community Academy; and,

**AUTISM ACADEMY OF LEARNING  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Continued)**

**13. FISCAL AGENT (Continued)**

- Pay obligations incurred by the Academy within a reasonable amount of time, not more than 14 calendar days after receipt of a properly executed voucher signed by the Chief Administrative Office of the Academy so long as the proposed expenditure is within the approved budget and funds are available.

**14. PURCHASED SERVICES**

For fiscal year 2014, purchased services expenses were payments for services rendered by various vendors, as follows:

Professional and technical services	\$ 287,344
Property services	128,987
Travel	2,691
Communcations	6,329
Other	<u>1,636</u>
Total	<u>\$ 426,987</u>

**15. CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure 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, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2014, if applicable, cannot be determined at this time.

**B. State Foundation Funding**

The Ohio Department of Education conducts reviews of enrollment data 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. There were no significant adjustments to State funding for fiscal year 2015 as a result of review.

**C. Litigation**

The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.



# Dave Yost • Auditor of State

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

Autism Academy of Learning  
Lucas County  
219 Page Street  
Toledo, Ohio 43620

To the Governing Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Autism Academy of Learning, Lucas County, Ohio (the Academy) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 18, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 18, 2014



# Dave Yost • Auditor of State

**AUTISM ACADEMY OF LEARNING**

**LUCAS 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 15, 2015**