PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

Mary Taylor, CPA
Auditor of State

PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKLIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Providence Academy for Student Success
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

We have audited the accompanying basic financial statements of the Providence Academy for Student Success, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Providence Academy for Student Success, Franklin County, Ohio, as of June 30, 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2011, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The federal awards receipt and expenditure schedule provides additional information 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 basic financial statements. The federal awards receipt and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost

Dave Yost
Auditor of State

March 25, 2011

As management of the Providence Academy for Student Success (the School), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2010. 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.

Financial Highlights

Key financial highlights for the School are as follows:

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by $262,371 (net assets). Of this amount, $139,498 (unrestricted net assets) may be used to meet the School's ongoing obligations.
- The School's total net assets increased by $262,371 during the fiscal year, primarily as a result of state and federal grant programs.

Using this Annual 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 assets, statement of revenues, expenses and changes in net assets, 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 presentation information is the same.

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

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during the fiscal year?" The statement of net assets 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 measurement 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.

This statement reports the School's net assets; 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.

The statement of revenues, expenses and changes in net assets reports the changes in net assets. This change in net assets is important because it tells the reader that, for the School as a whole, the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Financial Analysis

Table 1 provides a summary of the School's net assets at June 30, 2010. As this was the initial period of operation, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 1
Net Assets

	2010
Assets:	
Current Assets	$ 336,187
Capital Assets, Net	122,873
Total Assets	459,060
Liabilities	
Current Liabilities	196,689
Total Liabilities	196,689
Net Assets:	
Invested in Capital Assets	122,873
Unrestricted	139,498
Total Net Assets	$ 262,371

The School began operations in fiscal year 2010. A comparative analysis will be provided in future periods.

Financial Analysis

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010.

Table 2
Changes in Net Assets

	2010
Operating Revenues:	
Foundation Revenues	$ 1,777,090
Miscellaneous Revenues	408
Total Operating Revenues	1,777,498
Operating Expenses:	
Salaries and Wages	904,939
Fringe Benefits	170,371
Purchased Services	820,859
Materials and Suppilies	229,671
Depreciation	29,821
Other	20,573
Total Operating Expenses	2,176,234
Operating Income (Loss)	(398,736)
Nonoperating Revenues	
Federal Grants	656,107
State Grants	5,000
Total Nonoperating Revenues	661,107
Change in Net Assets	262,371
Net Assets, Beginning of Year	-
Net Assets, End of the Year	$ 262,371

The School began operations in fiscal year 2010. A comparative analysis will be provided in future periods.

Capital Assets

At fiscal year-end, the School's net capital asset balance was $122,873. This balance represents current year additions of $152,694 offset by current year depreciation of $29,821. For more information on capital assets, see Note 5 to the basic financial statements.

Debt

The School has no debt.

Current Financial Issues

The School depends on legislative and governmental support to fund its operations. Based on information currently available, several changes are expected to occur in the nature of the funding or operations of the School in future fiscal years due to the State's current economic environment. The School is expected to continue to grow in both the number of students, as well as the number of support staff, as it enters into its second year of operation, which will impact the School's funding since the School receives the majority of its finances from state aid. During the period July 1, 2009 to June 30, 2010, there were approximately 280 students enrolled in the School. The School receives its finances mostly from state aid. Per pupil aid for this period amounted to $5,732 per student.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Providence Academy for Student Success 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 Providence Academy for Student Success, 4300 Kimberly Parkway, Columbus, Ohio 43232.

PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

Assets:		
Current Assets		
Cash and cash equivalents	$	269,648
Intergovernmental Receivable		46,358
Prepaid Expenses		20,181
Total Current Assets		336,187
Noncurrent Assets		
Capital Assets, net of accumulated depreciation		122,873
Total Assets		459,060
Liabilities:		
Current Liabilities		
Accounts Payable		13,928
Accrued Wages and Benefits Payable		145,000
Intergovernmental Payable		37,761
Total Current Liabilities		196,689
Total Liabilities		196,689
Net Assets:		
Invested in Capital Assets net of Related Debt		122,873
Unrestricted		139,498
Total Net Assets	$	262,371

See accompanying notes to the basic financial statements.

PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenues:	
Foundation Payments	$ 1,777,090
Miscellaneous Revenue	408
Total Revenues	1,777,498
Operating Expenses:	
Salaries	904,939
Fringe Benefits	170,371
Purchased Services	820,859
Materials and Supplies	229,671
Depreciation	29,821
Other	20,573
Total Expenses	2,176,234
Operating Income (Loss)	(398,736)
Non-Operating Revenues (Expenses):	
Federal Grant Revenue	656,107
State Grant Revenue	5,000
Total Non-Operating Revenues (Expenses)	661,107
Change in Net Assets	262,371
Net Assets Beginning of Year	-
Net Assets End of Year	$ 262,371

See accompanying notes to the basic financial statements.

PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities:		
Cash Received from State of Ohio	$	1,732,441
Cash received frommiscellaneous revenues		408
Cash Payments to suppliers for goods and services		(1,077,356)
Cash Payments to Employees for Services & Benefits		(892,549)
Net Cash Used by Operating Activities		(237,056)
Cash Flows from Noncapital Financing Activities:		
Operating Grants Received (Federal & State)		659,398
Net Cash Provided by Noncapital Financing Activities		659,398
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions		(152,694)
Net Cash Used by Capital and Related Financing Activities		(152,694)
Net Increase (Decrease) in Cash and Cash Equivalents		269,648
Cash and Cash Equivalents at Beginning of Year		-
Cash and Cash Equivalents at End of Year	$	269,648
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities:		
Operating Income (Loss)	$	(398,736)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used by Operating Activities:		
Depreciation		29,821
Changes in Assets and Liabilities:		
(Increase) Decrease in Intergovernmental Receivable		(44,649)
(Increase) Decrease in Prepaid Expenses		(20,181)
Increase (Decrease) in Accounts Payable		13,928
Increase (Decrease) in Accrued Wages and Benefits		145,000
Increase (Decrease) in Intergovernmental Payable		37,761
Net Cash Used by Operating Activities	$	(237,056)

See accompanying notes to the basic financial statements.

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Note 1 – Description of the School and Reporting Entity

Providence Academy for Student Success (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to aspires to grow the interest of science, technology, engineering, and math (STEM) in our youth through college prep and 21st century skills and frameworks for children in seventh through twelfth grade. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

On March 17, 2011, the Board approved the name change of the School to "The Renaissance Academy –A School for the Multi-Media Arts".

Educational Resource Consultants of Ohio (ERCO) is the School's sponsor. 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 Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 16 non-certified and 36 certificated full time teaching personnel who provided services to 280 students during the 2009-2010 school year.

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 units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. The School's most significant accounting policies are described below.

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.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Assets. The difference between total assets and liabilities are defined as net assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

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.

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

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 the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Expenses are recognized at the time they are incurred.

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio 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.

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

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.

For purposes of the statement of cash flows and for presentation on the statement of net assets, investments with a maturity of three months or less at the time they are purchased are considered to be cash equivalents.

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 maintains a capitalization threshold of $500. 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 straightline method over the following useful lives:

Description	Estimate Life
Furniture and Equipment	5 years
Leasehold Improvements	10 years

F. 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.

G. Intergovernmental Revenue

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 received. Federal and state grants and entitlements are recognized as nonoperating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Intergovernmental revenues associated with the Foundation Program totaled $1,777,090 and revenues associated with specific education grants from the state and federal governments totaled $661,107 during fiscal year 2010.

Note 2 – Summary of Significant Accounting Policies (Continued)

H. 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 and charges for food service. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, 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 comprise the non-operating revenues of the School. Interest and fiscal charges, if any, comprise the non-operating expenses.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its Statement of Net Assets relating to expenses, which are due but unpaid as of June 30, 2010, including:

> Wages payable – salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2010 contract.
>
> Intergovernmental payable – payment for the employer's share of the retirement contribution, Medicare and Workers' Compensation associated with services rendered during fiscal year 2010 that were paid in the subsequent fiscal year.

J. Federal Tax Exemption Status

According to the School's Attorney, 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.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation less any outstanding capital related debt. Net assets are 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. The School had no restricted net assets at year-end. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Deposits and Investments

At June 30, 2010, the carrying amount of the School's deposits was $269,648 and the bank balance was $357,572. Of the bank balance, $250,000 was covered by Federal Depository Insurance and the remaining $107,572 was uninsured. Although all statutory requirements for the deposit of public money had been followed, non-compliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the School will not be able to recover the deposits. The School has no policy regarding custodial credit risk, however, in accordance with Ohio Revised Code, all deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

Note 4 – Intergovernmental Receivables

All intergovernmental receivables are considered collectable in full due to the stable condition of State programs. Intergovernmental receivables at year-end consisted entirely of federal grant receivables.

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets:				
Furniture and Equipment	$ -	$ 145,515	$ -	$ 145,515
Leasehold Improvements	-	7,179	-	7,179
Total Capital Assets	-	152,694	-	152,694
Less Accumulated Depreciation:				
Furniture and Equipment	-	(29,103)	-	(29,103)
Leasehold Improvements	-	(718)	-	(718)
Total Depreciation	-	(29,821)	-	(29,821)
Capital Assets, Net	$ -	$ 122,873	$ -	$ 122,873

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 2010, the School obtained private insurance coverage for property and general liability insurance.

Collective coverage amounts are as follows:

Damages to Rented Premises	$	50,000
General Liability:		
Per Occurrence	$	1,000,000
Aggregate Total	$	3,000,000
Employment Dishonesty Liability:		
Each Wrongful Act / Aggregate Limit	$	25,000
Personal Injury and Advertising Injury	$	1,000,000

There was no significant reduction in coverage during the year. Settlement amounts have not exceeded coverage amounts during the fiscal year.

B. Workers' Compensation

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

C. Employee Medical and Dental Benefits

The School carries their medical and dental insurance through United Health Care. The School pays 60% of medical and dental benefits for employees. The employee is responsible for the remainder of the premiums. The annual cost of medical insurance is based upon gender and age.

Note 7 – Defined Benefit Pension Plans

(a) School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit 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 state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations to SERS for the fiscal year ended June 30, 2010 were $30,250. The amount contributed for fiscal year 2010 was 58 percent. The School's unpaid contribution for fiscal year 2010 has been recorded as a liability in the appropriate funds.

(b) State Teachers Retirement System

Plan Description - The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

Note 7 – Defined Benefit Pension Plans (Continued)

Plan Options – 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 the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

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

Note 7 – Defined Benefit Pension Plans (Continued)

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

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

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

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

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10% of covered payroll for members and 14% for employers.

The School's required contributions for pension obligations for the fiscal year ended June 30, 2010 were $94,995. 87 percent has been contributed for fiscal year 2010. The School's unpaid contribution for fiscal year 2010 has been recorded as a liability in the appropriate funds.

Note 8 – Post-employment Benefits

(a) School Employees Retirement System

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

Medicare Part B Plan – The Medicare 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 premium for calendar year 2010 is $96.40 for most participants, but could be as high as $353.60 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 2010, the actuarially required allocation is .76%. The School's contributions for the year ended June 30, 2010 were $1,799. 58 percent has been contributed for fiscal year 2010. The School's unpaid contribution for fiscal year 2010 has been recorded as a liability in the appropriate funds.

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, 2010, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care, including the surcharge,

Note 8 – Post-employment Benefits (Continued)

for the year ended June 30, 2010 were $4,891. 58 percent has been contributed for fiscal year 2010. The School's unpaid contribution for fiscal year 2010 has been recorded as a liability in the appropriate funds.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report.* The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

(b) State Teachers Retirement System

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

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

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

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2010. The 14% employer contribution rate is the maximum rate established under Ohio law.

The School's contributions for health care for the fiscal year ended June 30, 2010 were $7,307. 87 percent has been contributed for fiscal year 2010. The School's unpaid contribution for fiscal year 2010 has been recorded as a liability in the appropriate funds.

Note 9 – Contingencies

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at June 30, 2010.

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. This information was not available as of the date of this report. The School does not anticipate any material adjustments to state funding for fiscal year 2010 as a result of such review.

Note 10 – Contracted Fiscal Services

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement's term is for a twelve month period beginning July 1st and may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A School Resource Center will perform the following functions for the School:

1. Standard Treasurer Services, including general ledger entries, basic record keeping required documents for state and federal governments, and basic accounting reports to Director and Board.

2. Basic Financial Management Services, including all of the functions in Standard Treasurer Services Package plus Financial Management Support Services, ongoing budgeting, accounting, purchasing, financial reporting, cash flow analysis, and resource call support.

3. Basic SIS/DASL/CSADM/EMIS Services, including setup, maintenance, and input of Student and Staff data directly into the EMIS subsystem. In addition, M&A will input all school provided attendance, classroom, test scores and all other required student information into the SIS/DASL system.

In addition, Mangen & Associates provides various business and operations support services to the School. The total fee paid to Mangen and Associates for all of these services during fiscal year 2010 was $98,190.

Note 11 – Operating Leases

On or about June 22, 2009, the School entered into an Office Lease Agreement for the lease of 4300 Kimberly Parkway, Suites 100 and 200, Columbus, Ohio. The term of the lease agreement is September 1, 2009 to August 31, 2014 for Suite 100 and January 1, 2010 to August 31, 2014 for Suite 200. The base rent for the premises is as follows:

Fiscal year	Suite 100	Suite 200	Total
2011	$ 190,388	$ 174,067	$ 364,455
2012	214,730	214,738	429,469
2013	239,048	239,048	478,097
2014	263,358	263,358	526,717
2015	44,568	44,568	89,137

The School has the option to terminate the Suite 200 portion of the lease by providing written notice to the Landlord and by providing the Landlord with repayment of the abated rent for the Suite 200 portion of the premises in the amount of $18,000, on or before September 1, 2010. Lease payments during the fiscal year totaled $226,351.

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PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKLIN COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Cash Assistance:			
Breakfast Program	10.553	$ 50,060	$ 50,060
National School Lunch Program	10.555	106,788	106,788
Total Child Nutrition Cluster		156,848	156,848
Total U.S. Department of Agriculture		**156,848**	**156,848**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
Title I Grants to Local Educational Agencies	84.010	105,413	84,029
Special Education Grants to States	84.027	41,132	31,132
Charter Schools	84.282	225,000	225,000
Education Technology State Grant	84.318	219	219
Improving Teacher Quality	84.367	7,475	2,570
ARRA - State Fiscal Stabilization Fund	84.394	118,311	118,311
Total U.S. Department of Education		497,550	461,261
Total		**$ 654,398**	**$ 618,109**

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Providence Academy for Student Success (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - 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.

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

Providence Academy for Student Success
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

We have audited the basic financial statements of the Providence Academy for Student Success, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2010, and have issued our report thereon dated March 25, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider significant deficiencies in internal control over financial reporting. We consider findings 2010-01 and 2010-02 to be significant deficiencies. 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.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01 through 2010-03.

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated March 25, 2011.

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the School's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, Board of Directors, the Community School's sponsor, and federal awarding agencies and pass-through entities, and others within the School. We intend it for no one other than these specified parties.

Dave Yost
Auditor of State

March 25, 2011

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

Providence Academy for Student Success
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Directors:

Compliance

We have audited the compliance of the Providence Academy for Student Success, Franklin County, Ohio, (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the Providence Academy for Student Success, Franklin County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-04.

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Internal Control over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2010-04. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program 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.

The School's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the School's response and, accordingly, we express no opinion on it.

We also noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated March 25, 2011.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, the Community School's sponsor, others within the entity federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

March 25, 2011

PROVIDENCE ACADEMY FOR STUDENT SUCCESS
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	Yes
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	CFDA 84.282 – Public Charter School Program Grant CFDA 84.394 – State Fiscal Stabilization Fund Grant
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2010-01

Contract Receipts – Finding for Recovery/Noncompliance Finding/Significant Deficiency

In October 2009, the School's Project Manager, Michael Stuckey, entered into an arrangement with a vending company to provide vending machine services on School property. The arrangement, although not in writing, provided commissions to the School on a monthly basis.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2010-01 (Continued)

Contract Receipts – Finding for Recovery/Noncompliance Finding/Significant Deficiency (Continued)

Section 510 of the School's policy manual, under the Leases and Contracts section, requires all leases and contracts be initiated by a School administrator and approved by the Board of Directors. No staff member, School administrator, consultant, parent or any other person has the authority to sign a lease or contract without prior Board approval. There was no indication that the above agreement was approved by the School's Board.

The following vending commission checks were written to Mr. Stuckey and endorsed by Mr. Stuckey, however; the funds were not deposited with the School Treasurer.

Check Date	Payee	Check Amount	Check Number	Check Cashed Date
11/25/09	Michael Stuckey	$ 411	8168	12/1/2009
12/9/2009	Michael Stuckey	$ 200	8211	12/14/2009
1/14/10	Michael Stuckey	$ 219	8263	1/15/2010
3/12/10	Michael Stuckey	$ 329	8399	3/16/2010
3/30/10	Michael Stuckey	$ 351	8463	4/1/2010
4/28/2010	Michael Stuckey	$ 188	8515	5/6/2010
5/28/2010	Michael Stuckey	$ 291	8588	6/12/2010
6/30/10	Michael Stuckey	$ 95	8677	7/2/2010
		$ 2,084		

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued for $2,084 against Michael Stuckey, former Project Manager, and Auto Owners Insurance, the School's liability insurance company, jointly and severally, in favor of the Providence Academy for Student Success' (PASS) General Fund.

We recommend the Board approve all contracts, by following the School's policy regarding Leases and Contracts, and also ensure receipts earned from any contracts are submitted directly to the Treasurer for deposit into the School's bank account.

Officials' Response:
The School/Board will periodically conduct internal audits of the school's operations to determine if unapproved revenue generating activities are taking place on School property. Any employee involved in an unapproved revenue generating activity will be subject to disciplinary action as deemed appropriate by the Board of Education.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2010-02

Contract Receipts – Finding for Recovery/Noncompliance Finding/Significant Deficiency

Michael Stuckey, the School's Project Manager, entered into an arrangement with a daycare provider for use of the School's facilities to provide daycare services. Although a contract was drawn up, it was not approved or signed by the Board or the day care provider.

Section 510 of the School's policy manual, under the Leases and Contracts section, requires all leases and contracts be initiated by a School administrator and approved by the Board of Directors. No staff member, School administrator, consultant, parent or any other person has the authority to sign a lease or contract without prior Board approval. There was no indication that the above agreement was approved by the School's Board.

The following checks were endorsed by Mr. Stuckey but were not deposited with the School's Treasurer.

Check Date	Payee	Check Amount	Check Number	Check Cashed Date
8/24/2009	Providence Academy	$ 1,500	1053	8/25/2009
2/24/2010	Providence Academy	$ 2,000	1085	2/24/2010
4/6/2010	Michael Stuckey	$ 500	1088	4/7/2010
5/3/2010	Michael Stuckey	$ 750	1101	5/3/2010
5/26/2010	Michael Stuckey	$ 2,000	1106	5/26/2010
6/2/2010	Michael Stuckey	$ 500	1108	6/2/2010
6/23/2010	Michael Stuckey	$ 1,500	1122	6/23/2010
		$ 8,750		

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies collected but unaccounted for is hereby issued for $8,750 against Michael Stuckey, former Project Manager, and the School's liability insurance company, Auto Owners Insurance, jointly and severally, in favor of the Providence Academy for Student Success' (PASS) General Fund.

We recommend the Board approve all contracts, by following the School's policy regarding Leases and Contracts, and also ensure receipts earned from any contracts are submitted directly to the Treasurer for deposit into the School's bank account.

Officials' Response:
The School/Board will periodically conduct internal audits of the school's operations to determine if unapproved revenue generating activities are taking place on School property. Any employee involved in an unapproved revenue generating activity will be subject to disciplinary action as deemed appropriate by the Board of Education.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2010-03

Prior Certification – Noncompliance Finding

The School has a policy under section 510 of the School's policy manual which states verbal approval by itself is never acceptable to make a purchase or place an order. A requisition must first be completed and then signed by the appropriate supervisor and the Superintendent and then sent to the Treasurer. The Treasurer will determine if there are adequate funds available in the budget for the transaction and will then issue a written purchase order and send it to the vendor.

For 20 of the 45 (44%), or $103,249, of nonpayroll expenditures tested, a purchase order was not issued until after the obligation for the good or service was incurred.

Not certifying the availability of funds prior to making purchases could result in negative fund balances.

The School's administration should ensure policies are followed before incurring purchase obligations.

Officials' Response:
The Board will institute a stronger purchasing policy emphasizing the correct use of purchase orders. The policy will also stress that purchase order creation must precede the purchase of any goods and/or services.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2010-04
CFDA Title and Number	84.282 – Public Charter School Program
Federal Award Number / Year	2010
Federal Agency	US Department of Education
Pass-Through Agency	Ohio Department of Education

Annual Performance Report – Noncompliance/Significant Deficiency

According to the Ohio Department of Education's Public Charter School Program (PCSP) Grant requirements, an Annual Performance Report (APR) is due to the Office of Community Schools (OCS) within 90 days of the end of the grant award period. Districts eligible for continuation funding will have their payments stopped if a complete APR and Final Expenditure Report (FER) are not submitted by the deadline. In addition, their district efficiency rating (DER) will be lowered, which will adversely impact future funding.

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Annual Performance Report – Noncompliance/Significant Deficiency (Continued)

The School did not complete or submit an Annual Performance Report to the Ohio Department of Education.

Failure to submit required reports could result in a loss or decrease of grant funding.

We recommend the Treasurer ensure all required reports are submitted to ODE by the required deadline to ensure continued grant funding.

Officials' Response/Corrective Action Plan:
In addition to notices provided by the Ohio Department of Education, the Treasurer will provide written notification to the Director/Board of all reports that should be filed with ODE to ensure the continuation of grant funding. Action date is immediate. For information regarding this corrective action plan, please contact Doug Mangen, Treasurer.

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Providence Academy for Student Success
Franklin County
4300 Kimberly Parkway
Columbus, Ohio 43232

To the Board of Trustees:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Columbus Bilingual Academy (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 30, 2010.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   (3) A procedure for reporting prohibited incidents;

   (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

   (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

   (6) A procedure for documenting any prohibited incident that is reported;

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(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):

   (1) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and Academy's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

March 25, 2011

PROVIDENCE ACADEMY FOR STUDENT SUCCESS

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
JUNE 28, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
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