



Dave Yost • Auditor of State

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements	
Statement of Net Position As of June 30, 2014	7
Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year Ended June 30, 2014	8
Statement of Cash Flows For the Fiscal Year Ended June 30, 2014	9
Notes to the Basic Financial Statements	11
Federal Awards Receipts and Expenditures Schedule For the Fiscal Year Ended June 30, 2014	21
Notes to the Federal Awards Receipts and Expenditures Schedule	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23
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	25
Schedule of Findings	27
Schedule of Prior Audit Findings.....	29

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the Technological College Preparatory World Academy, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the 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 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 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 the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Technological College Preparatory World Academy, Hamilton County, Ohio, as of June 30, 2014, and the changes in 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.

Supplementary and Other Information

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

The Schedule of Federal Award Receipts and Expenditures 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 the 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, the 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 March 24, 2015, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

March 24, 2015

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014

This discussion and analysis of the Technological College Preparatory World Academy's (the School's) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 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 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 current reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June, 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- In total, the School's net position increased by \$61,513 or 28.2 percent, in fiscal year 2014. Current assets increased by \$83,370 or 64.8 percent, due primarily to increase in cash.

- Total revenues increased by \$387,642 or 10.2 percent, in fiscal year 2014. Total expenses increased by \$499,815 or 13.6 percent. Total revenues increase was due primarily to an overall increase in state foundation formula amounts and share of casino money. Total expenses increase due primarily to increases in salaries , medical and retirement benefits, materials and supplies.

Using this Financial Report

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

The statement of net position and the statement of revenues, expenses and changes in net position answer the question, "How did we do financially during 2014 and 2013?" The statement of net position and the statement of revenues, expenses and changes in net position report information about the School as a whole and about its activities in a manner that helps to answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by private-sector corporations. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

These two statements report the School's net position and changes in those assets. This change in net position is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Financial Analysis

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

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

Table 1 provides a summary of the School's net position for fiscal year 2014 and 2013:

(Table 1)			
Net Position			
	2014	2013	Variance
Assets			
Current Assets	\$212,038	\$128,668	\$83,370
Capital Assets, Net	67,434	89,291	(21,857)
Total Assets	279,472	217,959	61,513
Liabilities			
Current Liabilities	281,886	229,650	52,236
Noncurrent Liabilities	0	0	0
Total Liabilities	281,886	229,650	52,236
Net Position			
Invested in Capital Assets, Net of Related Debt	67,434	89,291	(21,857)
Unrestricted	(69,848)	(100,982)	31,134
Total Net Position	(2,414)	(11,691)	9,277

In total, the School's net position increased by \$61,513 or 28.2 percent in fiscal year 2014. This increase was due primarily to an increase in cash.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

Table 2 shows the changes in net position for fiscal years 2014 and 2013, as well as a listing of revenues and expenses.

(Table 2)
Change in Net Position

	2014	2013	Variance
Operating Revenues:			
Foundation Payments	\$3,459,638	\$2,482,221	\$977,417
Poverty Based Assistance	0	564,566	-564,566
Charges for Services	23,015	9,216	13,799
Other Operating Revenues	25,033	29,436	(4,403)
Non-Operating Revenues:			
Other Federal and State Grants	674,311	708,968	(34,657)
Interest Income	121	67	54
Total Revenues	4,182,118	3,794,474	387,644
Operating Expenses:			
Salaries	2,532,787	2,149,594	383,193
Fringe Benefits	790,501	727,942	62,559
Purchased Services	529,838	556,657	(26,819)
Materials and Supplies	257,737	160,577	97,160
Depreciation	21,857	21,607	250
Other Operating Expenses	40,122	56,648	(16,526)
Total Expenses	4,172,842	3,673,025	499,817
Change in Net Position	9,276	121,449	(112,173)

Fiscal year 2014 and 2013 financial information is provided in the discussion and analysis for comparison purposes. Additionally, the School operates as a one business-type enterprise fund; therefore analysis of balances and transactions of individual funds are not included in the discussion and analysis.

State foundation payments increased by \$412,851 or 13.5 percent, in fiscal year 2014. This increase is due primarily to the increase in the state foundation allocation to the School and increase in school enrollment.

The expenses related to salaries and fringe benefits increased overall by \$445,751 or 15.4 percent in 2014. This was due primarily to increase in salaries, retirement benefits and medical benefits and increase in number of employees.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2014
(Continued)

Capital Assets

Table 3 provides a summary of the School's capital assets, net of accumulated depreciation, for fiscal years 2014 and 2013.

(Table 3)
Capital Assets at June 30, 2014
(Net of Accumulated Depreciation)

	2014	2013	Variance
Capital Assets, Net	\$67,434	\$89,291	(\$21,857)

The School had \$67,434 invested in capital assets, net of accumulated depreciation , at the end of fiscal year 2014.

Current Financial Issues

The School was formed in 2000. The School receives its finances mostly from state aid. During fiscal years 2014, 2013 and 2012, there were approximately 460, 450 and 446 students respectively, enrolled in the School. The School receives state foundation payments based on enrollment.

Contacting the School's Financial Management

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

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
 BASIC FINANCIAL STATEMENTS
 STATEMENT OF NET POSITION
 FOR THE FISCAL YEAR ENDED JUNE 30, 2014

ASSETS

Current Assets:

Equity in Pooled Cash and Cash Equivalent	\$170,238
Intergovernmental and other Receivable	<u>41,800</u>
Total Current Assets	212,038
Non-Current Assets (Net of Depreciation)	<u>67,434</u>
Total Assets	\$279,472

LIABILITIES

Current Liabilities:

Accounts Payable	\$3,691
Accrued Wages and Benefits	241,728
Intergovernmental Payable	<u>36,467</u>
Total Current Liabilities	281,886
Total Liabilities	\$281,886

Net Position

Invested in Capital Assets, Net of Related Debt:	\$67,434
Unrestricted	<u>(69,848)</u>
Total Net Position	<u>(\$2,414)</u>

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Operating Revenues	
Foundation Payments	\$3,459,638
Charges for Services	23,015
Other Operating Revenues	<u>25,033</u>
<i>Total Operating Revenues</i>	3,507,686
Operating Expenses	
Salaries	2,532,787
Fringe Benefits	790,501
Purchased Services	529,838
Materials and Supplies	257,737
Depreciation	21,857
Other Operating Expenses	<u>40,122</u>
<i>Total Operating Expenses</i>	<u>4,172,842</u>
<i>Operating Loss</i>	(665,156)
Non-Operating Revenues and (Expenses)	
Other Federal and State Grants	674,311
Interest Income	<u>121</u>
<i>Total Non-Operating Revenues and Expenses</i>	<u>674,432</u>
<i>Change in Net Position</i>	9,276
<i>Net Position Beginning of Year</i>	<u>(11,691)</u>
<i>Net Position End of Year</i>	<u><u>(\$2,414)</u></u>

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
CASH FLOW STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Increase in Cash and Cash Equivalent:

Cash Flows from Operating Activities

Cash Received for Foundation Payments from State of Ohio	\$3,417,838
Cash Received for Charges for Services	23,015
Cash Received for Casino Share from State of Ohio	25,033
Cash Payments to Employees for Salaries and Related Benefits	(3,081,560)
Cash Payments to Suppliers for Goods and Services	(783,884)
Cash Payments to Suppliers for Other Operation Expenses	<u>(3,655)</u>
Net Cash Used for Operating Activates	(403,213)

Cash Flows from Noncapital Financing Activities

Cash Received from Federal and State Subsidies	674,311
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Cash Flows from Investing Activities

Cash Received from Interest	121
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Net increase in Cash and Cash Equivalents	102,952
Cash and Cash Equivalents, Beginning of Year	<u>67,286</u>
Cash and Cash Equivalents, End of Year	170,238

Reconciliation of Operating Loss to Net Cash Used for Operating Activities

Operating Loss	(665,156)
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Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities

Depreciation Expense	21,857
Changes in Assets and Liabilities:	
Accounts Payable	3,691
Accrued Wages and Benefits	241,728
Intergovernmental Payable	36,467
Intergovernmental Receivable	<u>(41,800)</u>
Total Adjustments	261,943

Net Cash Used for Operating Activities	(\$403,213)
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TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

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

The School was approved for operation under contract with the Educational Resource Consultants of Ohio, Inc. (the Sponsor) for a period commencing July 1st, 2013 through June 30, 2015, which was renewed in June. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a five-member Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the School's instructional/support facility staffed by 19 non-certified and 26 certified full-time teaching personnel who provides services to approximately 500 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental non-profit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Basis of Presentation

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

B. Measurement Focus

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

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

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

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose and expenditure requirements, in which the resources are provided to the School on a requirement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsors. The contract between the School and its Sponsors requires the School to follow Ohio Revised Code 5705.391 and prepared a five year projection. However, no budgetary information is presented in the financial statements.

E. Cash Deposits

All monies received by the School are accounted for by the School's Treasurer. For cash management, all cash received by the Treasurer is deposited within two separate bank accounts as demand deposits. Total cash for the School is presented as "equity in pooled cash and cash equivalents" on the accompanying statement of net position. The School had no investments during the fiscal year.

F. Capital Assets and Depreciation

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

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

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position

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

H. Operating Revenues and Expenses

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

I. Estimates

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

J. Economic Dependency

The School receives approximately 98% 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.

NOTE 3 - DEPOSITS

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

At fiscal year-end 2014, the carrying amount of the School's deposits was \$170,238 and the bank balance was \$177,295. Of the bank balance, \$177,295 was covered by the federal depository insurance.

The School did not have any investments as of June 30, 2014 or during the fiscal year.

NOTE 4 - RECEIVABLES

Receivables at June 30, 2014 consisted of intergovernmental receivable for grants in the amount of \$41,800. All intergovernmental receivables are considered collectible in full and within one year.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 5 - CAPITAL ASSETS

A summary of the School's capital assets at June 30, 2014 follows:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Capital Assets Being Depreciated				
Leasehold Improvements	67,932	0	0	67,932
Furniture, Fixtures and Equipment	156,497	0	0	156,497
Total Capital Assets	224,429	0	0	224,429
Less: Accumulated Depreciation				
Leasehold Improvements	(24,509)	(6,860)	0	(31,369)
Furniture, Fixtures and Equipment	(110,629)	(14,997)	0	(125,626)
Total Accumulated Depreciation	(135,138)	(21,857)	0	(156,995)
Capital Net Position	89,291	(21,857)	0	64,837

NOTE 6 - RISK MANAGEMENT

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2014, the School contracted with the Hartford Insurance Company for general liability and property insurance and Hartford Insurance Company for educational errors and omissions insurance.

Coverage is as follows:

Fire Damage (Any one fire)	\$300,000
Medical Expenses (Any one person)	10,000
Personal and Adv Injury	1,000,000
General Aggregate	2,000,000
Products – Comp/Op Aggregate	2,000,000
Boiler and Machinery	2,000,000
Business Personal Property (\$1,000 deductible)	356,700
Computers and Media Coverage (\$250 deductible)	100,000
Money and Securities – Inside Premises	10,000
Money and Security – Outside Premises	5,000

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 6 - RISK MANAGEMENT (Continued)

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

B. Workers' Compensation

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

NOTE 7 - JOINTLY GOVERNED ORGANIZATION

The School is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public schools and community schools within the boundaries of Butler, Preble, and Warren Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member school districts. The governing board of SWOCA consists of the superintendent (or the superintendent's designee) from each member district. The School paid SWOCA \$17,692 for services provided during fiscal year 2014. Financial information can be obtained from the fiscal agent, Butler County JVS, 3606 Hamilton-Middletown Road, Hamilton, Ohio 45011.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215.

Funding policy - Plan members are required to contribute 10 percent of their annual salary with an increase to some to 11 percent coming and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS Retirement Board up to a statutory maximum amount of 10 percent for plan members increasing to 11 percent and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for members and employer contributions.

B. State Teachers Requirement System

Plan Description - The School 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 beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio web site @www.strsoh.org.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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.

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

Funding Policy - For Fiscal year ending June 30, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School was required to contribute 14 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description - The School participates in two cost-sharing multiple employer defined benefit OPES plans administered by the School Employees Retirement System for non-certified retirees and their beneficiaries: a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligation to contribute are established by the System based on authority by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 432115-3746.

Funding Policy - State statute permits SERS to fund health care benefits through employer contributions. Each year, after the allocation for statutory required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established in accordance with Internal Revenue Code Section 401 h.

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

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 9 - POSTEMPLOYMENT BENEFITS (continued)

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

B. State Teachers Retirement System

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contribution.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Leave Benefits

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

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

Sick Leave: Certified teachers earn one sick day each month resulting in nine sick days annually. Classified teacher assistants earn six sick days annually. Sick days with pay may not be used before they are earned. Sick days must be used during the fiscal year. Sick days do not carry over to the next year.

Full time other classified staff members earn six days and three personal leave days per year.

B. Insurance Benefits

The School provides dental and medical/surgical benefits to full time employees through Anthem.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 11 - CONTINGENCIES

A. Grants

The School received financial assistance from the Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School as June 30, 2014.

B. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted.

NOTE 12 - TAX EXEMPT STATUS

The School is a non-profit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School's non-profit status. The School was approved on June 19, 2002 for tax-exempt status under 501c3 of the Internal Revenue Code.

NOTE 13 - INTERGOVERNMENTAL PAYABLES

A. SERS/STRS Intergovernmental Payables

At June 30, 2014, the School had payables, in the amount of \$36,467. The payables are for payment of employees' retirement contributions and taxes for the month of June, 2014, which are due in and paid in July, 2014 and the accrued liabilities for fiscal year 2014.

NOTE 14 - OPERATING LEASE OF BUILDING

The Superintendent of the School owns the building at 6000 Ridge Avenue, in which the School is currently operating. On June 30, 2010, the school renewed the lease for the period of July 1, 2013 to June 30, 2016, with monthly payments of \$7,334 (\$88,000 annually), and from July 1, 2012 to June 30, 2015 at an annual rate of \$90,000.

The School also leases the building at 6008 Ridge Avenue from the Superintendent for monthly lease payments of \$1,667 (\$20,000 annually) for the period beginning July 1, 2013 through June 30, 2016, which has been renewed through 2016.

The school also leases 2 office/multi-use suites within the 2nd floor of 6018 Ridge Avenue from the Superintendent for monthly lease payments of \$1,100 (\$13,200 annually) for the period beginning May 1, 2011 through April 30, 2016.

Insurance of the buildings' contents is the responsibility of the School.

TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

NOTE 15 – LOANS FROM EMPLOYEES

There were no outstanding loans as of fiscal year 2014.

NOTE 16 - RELATED PARTY TRANSACTIONS

As described in Note 14, the School leases three buildings from the Superintendent for \$10,099.99 per month.

NOTE 17 – DEFICIENCY IN NET POSITION AND MANAGEMENT PLAN

As of June 30, 2014, the School had a net position deficiency of \$2,414, meaning that liabilities were in excess of assets by this amount. However, if depreciation charges for fiscal year 2014 are excluded, net position would be positive in the amount of \$19,443.

Management projects a positive net position in the following school year (FY 2015).

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**TECHNICAL COLLEGE PREPARATORY WORLD ACADEM
HAMILTON COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Pass Through Entity Number	CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
National School Breakfast Program	3L70	10.553	\$41,595	\$41,595
National School Lunch Program	3L60	10.555	137,999	137,999
Total Child Nutrition Cluster			<u>179,594</u>	<u>179,594</u>
Total U.S. Department of Agriculture			<u>179,594</u>	<u>179,594</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	3M00	84.010	832,705	333,566
Special Education Cluster:				
Special Education Grants to State (IDEA, Part B)	3M20	84.027	225,105	96,048
Total Special Education Cluster			<u>225,105</u>	<u>96,048</u>
Title II-A Improving Teacher Quality State Grants	3Y60	84.367	52,981	21,686
Title II-D Education Technology State Grants		84.215	2,641	0
Safe and Drug Free Schools		84.186	1,218	0
Title V Innovative Education Programs		84.298	771	0
State Fiscal Stabilization Fund (SFSF)		84.394	104	0
Total U.S. Department of Education			<u>1,115,525</u>	<u>451,300</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,295,119</u>	<u>\$630,894</u>

The accompanying notes are an integral part of this schedule.

**TECHNICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Technical College Preparatory World Academy's (the School's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE C - CHILD NUTRITION CLUSTER

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.



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*

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

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 Technological College Preparatory World Academy, Hamilton County, (the School) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 24, 2015.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the 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 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 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.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School'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

March 24, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Technological College Preparatory World Academy's (the School) 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 the School's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the School's compliance for the School's major federal program 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 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 School's major program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on the Major Federal Program

In our opinion, the Technological College Preparatory World Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Other Matters

In our opinion, the Technological College Preparatory World Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The 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 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 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.



Dave Yost
Auditor of State

Columbus, Ohio

March 24, 2015

**TECHNICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I (CFDA #84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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TECHNICAL COLLEGE PREPARATORY WORLD ACADEMY
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-01	Failure to meet paid lunch equity requirement	Yes	

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TECHNOLOGICAL COLLEGE PREPARATORY WORLD ACADEMY

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 9, 2015**