

Arise Sports Management Academy

Montgomery County

Regular Audit

July 1, 2005 through June 30, 2006

Fiscal Year Audited Under GAGAS: 2006

**CAUDILL & ASSOCIATES, CPA's**

725 5<sup>th</sup> Street  
Portsmouth, Ohio 45662

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# Mary Taylor, CPA

Auditor of State

Governing Board  
Arise Sports Management Academy  
One Elizabeth Place  
Dayton, Ohio 45408

We have reviewed the *Independent Auditor's Report* of the Arise Sports Management Academy, Montgomery County, prepared by Caudill & Associates, CPA's, for the audit period July 1, 2005 through June 30, 2006. 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 Arise Sports Management Academy is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

January 10, 2008

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**Arise Sports Management Academy**  
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*For the Fiscal Year Ended June 30, 2006*

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# CAUDILL & ASSOCIATES, CPA's

725 5<sup>th</sup> Street  
Portsmouth, Ohio 45662

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Member American Institute of Certified Public Accountants

Member Ohio Society of Certified Public Accountants  
Member Kentucky Society of Certified Public Accountants

## Independent Auditor's Report

Arise Sports Management Academy  
Montgomery County, Ohio  
One Elizabeth Place  
Dayton, Ohio 45408

To the Governing Board:

We have audited the accompanying financial statements of the business-type activities of the Arise Sports Management Academy (the Academy), as of and for the year ended June 30, 2006, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that 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 business type activities of the Academy, as of June 30, 2006, and the respective 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 December 15, 2007, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 3 to the basic financial statements, the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets for Insurance Recoveries*, and GASB Statement No. 47, *Accounting for Termination Benefits*.

*Caudill & Associates, CPA's*

Caudill & Associates, CPA's  
December 15, 2007

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)

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The management discussion and analysis of the ARISE Sport Management Academy Community School's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the School's financial performance.

**Financial Highlights**

- The School had net assets of \$111,213 at June 30, 2006.
- Total assets at fiscal year-end were \$143,878 and total liabilities were \$32,665.
- The School had operating revenues for fiscal year 2006 of \$770,156 and operating expenses of \$742,519.

**Using this Financial Report**

This annual report consists of a series of financial statements and notes to those statements.

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how the School did financially during fiscal year 2006. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the School's net assets and change in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)

Table 1 provides a summary of the School's net assets for fiscal years 2005 and 2006.

(Table 1)			
<b>Net Assets</b>			
	2005	2006	Change
<b>Assets</b>			
Current Assets	\$45,657	\$63,761	\$18,104
Capital Assets, Net	0	80,117	80,117
<b>Total Assets</b>	<b>45,657</b>	<b>143,878</b>	<b>98,221</b>
<b>Liabilities</b>			
Current Liabilities	52,876	32,665	(20,211)
Non-Current Liabilities	467	0	(467)
<b>Total Liabilities</b>	<b>53,343</b>	<b>32,665</b>	<b>(20,678)</b>
<b>Net Assets</b>			
Invested in Capital Assets	0	80,117	80,117
Restricted	32,499	24,606	(7,893)
Unrestricted (Deficit)	(40,185)	6,490	46,675
<b>Total Net Assets (Deficit)</b>	<b>(\$7,686)</b>	<b>\$111,213</b>	<b>\$118,899</b>

Total assets increased \$98,221, as capital assets increased by \$80,117 due to the acquisition of computer equipment during fiscal year 2006. An increase in enrollment resulted in an increase in revenue, which allowed the School to purchase additional capital assets. Total liabilities decreased \$20,678 mainly due to the timing of when invoices were due, which resulted in a increase in accounts payable and the decrease in accrued wages and benefits from fiscal year 2005. Total net assets increased \$118,899. Unrestricted net assets increased by \$46,675 due to an increase in State foundation money, the most significant revenue source of the School. Invested in Capital Assets increased from fiscal year 2005 due to the capital assets additions mentioned above.



ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)

Table 2 shows the changes in net assets for fiscal years 2005 and 2006.

(Table 2)  
**Change in Net Assets**

	2005	2006	Change
<b>Operating Revenues</b>			
State Foundation	\$551,837	\$728,650	\$176,813
Poverty Based Assistance	7,394	41,506	34,112
Miscellaneous	687	0	(687)
Total Operating Revenues	<u>559,918</u>	<u>770,156</u>	<u>210,238</u>
Non-Operating Revenues:			
Federal and State Grants	97,032	91,113	(5,919)
Interest	131	149	18
Total Non-Operating Revenues	<u>97,163</u>	<u>91,262</u>	<u>(5,901)</u>
Total Revenues	<u>657,081</u>	<u>861,418</u>	<u>204,337</u>
<b>Operating Expenses</b>			
Salaries	167,881	267,396	99,515
Fringe Benefits	31,042	42,466	11,424
Purchased Services	337,560	316,897	(20,663)
Rent	0	39,512	39,512
Materials and Supplies	128,284	76,248	(52,036)
Total Expenses	<u>664,767</u>	<u>742,519</u>	<u>\$77,752</u>
Change in Net Assets	(7,686)	118,899	126,585
Net Assets (Deficit) at Beginning of Year	0	(7,686)	(7,686)
Net Assets (Deficit) at End of Year	<u>(\$7,686)</u>	<u>\$111,213</u>	<u>118,899</u>

There was an increase in revenues of \$204,337 and an increase in expenses of \$77,752 from fiscal year 2005. Of the increase in revenues, State foundation money increased by \$176,813. This increase was due to an increase in enrollment in fiscal year 2006.

Salaries increased by \$99,515 from fiscal year 2005. This was due to the increased number of personnel and staff raises. This large increase was offset by the decrease in materials and supplies of \$52,036 primarily due to the fact that fiscal year 2005 was the first year of existence for the School which demanded a large amount of start up costs.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006  
(UNAUDITED)

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**Capital Assets**

At the end of fiscal year 2006 the School had \$80,117, invested in furniture and equipment and vehicles. Table 3 shows fiscal year 2006.

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

	<u>2006</u>
Furniture and Equipment	\$76,613
Vehicles	3,504
Totals	<u><u>\$80,117</u></u>

**Debt Administration**

The School does not have any outstanding debt at June 30, 2006.

**Contacting the School's Financial Management**

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact Carl Shye, Treasurer at ARISE Sport Management Academy Community School, One Elizabeth Place, Dayton, Ohio 45408.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
STATEMENT OF NET ASSETS  
JUNE 30, 2006

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**Assets**

**Current Assets:**

Cash and Cash Equivalents	\$51,136
Intergovernmental Receivable	12,625

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Total Current Assets 63,761

**Non-Current Assets:**

Capital Assets:

Depreciable Capital Assets, Net	80,117
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*Total Assets* 143,878

**Liabilities**

**Current Liabilities:**

Accounts Payable	24,970
Accrued Wages and Benefits Payable	6,665
Intergovernmental Payable	1,030

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*Total Liabilities* 32,665

**Net Assets**

Invested in Capital Assets	80,117
Restricted for Other Purposes	24,606
Unrestricted	6,490

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*Total Net Assets* \$111,213

See accompanying notes to the basic financial statements

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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<b>Operating Revenues:</b>	
State Foundation	\$728,650
Poverty Based Assistance	41,506
	<hr/>
<i>Total Operating Revenues</i>	<i>770,156</i>
	<hr/>
<b>Operating Expenses:</b>	
Salaries	267,396
Fringe Benefits	42,466
Purchased Services	316,897
Rent	39,512
Materials and Supplies	76,248
	<hr/>
<i>Total Operating Expenses</i>	<i>742,519</i>
	<hr/>
<i>Operating Income</i>	<i>27,637</i>
	<hr/>
<b>Non-Operating Revenues:</b>	
Federal and State Grants	91,113
Interest	149
	<hr/>
<i>Total Non-Operating Revenues</i>	<i>91,262</i>
	<hr/>
<i>Change in Net Assets</i>	<i>118,899</i>
	<hr/>
<i>Net Assets (Deficit) at Beginning of Year</i>	<i>(7,686)</i>
	<hr/>
<i>Net Assets at End of Year</i>	<i>\$111,213</i>
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See accompanying notes to the basic financial statements

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

**Increase (Decrease) in Cash and Cash Equivalents:**

**Cash Flows Provided By Operating Activities:**

Cash Received from State of Ohio	\$768,583
Cash Payments to Employees for Services	(334,582)
Cash Payments to Suppliers for Goods and Services	(428,615)
	(428,615)

*Net Cash Provided By Operating Activities* 5,386

**Cash Flows used in Capital Financing Activities:**

Acquisition of Capital Assets (80,117)

**Cash Flows from Noncapital Financing Activities:**

Federal and State Grants Received 103,798

Net Cash Provided by Noncapital Financing Activities 103,798

**Cash Flows from Investing Activities:**

Interest 149

*Net Increase in Cash and Cash Equivalents* 29,216

*Cash and Cash Equivalents at Beginning of Year* 21,920

*Cash and Cash Equivalents at End of Year* \$51,136

**Reconciliation of Operating Income to Net**

**Cash Provided By Operating Activities:**

Operating Income \$27,637

**Adjustments to Reconcile Operating**

**Income to Net Cash Provided By Operating Activities:**

Changes in Assets and Liabilities:

Increase in Intergovernmental Receivable not related to Federal and State Grants	(1,573)
Increase in Accounts Payable	4,042
Decrease in Accrued Wages and Benefits Payable	(20,127)
Decrease in Intergovernmental Payable	(4,126)
Decrease in Compensated Absences Payable	(467)
	(467)

*Total Adjustments* (22,251)

*Net Cash Provided By Operating Activities* \$5,386

See accompanying notes to the basic financial statements

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY**

The ARISE Sport Management Academy Community School (the “School”) is an Ohio Public Benefit Corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades 9 through 12. The School, which is part of the State’s education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

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. Management is not aware of any course of action or series of events that have occurred that might adversely affect the School’s tax exempt status.

The School was approved for operation under contract with Educational Resource Consultants of Ohio (the Sponsor) commencing August 1, 2005 and ending June 30, 2009. 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 contracted with Educational Management Alliance and Eaton Computer Company to perform extended educational services. One member of Educational Management Alliance and Eaton Computer Company also serves on the School’s Governing Board. The School leases its building from RNS Equities LLC, where one of the partners is also on the School’s governing board. Related party transactions are further discussed in Note 13 to the basic financial statements.

The School operates under the direction of a five-member Governing Board. The School and the Peterson Entrepreneurial Training Enterprise School share the same governing 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 primary government of the School consists of one fund, several departments and the Board. School programs include general operations and student related activities of the School. The School is associated with the Metropolitan Dayton Educational Cooperative Association, which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. (See Note 14)

**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 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.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**A. Basis Of Presentation**

The School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The School uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial positions and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

**B. Measurement Focus**

The accounting and financial reporting treatment of an entity's financial transactions is determined by the entity's measurement focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The statement of cash flows provides information about how the School finances and meets the cash flow needs.

**C. Basis of Accounting**

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

**D. Revenues – Exchange and Non-exchange Transactions**

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.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Expenses**

Expenses are recognized at the time they are incurred.

**F. Cash and Cash Equivalents**

All monies received by the School are maintained in demand deposit accounts. All funds of the School are maintained in these accounts. Total cash is presented as “Cash and Cash Equivalents” on the accompanying statement of net assets.

**G. Capital Assets**

Capital assets are capitalized at cost or estimated historical cost (which is determined by indexing the current replacement cost back to the year of acquisition) 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 maintains a capitalization threshold of one thousand dollars. The School does not possess any infrastructure. Per the policy at the School, no depreciation is taken in the fiscal year of acquisition. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

<u>Description</u>	<u>Estimated Lives</u>
Furniture and Equipment	5-30 years
Vehicles	10-20 years

**H. Compensated Absences**

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year-end, taking into consideration any limits specified in the School’s termination policy. The School records a liability for accumulated unused sick leave for all employees with ten years of current service for all positions (including certified and non-certified staff). Since the School has not been in operation for ten years, there is no sick leave benefits liability.



ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**I. 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Restricted net assets include federal and State grants restricted to expenditures for specific purposes. The School applies restricted resources when an expense is incurred for purposes which both restricted and unrestricted net assets are available.

The government-wide statement of net assets reports \$24,606 of restricted net assets, none of which is restricted by enabling legislation.

**J. Operating Revenues and Expenses**

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

**K. Intergovernmental Revenues**

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. 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.

The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The review identified an under payment of \$1,573 to the School for fiscal year 2006.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

**L. 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.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**M. Budgetary Process**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsor. The contract agreement between the School and its Sponsor does not prescribe a budgetary process for the School.

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2006, the School has implemented *GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries"*, and *GASB Statement No. 47, "Accounting for Termination Benefits."*

*GASB Statement No. 42* establishes accounting and financial reporting standards for the impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of this statement had no effect on the School's financial statements for fiscal year 2006.

*GASB Statement No. 47* establishes accounting and financial reporting standards for termination benefits. This statement clarifies and establishes reporting requirements for those benefits provided by employers to employees as an incentive or settlement for voluntary early termination or as a consequence of the involuntary early termination of services. The implementation of this statement had no effect on the School's financial statements for fiscal year 2006.

**NOTE 4 – DEPOSITS**

Custodial credit risk for deposits is the risk that in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. The carrying value of the Academy's deposits totaled \$51,136, and the bank balance totaled \$56,470, all of which was covered by federal depository insurance; therefore there is no custodial credit risk.

The Academy has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 5 – RECEIVABLES**

Receivables at June 30, 2006, consisted of intergovernmental (federal and State grants). All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Title I	\$10,065
State Foundation	1,573
Improving Teacher Quality	835
Education Technology	152
Total Intergovernmental Receivable	\$12,625

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2006:

	Balance 6/30/05	Additions	Deletions	Balance 6/30/06
Capital Assets Being Depreciated:				
Furniture and Equipment	\$0	\$76,613	\$0	\$76,613
Vehicles	0	3,504		3,504
Total Capital Assets Being Depreciated	0	80,117	0	80,117
Less Accumulated Depreciation:				
Furniture and Equipment	0	0	0	0
Vehicles	0	0	0	0
Total Accumulated Depreciation	0	0	0	0
Total Capital Assets Being Depreciated, Net	\$0	\$80,117	\$0	\$80,117

**NOTE 7 - 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. Buildings and contents are covered under Westfield Insurance Company with a \$1,000 deductible. Electronic data processing equipment is covered under Westfield Insurance Company with a \$1,000 deductible. The School carries liability insurance with Westfield Insurance Company of \$1,000,000 single occurrence and \$2,000,000 aggregate.

There have been no significant reductions in insurance coverage from the last fiscal year. Settled claims have not exceeded insurance coverage for the past two fiscal years.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 7 - RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying annual gross payroll by a factor calculated by the State.

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School contributes to the School Employees Retirement System (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 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, by calling (800) 878-5853 or by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org).

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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006 and 2005 were \$8,586 and \$4,725 respectively; 97.10 percent has been contributed for fiscal year 2006 and 100 percent for fiscal year 2005.

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

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS** (continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, 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. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. 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, 2006 and 2005 were \$24,710 and \$15,124 respectively; 97.37 percent has been contributed for fiscal year 2006 and 100 percent for fiscal year 2005. Contributions to the DC and Combined Plans for fiscal year 2006 were \$2,406 by the School District and \$2,292 made by the plan members.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 9 – POSTEMPLOYMENT BENEFITS**

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Ohio Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School, this amount equaled \$1,900 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS Ohio were \$300,690,000 and STRS Ohio had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School, the amount contributed to fund healthcare benefits, including the surcharge, during the 2006 fiscal year equaled \$7,065.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual healthcare expenses. Expenses for health care for the fiscal year ended June 30, 2006 were \$178,067,133. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$296.6 million. SERS has 58,788 participants eligible to receive health care benefits.

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 10 – EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining sick leave components are derived from State Laws. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 120 days. Upon retirement, payment is made for one-fourth of the total accumulated and unused sick leave credit, up to a maximum of 120 days for employees.

**B. Medical, Dental, and Vision Benefits**

The School offers medical insurance through American Trust Company to full-time employees. The contribution to the monthly premium for medical insurance shall be 20% paid by the staff member and 80% paid by the Board. Monthly premiums for the medical insurance are the following:

<u>Type of Coverage</u>	<u>Monthly Premium</u>
Single	\$367
Enrollee plus spouse	\$624
Enrollee plus children	\$637
Family	\$864

**NOTE 11 – OPERATING LEASE**

The School subleases an office facility from RNS Equities, LLC for school space located at One Elizabeth Place, Dayton Ohio. The term of this lease began September 1, 2005 and continues through August 31, 2020. The lease payment is \$9,200 per month and an additional \$506 per month starting March 6, 2006 for a 60 month period to cover tenant improvement costs. Base rent shall increase at the rate of \$.50 per rentable square foot each year. Monthly rental payment is equally shared between the School and Peterson Entrepreneurial Training Enterprise. For fiscal year 2007 through 2021, minimum rental payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2007	\$58,236
2008	58,428
2009	58,619
2010	58,811
2011	57,990
2012-2016	282,703
2017-2021	239,256
	<u>\$814,043</u>

ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 12 – CONTINGENCIES**

**A. Grants**

The School received financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2006.

**B. State Funding**

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data of the State, upon which State foundation funding is calculated. This adjustment resulted in an underpayment of \$1,573 for fiscal year 2006.

**C. Litigation**

A suit was filed in the US District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process, and claims violation of the right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on the School is not presently determinable.

**NOTE 13 – RELATED PARTY TRANSACTIONS**

The School contracted with Kids 2000 to perform extended educational services. One member of Kids 2000 also serves on the School's Governing Board. Total payments made for these services during the fiscal year ended June 30, 2006 were \$1,677.

The Governing Board of the School is the same Governing Board as Peterson Entrepreneurial Training Enterprise, with which it shares operating facilities and the related lease. (See Note 11).

Eaton Computer Company provides technical services and supplies to the School. The owner of the company became a member of the Governing Board beginning July 1, 2005. Total payments made for these services during the fiscal year ended June 30, 2006 were \$50,945.

The School leases its building from RNS Equities, LLC. One of the partners of the company became a member of the Governing Board beginning July 1, 2006. (See Note 11).



ARISE SPORT MANAGEMENT ACADEMY COMMUNITY SCHOOL  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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**NOTE 14 - JOINTLY GOVERNED ORGANIZATION**

*Metropolitan Dayton Educational Cooperative Association* - The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami and Darke Counties and the Cities of Dayton, Troy and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA \$3,226 for services provided during the fiscal year. Financial information can be obtained from Jerry Woodyard, who serves as Director, at 225 Linwood Street, Dayton, Ohio 45405.

# CAUDILL & ASSOCIATES, CPA's

725 5<sup>th</sup> Street  
Portsmouth, Ohio 45662

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Member American Institute of Certified Public Accountants

Member Ohio Society of Certified Public Accountants  
Member Kentucky Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Governing Board  
Arise Sports Management Academy  
Montgomery County  
One, Elizabeth Place  
Dayton, Ohio 45408

We have audited the financial statements of the business-type activities of the Arise Sports Management Academy (the Academy) , as of and for the year ended June 30, 2006, which comprise the Academy's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 15, 2007, in which we indicated the Academy implemented GASB Statements No. 42, and 47. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

Our consideration of internal control over financing reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Academy's financial statements that is more than inconsequential will not be prevented or detected by the Academy's internal control. The results of our tests disclosed three instances of significant internal control deficiencies that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2006-001, 2006-002 and 2006-003.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Academy's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

Arise Sports Management Academy

Montgomery County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item No. 2006-004.

We noted a certain matter which we have reported to management of the Academy in a separate letter dated December 15, 2007.

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

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

*Caudill & Associates, CPAs*

Caudill & Associates, CPA's

December 15, 2007

**Arise Sports Management Academy**  
**Montgomery County**  
*Schedule of Findings & Responses*  
*June 30, 2006*

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

*Finding No.2006-001*

*Significant Internal Control Deficiency – Failure to obtain and maintain employee contracts*

Three of the Academy’s employees did not have contracts.

All employees of the Academy should be approved by the governing board and the hiring should be recorded in the board minutes including the salary rate and period of employment. Additionally, employment contracts should be prepared and signed by the employee and the appropriate school officials. Procedures should be developed and implemented to provide that all potential employees are approved by the Board prior to beginning work and that formal contracts, including salary rates and other expectations, are prepared and signed by both employee and school officials.

**Client Response:**

The Academy will ensure that employee contracts are obtained and maintained as appropriate in the future.

*Finding No.2006-002*

*Significant Internal Control Deficiency – Failure to maintain adequate supporting documentation for expenditures*

Adequate supporting documentation is a key control in the disbursement process to determine if expenditures are for their intended use. 5% of the disbursements tested were not supported by adequate supporting documentation (invoice, receipts of payments or contractual agreements). In addition, 51.67% of the expenditures tested, or \$64,374 in expenditures did not have purchase orders approved by the Chief Executive Officer, as stipulated by the Academy’s unofficial purchasing procedures.

The lack of adequate supporting documentation could result in funds being spent on unauthorized purchases, incorrect amounts being paid, duplication of payments and payments made to fictitious vendors. The Academy should require that original invoices or contractual agreements be submitted and attached to the voucher before payment is made. In addition, the Academy should ensure that purchase orders are properly issued and approved prior to contracting or acquiring goods and services as required by the Academy’s purchasing policy.

**Client Response:**

The Academy will make efforts to ensure that adequate supporting documentation exists for all disbursements.

**Arise Sports Management Academy**  
**Montgomery County**  
*Schedule of Findings & Responses*  
*June 30, 2006*

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**1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS  
(CONTINUED)**

*Finding No.2006-003*

*Significant Internal Control Deficiency – Failure to maintain a capital asset listing*

Adequate capital assets inventory and listing is a key control in the Academy's ability to determine if capital assets are purchased and maintained for their intended use. A complete capital asset listing should be maintained at all times, updated by additions to and disposals of capital assets.

Without proper capital assets listing, the Academy's capital assets will be difficult to monitor, and this could lead to the misappropriation of the Academy's fixed assets.

The Academy should take steps to insure that a complete listing of capital assets is in place and is monitored by appropriate personnel.

**Client Response:**

The Academy will ensure that a capital assets inventory is performed and that a listing of capital assets is maintained.

*Finding No.2006-004*

*Material Citation – Failure to file report in accordance with ORC Section 117.38*

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and the schedules used to make these management decisions.

The Ohio Revised Code Section 117.38 mandates that GAAP-basis entities must file their reports with the Auditor of State within 150 days of the entity's end of the year. In addition the public office must publish a notice in a local newspaper stating that the financial report is available for public inspection at the office of the chief fiscal officer.

The Academy's Fiscal Year 2006 report was not filed with the Auditor of State on time, and no notice of availability of the financial report was published.

The Academy should ensure that its financial reports are timely filed with the Auditor of State. In addition, the Academy should ensure that notice of availability of the financial reports are published in the newspapers as required by the Ohio Revised Code.

**Client Response:**

The Academy will make efforts to ensure compliance will be met.

**ARISE SPORTS MANAGEMENT ACADEMY  
MONTGOMERY COUNTY, OHIO  
JUNE 30, 2006**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2005-001	Employment Practice: Employment contracts approval by board and retaining of employees contracts	No	Reissued as finding # 2006-001
2005-002	Missing purchase orders and invoices	No	Reissued as finding # 2006-002
2005-003	Finding for recovery – Excess payment on invoice	Yes	N/A
2005-004	Going Concern – Net assets deficit	Yes	N/A



**Mary Taylor, CPA**  
Auditor of State

**ARISE SPORTS MANAGEMENT ACADEMY**

**MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 22, 2008**