

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

(AUDITED)

**BASIC
FINANCIAL STATEMENTS**

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2012*

JESSE HEMPHILL, TREASURER



Dave Yost • Auditor of State

Board of Directors
W.C. Cupe Community School
1465 Oakland Park Avenue
Columbus, Ohio 43224

We have reviewed the *Independent Accountants' Report* of the W.C. Cupe Community School, Franklin County, prepared by Julian & Grube, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The W.C. Cupe Community School is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 6, 2013

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**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Accountants' Report

W.C. Cupe Community School
1465 Oakland Park Avenue
Columbus, Ohio 43224

To the Board of Directors:

We have audited the accompanying basic financial statements of the W.C. Cupe Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the W.C. Cupe Community 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 W.C. Cupe Community School, Franklin County, Ohio, as of June 30, 2012, and the changes in financial position and its cash flows, for the fiscal 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 January 8, 2013, on our consideration of the W.C. Cupe Community School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Independent Accountants' Report
Page Two

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 W.C. Cupe Community School's basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* provides additional analysis and is not a required part of the basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards 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.



Julian & Grube, Inc.
January 8, 2013

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2012
(UNAUDITED)**

The discussion and analysis of W.C. Cupe Community School's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

Financial Highlights

Key financial highlights for the W.C. Cupe Community School during the period ended June 30, 2012 are as follows:

- Total net assets of the School decreased \$86,966 during this fiscal year. Ending net assets of the School were \$143,872 compared with \$230,838 at June 30, 2011.
- Total assets decreased \$91,677 from the prior year audit and total liabilities decreased by \$4,711 from the prior year.
- The School's operating loss for this fiscal year was (\$666,166) compared with an operating loss of (\$606,819) reported for the prior year.

Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net 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 presentations information is the same.

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2012
(UNAUDITED)**

Statement of Net Assets

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

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.

Table 1 provides a summary of the School's net assets for June 30, 2012 compared to those reported for fiscal year 2011.

Table 1
Net Assets

	2012	2011
Assets:		
Current Assets	\$ 65,925	\$ 145,295
Capital Assets, Net	122,112	134,419
Total Assets	188,037	279,714
Liabilities:		
Current liabilities	44,165	48,876
Total Liabilities	44,165	48,876
Net Assets:		
Invested in Capital Assets	122,112	134,419
Restricted	38,893	27,646
Unrestricted	(17,133)	68,773
Total Net Assets	\$ 143,872	\$ 230,838

The total assets of the School decreased by \$91,677, which represents a 32.8 percent decrease from total assets reported for fiscal year 2011. This is a result of depreciation and a decrease in intergovernmental grants receivable and cash on hand at year end.

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2012
(UNAUDITED)**

Intergovernmental grants receivables reported at June 30, 2012 were \$17,271.

Total liabilities of the School decreased \$4,711 over those reported in fiscal year 2011.

The total net assets reported for fiscal year 2012 decreased by \$86,966. Unrestricted net assets decreased by \$85,906. Restricted net assets increased by \$11,247.

Table 2 shows the changes in net assets for the period ended June 30, 2012 as compared to changes reported for fiscal year 2011.

**Table 2
Change in Net Assets**

	2012	2011
Operating Revenues:		
Foundation Payments	\$ 890,792	\$ 726,213
Non Operating Revenues:		
State & Federal Grant Revenue	626,679	652,837
Other Revenue	18,017	46,357
Total Revenues	\$ 1,535,488	\$ 1,425,407
Operating Expenses:		
Purchased Services	\$ 1,532,406	\$ 1,324,373
Materials and Supplies	11,483	7,822
Depreciation	12,307	204
Miscellaneous	762	633
Non Operating Expenses:		
Other Expenses	65,496	41,092
Total Expenses	\$ 1,622,454	\$ 1,374,124
Change in Net Assets	\$ (86,966)	\$ 51,283
Net Assets, Beginning of Year	230,838	179,555
Net Assets, End of Year	\$ 143,872	\$ 230,838

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2012
(UNAUDITED)**

Total revenue increased \$110,081 during this fiscal year compared with the prior fiscal year due to an increase in student enrollment.

Expenses reported for this fiscal year were \$248,330 more than the expenses reported for fiscal year 2011. This is due to the increase in enrollment and the corresponding increase in operation expenses.

Capital Assets

At the end of fiscal year 2012, the School had \$122,112 invested in capital assets net of accumulated depreciation. See Note 4 of the basic financial statements for additional details.

Debt

At June 30, 2012, the School had no outstanding debt.

Budgetary

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

Currently Known Facts

There are no currently known facts that would be expected to have a significant impact on the financial condition of the school in the next year.

Contacting the School

This financial report is designed to provide a general overview of the finances of the W.C. Cupe Community School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of W.C. Cupe Community School, 1465 Oakland Park Avenue, Columbus, Ohio 43224.

**W.C. CUPE COMMUNITY SCHOOL
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2012**

ASSETS

Current Assets

Cash and Cash Equivalents	\$ 48,654
Intergovernmental Receivable	17,271
Total Current Assets	<u>65,925</u>

Non-Current Assets

Capital Assets - Net	122,112
TOTAL ASSETS	<u>188,037</u>

LIABILITIES

Current Liabilities

Accounts Payable	38,573
Intergovernmental Payable	5,592
Total Current Liabilities	<u>44,165</u>

TOTAL LIABILITIES	<u>44,165</u>
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NET ASSETS

Invested in Capital Assets	122,112
Restricted	38,893
Unrestricted	<u>(17,133)</u>
TOTAL NET ASSETS	<u>\$ 143,872</u>

See accompanying notes to the basic financial statements.

**W.C. CUPE COMMUNITY SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

OPERATING REVENUES

Foundation Payments	\$ 890,792
Total Operating Revenues	<u>890,792</u>

OPERATING EXPENSES

Purchased Services	1,532,406
Materials and Supplies	11,483
Depreciation Expense	12,307
Miscellaneous	762
Total Operating Expenses	<u>1,556,958</u>

Operating Loss	<u>(666,166)</u>
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NON-OPERATING REVENUE (EXPENSES)

State and Federal Grant Revenue	626,679
Other Revenue	18,017
Other Expenses	<u>(65,496)</u>
Total Non-Operating Revenues	<u>579,200</u>

Change in Net Assets	(86,966)
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Net Assets, Beginning of Year	<u>230,838</u>
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Net Assets, End of Year	<u><u>\$ 143,872</u></u>
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See accompanying notes to the basic financial statements.

**W.C. CUPE COMMUNITY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

Cash Flows from Operating Activities

Cash Received from State of Ohio	\$ 896,384
Cash Payments to Suppliers for Goods and Services	<u>(1,554,954)</u>
Net Cash Used in Operating Activities	<u>(658,570)</u>

Cash Flows from Noncapital Financing Activities

Cash Received From Federal and State Grants	637,256
Cash Received From Other Sources	18,017
Cash Payments to Other Sources	<u>(65,496)</u>
Net Cash Provided by Noncapital Financing Activities	<u>589,777</u>

Net Decrease In Cash and Cash Equivalents	(68,793)
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Cash and Cash Equivalents, Beginning of Year	117,447
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Cash and Cash Equivalents, End of Year	<u><u>\$ 48,654</u></u>
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Reconciliation of Operating Loss Net Cash Used in Operating Activities

Operating Loss	<u>\$ (666,166)</u>
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Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:

Depreciation Expense	12,307
Changes in Assets and Liabilities:	
Decrease in Accounts Payable	(10,303)
Increase in Intergovernmental Payable	<u>5,592</u>
Total Adjustments	<u>7,596</u>

Net Cash Used in Operating Activities	<u><u>\$ (658,570)</u></u>
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**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. Description of the School and Reporting Entity
--

W.C. Cupe Community School (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School, which is part of the State's education program, is independent of any school district and is non-sectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School was approved for operation under a contract with the St. Aloysius Orphanage during the fiscal year ended June 30, 2007, and renews annually every June 30th unless cancelled by either party with 90 days' notice.

The School is required to operate under the direction of a Governing Board consisting of at least five members. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers.

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

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

2. Summary of Significant Accounting Policies
--

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) 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 School has elected not to apply FASB statements and interpretations issued after November 30, 1989. The more significant of the School's 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.

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.

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

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

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

2. Summary of Significant Accounting Policies (Continued)
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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. Cash is defined as demand deposits, savings, and investments with original maturity less than 90 days.

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 \$1,000. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

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

F. Estimates

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

G. Intergovernmental Revenues

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

Intergovernmental revenues associated with the Foundation Program totaled \$890,792 and revenues associated with specific education grants from the state and federal governments totaled \$626,679 during fiscal year 2012.

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

2. Summary of Significant Accounting Policies (Continued)
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H. Federal Tax Exemption Status

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

I. Operating and Non-Operating Revenues and Expenses

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

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

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists 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. Restricted net assets of the School at year-end represent unspent federal and state grant resources for specific instructional program. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Economic Dependency

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

L. Accrued Liabilities

Obligations incurred but unbilled prior to June 30, 2012 are reported as accrued liabilities in the accompanying financial statements. Accrued liabilities totaled \$44,165 at June 30, 2012.

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

3. Deposits

At June 30, 2012, the carrying amount of the School's deposits was \$48,654 and the bank balance was \$103,297. Based on the criteria in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, the School's bank balance was covered by the Federal Deposit Insurance Corporation.

4. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Balance 7/1/2011	Additions	Deletions	Balance 6/30/2012
Capital Assets:				
Buildings	\$ 98,934	\$ -	\$ -	\$ 98,934
Furniture and Equipment	97,886	-	-	97,886
Leasehold	134,088	-	-	134,088
Total Assets	<u>330,908</u>	<u>-</u>	<u>-</u>	<u>330,908</u>
Depreciation:				
Buildings	\$(21,994)	\$ (2,473)	\$ -	\$ (24,467)
Furniture and Equipment	(94,306)	(895)	-	(95,201)
Leasehold	(80,189)	(8,939)	-	(89,128)
Accumulated Depreciation	<u>(196,489)</u>	<u>\$(12,307)</u>	<u>\$ -</u>	<u>(208,796)</u>
Net Capital Assets	<u>\$134,419</u>			<u>\$122,112</u>

5. Intergovernmental Receivables

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. Intergovernmental receivables totaled \$17,271 at June 30, 2012.

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

6. Defined Benefit Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary 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 care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$22,132, \$21,209 and \$21,728, respectively; which were equal to the required contributions for each year and are paid and reported by the Management Co. (Note 12).

B. State Teachers Retirement System of Ohio

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 members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications*".

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

6. 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 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 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$41,334, \$29,178 and \$35,379, respectively; which were equal to the required contributions for each year and are paid and reported by the Management Co. (Note 12).

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

7. Post-Employment Benefits

A. School Employees Retirement System

Plan Description - The School participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Employers/Audit Resources*".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

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

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

7. Post-Employment Benefits (Continued)
--

The School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$3,622, \$5,136 and \$3,809, respectively; which were equal to the required contributions for each year and are paid and reported by the Management Co. (Note 12).

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$1,307, \$1,365 and \$1,292, respectively; which were equal to the required contributions for each year and are paid and reported by the Management Co. (Note 12).

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$3,180, \$2,244 and \$2,721, respectively; which were equal to the required contributions for each year and are paid and reported by the Management Co. (Note 12).

8. Risk Management

A. Property and Liability

The Management Co. assumed all property and liability risk (Note 12).

B. Workers' Compensation

The Management Co. pays the State Worker's Compensation System a premium for employee injury coverage (Note 12).

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

9. Restricted Net Assets

At June 30, 2012, the School reported restricted net assets totaling \$38,893. The nature of the net asset restrictions are as follows:

State specific program grants	\$ 1,800
Federal specific program grants	<u>37,093</u>
Total	<u>\$38,893</u>

10. Purchased Services

During the fiscal year ended June 30, 2012, purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	\$ 1,101,544
Meeting / Travel	42,496
Contracted Services (Food)	<u>388,366</u>
Total Purchased Services	<u>\$1,532,406</u>

11. Management Agreement

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

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

The School is a party to a fiscal services agreement Hemphill & Associates (“H&A”), which is a certified public accounting company. The Agreement's term is for a twelve month period beginning July 1, 2011, 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 H&A 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 all support.

12. Management Company Expenses
--

For the year ended June 30, 2012 Educational Solutions Co. incurred the following expenses on behalf of the School:

Direct Expenses:	
Salaries & wages	\$240,891
Employees' benefits	37,931
Professional & technical services	58,423
Property services	140,858
Travel	176
Communications	9,697
Utilities	21,885
Other supplies	36,638
Other direct costs	35
Indirect Expenses:	
Overhead	265,640
Total Expenses	<u><u>\$812,174</u></u>

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

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

13. Contingencies

A. Grants / Student Attendance Data

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2012, if applicable, cannot be determined at this time.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. The Ohio Department of Education completed its review of the School's enrollment data for fiscal year 2012; this resulted in underpayment of state funding in the amount of \$5,592 for fiscal year 2012. This amount has been included as an intergovernmental payable on the accompanying financial statements.

14. Contingent Liability

The School had contingent liabilities of \$37,972 at June 30, 2012. The liabilities, listed below, were transferred from the School to Educational Solutions Co. (Management Co.) effective July 1, 2007 and would revert back to the School if the Management Co. defaulted on payment.

Notes Payable - Line of Credit	<u>\$37,972</u>
Total Contingent Liabilities	<u>\$37,972</u>

15. Subsequent Events

The School has changed its location to 1465 Oakland Park Avenue, Columbus, Ohio 43224. In addition, the School has changed its name to World Collegiate Preparatory School.

SUPPLEMENTARY DATA

**W.C.CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i>	(A) Pass Through Entity Number	Federal CFDA Number	(B) Receipts	(B) Disbursements
Program Title				
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Grant Cluster:				
(C)(D) School Breakfast Program	2012	10.553	\$ 145,017	\$ 145,017
(C)(D) National School Lunch Program	2012	10.555	225,447	218,021
Total Child Nutrition Grant Cluster			<u>370,464</u>	<u>363,038</u>
Total U.S. Department of Agriculture			<u>370,464</u>	<u>363,038</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grant Cluster:				
(E) Title I Grants to Local Educational Agencies	2011	84.010	13,547	30,872
(E) Title I Grants to Local Educational Agencies	2012	84.010	154,056	157,154
Total Title I Grants to Local Educational Agencies			<u>167,603</u>	<u>188,026</u>
(E) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	2011	84.389	1,499	2,784
Total Title I Grant Cluster			<u>169,102</u>	<u>190,810</u>
Special Education Grants to States	2011	84.027	-	3,539
Special Education Grants to States	2012	84.027	17,523	17,521
Total Special Education Grants to States			<u>17,523</u>	<u>21,060</u>
Safe and Drug Free Schools and Communities State Grants	2012	84.186	10,000	10,000
Educational Technology State Grants	2011	84.318	-	322
Educational Technology State Grants	2012	84.318	762	762
Total Educational Technology State Grants			<u>762</u>	<u>1,084</u>
Improving Teacher Quality State Grants	2011	84.367	1,950	4,264
Improving Teacher Quality State Grants	2012	84.367	2,726	2,726
Total Improving Teacher Quality State Grants			<u>4,676</u>	<u>6,990</u>
ARRA- (SFSF) Race to the Top Incentive Grants, Recovery Act	2011	84.395A	498	5,566
ARRA- (SFSF) Race to the Top Incentive Grants, Recovery Act	2012	84.395A	13,238	13,237
Total ARRA- (SFSF) Race to the Top Incentive Grants, Recovery Act			<u>13,736</u>	<u>18,803</u>
(F) Education Job Fund	2011	84.410	(2,800)	-
(F) Education Job Fund	2012	84.410	43,809	43,809
Total Education Job Fund			<u>41,009</u>	<u>43,809</u>
Total U.S. Department of Education			<u>256,808</u>	<u>292,556</u>
Total			<u><u>\$627,272</u></u>	<u><u>\$655,594</u></u>

The accompanying notes to the Schedule of Receipts and Expenditures of Federal Awards
are an integral part of this schedule.

**W.C.CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY
NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES
OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE A - OAKS did not assign pass-through numbers for fiscal years 2012 and 2011.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the W.C.Cupe Community School (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE C - CHILD NUTRITION GRANT 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.

NOTE D - Included as part of "Child Nutrition Grant Cluster" in determining major programs.

NOTE E - Included as part of "Title I Grant Cluster" in determining major programs.

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. These transfers resulted in the Schedule reporting negative receipts. The School transferred the following amounts from 2011 to 2012 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred from 2011 to 2012</u>
Education Job Fund	84.410	\$ 2,800



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

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

W.C. Cupe Community School
1465 Oakland Park Avenue
Columbus, Ohio 43224

To the Board of Directors:

We have audited the financial statements of the W.C. Cupe Community School, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated January 8, 2013. 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 W.C. Cupe Community 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 W.C. Cupe Community School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the W.C. Cupe Community 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 internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the W.C. Cupe Community School's financial statements 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 was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the W.C. Cupe Community School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Board of Directors
W.C. Cupe Community School

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

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

Julian & Grube, Inc.
January 8, 2013



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

**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**

W.C. Cupe Community School
1465 Oakland Park Avenue
Columbus, Ohio 43224

To the Board of Directors:

Compliance

We have audited the compliance of the W.C. Cupe Community School with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect W.C. Cupe Community School's major federal program for the fiscal year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the W.C. Cupe Community School's major federal program. The W.C. Cupe Community 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 W.C. Cupe Community School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 W.C. Cupe Community 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 W.C. Cupe Community School's compliance with those requirements.

In our opinion, the W.C. Cupe Community School complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The W.C. Cupe Community 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 W.C. Cupe Community School's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining 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 W.C. Cupe Community School's internal control over compliance.

Board of Directors
W.C. Cupe Community School

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 would not necessarily 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.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
January 8, 2013

**W.C. CUPE COMMUNITY SCHOOL
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Title I Grant Cluster: Title I Grants to Local Educational Agencies, CFDA #84.010 and ARRA - Title I Grants to Local Educational Agencies, Recovery Act, CFDA #84.389
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes
2. FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS		

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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Dave Yost • Auditor of State

W.C CUPE COMMUNITY SCHOOL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 19, 2013