

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

*(AUDITED)*

**BASIC FINANCIAL STATEMENTS**

*FOR THE FISCAL YEAR ENDED  
JUNE 30, 2014*

**MICHAEL TROPER, TREASURER**





# Dave Yost • Auditor of State

Board of Directors  
Midnimo Cross Cultural Community School  
1567 Loretta Avenue  
Columbus, Ohio 43211

We have reviewed the *Independent Auditor's Report* of the Midnimo Cross Cultural Community School, Franklin County, prepared by Julian & Grube, Inc., for the audit period July 1, 2013 through June 30, 2014. 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 Midnimo Cross Cultural Community School is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

March 15, 2015

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**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

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

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Auditor's Report

Midnimo Cross Cultural Community School  
Franklin County  
1567 Loretta Avenue  
Columbus, Ohio 43211

To the Board of Directors:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the Midnimo Cross Cultural Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Midnimo Cross Cultural Community School'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 Midnimo Cross Cultural Community School'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 Midnimo Cross Cultural Community School'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 Midnimo Cross Cultural Community School, Franklin County, Ohio, as of June 30, 2014, and the changes in its financial position and its cash flows for the fiscal 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.

***Supplementary and Other Information***

Our audit was conducted to opine on the Midnimo Cross Cultural Community School's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents additional analysis as required by the 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 financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2014, on our consideration of the Midnimo Cross Cultural Community 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. 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 Midnimo Cross Cultural Community School's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 26, 2014

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

The discussion and analysis of Midnimo Cross Cultural Community School’s (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2014. 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 the notes to the basic financial statements to enhance their understanding of the School’s financial performance.

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

**Financial Highlights**

Key financial highlights for the Midnimo Cross Cultural Community School during the period ended June 30, 2014 are as follows:

- Total net position of the School increased by \$15,791 from the prior year.
- Total assets increased by \$750 from the prior year.
- Total liabilities decreased by \$15,041 from the prior year.
- The School’s operating loss for this fiscal year was \$501,916.

**Using this Financial Report**

This financial report contains the basic financial statements of the School, as well as the Management’s Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net position, statement of revenues, expenses and changes in net position, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

*Statement of Net Position*

The statement of net position answers the question, “How did we do financially during the fiscal year?” This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the 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.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

This statement reports the School's net position; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the School's net position for June 30, 2014 compared to those reported for fiscal year 2013.

(Table 1)  
**Net Position**

	<b>2014</b>	<b>2013</b>
<b>Assets</b>		
Current Assets	\$ 53,614	\$ 48,850
Capital Assets, Net	16,438	20,452
Total Assets	70,052	69,302
<b>Liabilities</b>		
Current Liabilities	27,903	42,944
Total Liabilities	27,903	42,944
<b>Net Position</b>		
Investment in Capital Assets	16,438	20,452
Restricted	14,283	2,701
Unrestricted	11,428	3,205
Total Net Position	\$ 42,149	\$ 26,358

The total assets of the School increased by \$750, which represents a 1.1% increase, from the amount reported for fiscal year 2013. This is a result of an increase in cash on hand at year-end.

Total liabilities of the School decreased \$15,041 over those reported in fiscal year 2013.

The total net position reported for fiscal year 2014 increased by \$15,791. Unrestricted net position increased by \$8,223. Restricted net position increased by \$11,582.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

Table 2 shows the changes in net position for the fiscal year ended June 30, 2014 as compared to changes reported for fiscal year 2013.

(Table 2)

**Change in Net Position**

	<u>2014</u>	<u>2013</u>
<b>Operating Revenues</b>		
Foundation	\$ 536,652	\$535,534
<b>Non-Operating Revenues</b>		
Federal and State	503,634	431,659
Miscellaneous	14,073	420
Total Revenues	<u>1,054,359</u>	<u>967,613</u>
<b>Operating Expenses</b>		
Purchased Services	1,031,093	898,765
Material and Supplies	3,161	18,450
Depreciation	4,014	1,234
Other Expenses	300	28,500
Total Expenses	<u>1,038,568</u>	<u>946,949</u>
Change in Net Position	15,791	20,664
Net Position, Beginning of Year	<u>26,358</u>	<u>5,694</u>
Net Position, End of Year	<u>\$ 42,149</u>	<u>\$ 26,358</u>

Total revenue increased \$86,746 during this fiscal year compared with the prior fiscal year due to a decrease in student enrollment.

Total expenses reported for this fiscal year were \$91,619 more than the expenses reported for fiscal year 2013. This is due to an increase in federal revenue and the corresponding increase in operating expenses.

**Capital Assets**

At June 30, 2014, the School had \$16,438 invested in capital assets. See Note 4 of the basic financial statements for additional details.

**Debt**

At June 30, 2014, the School had no outstanding debt.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

**Budgetary**

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in the Ohio Review Code Chapter 5705 unless specifically provided in the School's contract with its Sponsor. The School does provide an annual budget in addition to five-year forecasts in October and May of each fiscal year according to its Sponsor agreement.

**Current Financial Related Activities**

The School is sponsored by North Central Ohio Educational Service Center (NCOESC). The term of the Contract is from July 1, 2013 through June 30, 2018. NCOESC will be paid three percent (3%) of the total state foundation payment received by the School.

The School is reliant upon State Foundation monies and Federal Sub-Grants to offer quality, educational services to students. In order to continually provide learning opportunities to the School's students, the School will apply resources to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

**Contacting the School**

This financial report is designed to provide a general overview of the finances of the Midnimo Cross Cultural Community School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Midnimo Cross Cultural Community School, 1500 West Third Avenue, Suite 125, Columbus, Ohio 43211.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2014**

ASSETS

CURRENT ASSETS

Cash	\$ 35,492
Intergovernmental Receivable	<u>18,122</u>

Total Current Assets 53,614

NON-CURRENT ASSETS

Capital Assets, Net	<u>16,438</u>
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TOTAL ASSETS 70,052

LIABILITIES

CURRENT LIABILITIES

Accounts Payable	<u>27,903</u>
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Total Current Liabilities 27,903

TOTAL LIABILITIES 27,903

NET POSITION

Investments in Capital Assets	16,438
Restricted	14,283
Unrestricted	<u>11,428</u>

TOTAL NET POSITION \$ 42,149

See Accompanying Notes to the Financial Statements

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

OPERATING REVENUES	
Foundation Payments	<u>\$ 536,652</u>
Total Operating Revenues	<u>536,652</u>
OPERATING EXPENSES	
Purchased Services	\$ 1,031,093
Materials and Supplies	3,161
Miscellaneous	300
Depreciation	<u>4,014</u>
Total Operating Expenses	<u>1,038,568</u>
Operating Loss	<u>(501,916)</u>
NON-OPERATING REVENUES	
State and Federal Grant Revenue	503,634
Other Revenue	<u>14,073</u>
Total Non-Operating Revenues	<u>517,707</u>
Changes in Net Position	15,791
Net Position, Beginning of Year	<u>26,358</u>
Net Position, End of Year	<u><u>\$ 42,149</u></u>

See Accompanying Notes to the Financial Statements.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**INCREASE (DECREASE) IN CASH**

**Cash Flows from Operating Activities**

Cash Received from State of Ohio	\$ 556,911
Cash Payments to Suppliers for Goods and Services	<u>(1,049,595)</u>
Net Cash Used for Operating Activities	<u>(492,684)</u>

**Cash Flows from Noncapital Financing Activities**

State and Federal Grants	503,634
Other Revenue	<u>14,073</u>
Net Cash Provided by Noncapital Financing Activities	<u>517,707</u>

Net Increase in Cash 25,023

Cash, Beginning of Year 10,469

Cash, End of Year 35,492

**Reconciliation of Operating Loss to Net Cash Used for Operating Activities**

Operating Loss (501,916)

Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:

Depreciation 4,014

Changes in Assets and Liabilities:

(Increase) Decrease in Intergovernmental Receivable 20,259

Increase (Decrease) in Accounts Payable (15,041)

Total Adjustments 9,232

Net Cash Used for Operating Activities \$ (492,684)

See Accompanying Notes to the Financial Statements.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>1. Description of the School and Reporting Entity</b>
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Midnimo Cross Cultural Community School (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School, which is part of the State's education program, is independent of any school district and is non sectarian 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 originally approved for operation under a contract with the St. Aloysius Orphanage. Effective July 1, 2013, the School entered into a sponsor agreement with North Central Ohio Educational Service Center for a term of five years ending June 30, 2018. The School will utilize the building operated by the sponsor located at 1567 Loretta Avenue, Columbus, Ohio 43211.

The School is required to operate under the direction of a Governing Board consisting of at least five members. The Governing 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.

On May 28, 2007, the School and Educational Solutions Co. entered into a full-performance management contract. Under this contract, Educational Solutions Co. is obligated to manage and operate the School. Educational Solutions Co. is an Ohio non-profit corporation that was established and is operated for educational purposes to support Ohio community schools. It was granted federal tax exemption under IRS Section 501(c)(3), and it is classified as a public charity under IRS Section 509(a)(3), a supporting organization. In addition to the School, Educational Solutions Co. currently supports two other Ohio community schools. Each of its supported schools are members of Educational Solutions Co., as such term is defined by Ohio Revised Code Chapter 1702. As members of Educational Solutions Co., the schools, under Educational Solutions Co.'s Code of Regulations, elect a majority of the Board of Directors of Educational Solutions Co. As a result of this relationship, Educational Solutions Co. is "operated, supervised, or controlled by" its supported schools, as such term is defined by Regs. Section 1.509(a)-4(g), and Educational Solutions Co. is a Type I supporting organization. As a result of this relationship, Educational Solutions Co. is responsive to the needs and demands of its supported schools and is an integral part of their operations.

<b>2. Summary of Significant Accounting Policies</b>
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The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB)

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>2. Summary of Significant Accounting Policies (Continued)</b>
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is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

**A. Basis of Presentation**

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

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The difference between total assets and liabilities are defined as net position. The statement of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**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 Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

**D. Cash**

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds. Cash is defined as demand deposits, savings, and investments with original maturity less than 90 days.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

**E. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School capitalizes all capital assets, regardless of cost. Improvements are capitalized. The cost 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.

All reported capital assets are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Life</u>
Buildings	40 years
Furniture, Fixtures, and Equipment	5 years
Leasehold Improvements	15 years

**F. 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 these estimates.

**G. Intergovernmental Revenues**

The School is a participant in the State Foundation Program. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Intergovernmental revenues associated with the Foundation Program totaled \$536,652 and revenues associated with specific education grants from the state and federal governments totaled \$503,634 during fiscal year 2014.

**H. Federal Tax Exemption Status**

The School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>2. Summary of Significant Accounting Policies (Continued)</b>
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**I. Operating and Non-Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program. Operating expenses are necessary costs incurred to support the School's primary mission, including purchased services, materials and supplies and depreciation.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings, if any, and payments made to the School by other instructional entities for use of the School's instructional staff comprise the non-operating revenues of the School. Interest and fiscal charges on outstanding obligations, as well as gain or loss on capital asset disposals, if any, comprise the non-operating expenses.

**J. Accrued Liabilities**

Obligations incurred but unbilled prior to June 30, 2014 are reported as accrued liabilities in the accompanying financial statements. Accrued liabilities totaled \$27,903 at June 30, 2014.

**K. Deferred Outflow / Deferred Inflows of Resources**

In addition to assets, the statement of financial position may report a separate category for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2014, the School reported no deferred outflows of resources.

In addition to liabilities, the statement of net position may report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until then. At June 30, 2014, the School had no items which were classified as deferred inflows of resources.

**L. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation reduced by any outstanding capital related debt. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

**2. Summary of Significant Accounting Policies (Continued)**

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

**M. Economic Dependency**

The School receives 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

**3. Deposits**

At June 30, 2014, the carrying amount of the School's deposits was \$35,492 and the bank balance was \$40,253. Based on the criteria in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, the School's bank balance was covered by the Federal Deposit Insurance Corporation.

**4. Capital Assets**

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

	Balance <u>7/1/2013</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2014</u>
<b>Capital Assets:</b>				
Furniture and Equipment	\$ 103,448		\$ -	\$ 103,448
Total Assets	<u>103,448</u>		<u>-</u>	<u>103,448</u>
<b>Depreciation:</b>				
Furniture and Equipment Accumulated	\$(82,996)	\$(4,014)	\$ -	\$(87,010)
Depreciation	<u>(82,996)</u>	<u>(4,014)</u>	<u>-</u>	<u>(87,010)</u>
<b>Capital Assets, Net</b>	<u>\$ 20,452</u>			<u>\$ 16,438</u>

**5. Defined Benefit Pension Plans**

The School has contracted with Educational Solutions to provide employee services and to pay those employees. However, these contract services do not relieve the School of the obligation for remitting pension contributions. The retirement systems consider the School as the Employer-of-Record and the School ultimately responsible for remitting retirement contributions to each of the systems noted below: (See Note 11)

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>5. Defined Benefit Pension Plans (Continued)</b>
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**A. School Employees Retirement System**

**Plan Description**

The School contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under **Employers/Audit Resources**.

**Funding Policy**

Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$25,210, \$15,703, and \$15,097, respectively; which were equal to the required contributions for each year.

**B. State Teachers Retirement System**

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone comprehensive annual financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling toll-free 1-888-227-7877, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>5. Defined Benefit Pension Plans (Continued)</b>
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New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

The DB Plan benefits are established under Chapter 3307 of the Ohio Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the formula benefit the retirement allowance is based on years of credited service and final average salary, which is the average of the members’ three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5% with an additional one-tenth of a percent added to the calculation for every year over 31 years until 100% of the final average salary is reached. For members with 35 or more years of Ohio contributing services, the first 30 years will be calculated at 2.5%. Under the money-purchase benefit, members’ lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. The total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance. Benefits are increased annually by 3% of the original base amount.

The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. Benefits are established under Sections 3307.80 to 3307.89 of the Ohio Revised Code. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the members’ designated beneficiary is entitled to receive the member’s account balance.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

**5. Defined Benefit Pension Plans (Continued)**

Combined Plan offers features of the DC Plan and the DB Plan. Member contributions are allocated to investments selected by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Plan members' defined benefit is determined by multiplying 1% of the members' final average salary by the members' years of service credit. The defined benefit portion of the Combined Plan is payable to members on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. The statutory maximum employee contribution rate was increased one percent July 1, 2013, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2014, plan members were required to contribute 11 percent of their annual covered salary. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$57,914, \$56,104, and \$54,689, respectively; which were equal to the required contributions for each year.

**6. Post-Employment Benefits**

**A. School Employee Retirement System**

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

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>6. Post-Employment Benefits (Continued)</b>
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**Medicare Part B Plan**

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B 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. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The School contributions for the years ended June 30, 2014, 2013 and 2012 were \$1,462, \$887, and \$892, respectively, which equaled the required contributions each year.

**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 HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. 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. Statues provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum 4 compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013 and 2012 were \$775, \$1,798, and \$2,702, respectively; which were equal to the required contributions for each year.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

**6. Post-Employment Benefits (Continued)**

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

The financial reports of SERS' Health Care and Medicaid B plans are included in its Comprehensive Annual Financial Report. This report can be obtained on SERS Website at [www.ohsers.org](http://www.ohsers.org) under **Employer/Audit Resources**.

**B. State Teachers Retirement System**

**Plan Description**

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](http://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 2014, 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, 2014, 2013 and 2012 were \$4,454, \$4,316, and \$4,207, respectively; which were equal to the required contributions for each year.

**7. Risk Management**

**A. Property and Liability**

The Management Co. assumed all property and liability risk (Note 11).

**B. Workers' Compensation**

The Management Co. pays the State Worker's Compensation System a premium for employee injury coverage (Note 11).

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

**8. Restricted Net Position**

At June 30, 2014, the School reported \$14,283 in restricted net position. The nature of the net position restrictions were for state and federal specific educational program grants.

**9. Purchased Services**

During the fiscal year ended June 30, 2014, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	\$769,359
Travel / Meeting	224,783
Contracted Services (Food Service)	36,951
Total Purchased Services	<u>\$1,031,093</u>

**10. Management Agreement**

On May 28, 2007, the School and Educational Solutions Co. entered into a full-performance management contract. Under this contract, Educational Solutions Co. is obligated to manage and operate the School. Educational Solutions Co. is an Ohio non-profit corporation that was established and is operated for educational purposes to support Ohio community schools. It was granted federal tax exemption under IRS Section 501(c)(3), and it is classified as a public charity under IRS Section 509(a)(3), a supporting organization. In addition to the School, Educational Solutions Co. currently supports three other Ohio community schools. Each of its supported schools are members of Educational Solutions Co., as such term is defined by Ohio Revised Cod Chapter 1702. As members of Educational Solutions Co., the schools, under Educational Solutions Co.'s Code of Regulations, elect a majority of the Board of Directors of Educational Solutions Co. As a result of this relationship, Educational Solutions Co. is "operated, supervised, or controlled by" its supported schools, as such term is defined by Regs. Section 1.509(a)-4(g), and Educational Solutions Co. is a Type I supporting organization. As a result of this relationship, Educational Solutions Co. is responsive to the needs and demands of its supported schools and is an integral part of their operations. Additionally Educational Solutions Co. will assume the obligations of the School under the existing contract.

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY**

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

<b>11. Management Company Expenses</b>
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For the year ended June 30, 2014 Educational Solutions Co. incurred the following expenses on behalf of the School:

<b>Direct Expenses:</b>	
Salaries and Wages	\$ 277,151
Employees' Retirement and Insurance Benefits	19,939
Professional and Technical Services	45,447
Property Services	50,981
Travel Mileage / Meeting Expense	1,514
Utilities Services	40,973
Other Supplies	24,699
<b>Indirect Expenses:</b>	
Overhead	295,902
<b>Total Expenses</b>	<u>\$ 756,606</u>

Educational Solutions charges expenses benefiting more than one school (i.e., overhead) pro rata based on the percentage of FTE students per school in relation to all the schools that Educational Solutions manages.

<b>12. Contingencies</b>
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**A. Grants**

The School 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 of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2014, if applicable, cannot be determined at this time.

**B. State Funding**

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. The review of fiscal year 2014 has been performed and the School was underpaid and due \$663 of June 30, 2014. This amount has been recorded as an intergovernmental receivable.

## **SUPPLEMENTARY DATA**

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	(A) Pass Through Entity Number	Federal CFDA Number	(B) Receipts	(B) Disbursements
Program Title				
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>				
Child Nutrition Grant Cluster:				
(C)(D) School Breakfast Program	2014	10.553	\$ 15,321	\$ 15,321
(C)(D) National School Lunch Program	2014	10.555	30,785	30,785
Total Child Nutrition Grant Cluster and U.S. Department of Agriculture			<u>46,106</u>	<u>46,106</u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	2013	84.010	23,921	27,498
Title I Grants to Local Educational Agencies	2014	84.010	158,654	157,189
Total Title I Grants to Local Educational Agencies			<u>182,575</u>	<u>184,687</u>
Special Education Grants to States	2013	84.027	2,497	2,497
Special Education Grants to States	2014	84.027	9,930	9,537
Total Special Education Grants to States			<u>12,427</u>	<u>12,034</u>
Twenty-First Century Community Learning Centers	2014	84.287	198,653	186,843
English Language Acquisition State Grants	2013	84.365	4,234	4,248
English Language Acquisition State Grants	2014	84.365	47,818	47,523
Total English Language Acquisition State Grants			<u>52,052</u>	<u>51,771</u>
Improving Teacher Quality State Grants	2014	84.367	584	584
ARRA- (SFSF) Race to the Top Incentive Grants, Recovery Act	2014	84.395A	20,715	21,038
Total U.S. Department of Education			<u>467,006</u>	<u>456,957</u>
<b>Total</b>			<u>\$513,112</u>	<u>\$503,063</u>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

(A) The accompanying Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") report the Midnimo Cross Cultural Community School's (the "School") federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

(B) The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

(C) Included as part of "Child Nutrition Grant Cluster" in determining major programs

(D) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Midnimo Cross Cultural Community School  
Franklin County  
1567 Loretta Avenue  
Columbus, Ohio 43211

To the Board of Directors:

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 Midnimo Cross Cultural Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Midnimo Cross Cultural Community School's basic financial statements and have issued our report thereon dated December 26, 2014.

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

As part of our financial statement audit, we considered the Midnimo Cross Cultural Community School'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 Midnimo Cross Cultural Community School'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 Midnimo Cross Cultural Community School'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.

Board of Directors  
Midnimo Cross Cultural Community School

***Compliance and Other Matters***

As part of reasonably assuring whether the Midnimo Cross Cultural Community School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 Midnimo Cross Cultural Community School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Midnimo Cross Cultural Community School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
December 26, 2014



## **Julian & Grube, Inc.**

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

### **Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133**

Midnimo Cross Cultural Community School  
Franklin County  
310 North Wilson Road  
Columbus, Ohio 43204

To the Board of Directors:

#### ***Report on Compliance for Each Major Federal Program***

We have audited the Midnimo Cross Cultural Community School's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Midnimo Cross Cultural Community School's major federal programs for the fiscal year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Midnimo Cross Cultural Community School's major federal programs.

#### ***Management's Responsibility***

The Midnimo Cross Cultural Community School's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

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

Our responsibility is to opine on the Midnimo Cross Cultural Community School's compliance for each of Midnimo Cross Cultural Community School's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Midnimo Cross Cultural Community School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Midnimo Cross Cultural Community School's major programs. However, our audit does not provide a legal determination of the Midnimo Cross Cultural Community School's compliance.

#### ***Opinion on Each Major Federal Program***

In our opinion, the Midnimo Cross Cultural Community School complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2014.

Board of Directors  
Midnimo Cross Cultural Community School

***Report on Internal Control Over Compliance***

The Midnimo Cross Cultural Community School's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Midnimo Cross Cultural Community School's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Midnimo Cross Cultural Community School's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
December 26, 2014

**MIDNIMO CROSS CULTURAL COMMUNITY SCHOOL  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2014**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies (CFDA #84.010) and 21 <sup>st</sup> Century Community Learning Centers (CFDA #84.287)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No
<b>2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>		

None

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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# Dave Yost • Auditor of State

**MIDNIMO CROSS CULTURAL 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  
MARCH 26, 2015**