YOUTHBUILD COLUMBUS COMMUNITY SCHOOL
FRANKLIN COUNTY

Financial Statements

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Mary Taylor, CPA
Auditor of State

Board of Directors
YouthBuild Columbus Community School
7215 Sawmill Road, Suite 50
Dublin, Ohio 43016

We have reviewed the *Independent Accountants' Report* of the YouthBuild Columbus Community School, Franklin County, prepared by Hemphill & Associates, for the audit period July 1, 2007 through June 30, 2008. 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 YouthBuild Columbus Community School is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 6, 2009

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YOUTHBUILD COLUMBUS COMMUNITY SCHOOL

FRANKLIN COUNTY

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Hemphill & Associates
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors of
YouthBuild Columbus Community School
Columbus, Ohio

We have audited the accompanying financial statements of the YouthBuild Columbus Community School (the Entity) as of and for the year ended June 30, 2008 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 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 YouthBuild Columbus Community School as of June 30, 2008, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2009, on our consideration of the Academy'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. 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 is important for assessing the results of our audits. You should read it in conjunction with this report in assessing the results of our audit.

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Hemphill & Associates
Certified Public Accountants

INDEPENDENT ACCOUNTANTS' REPORT
(CONTINUED)

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

Columbus, Ohio
March 2, 2009

Hemphill & Associates

Management's discussion and analysis of YouthBuild Columbus Community School (the School)'s financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2008. Readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- Total net assets increased $313,649 (88%).
- Current liabilities decreased $26,470 (32%), while current assets increased $286,425 (528%).
- Total revenue increased from $703,296 in fiscal year 2007 to $1,177,981 in fiscal year 2008.
- Total expenses increased from $616,456 in fiscal year 2007 to $864,332 in fiscal year 2008.
- The School has $605,564 in long term liabilities as of June 30, 2008.

Using this Financial Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and Statement of Revenues, Expenses, and Changes in Net Assets reflect how the School did financially during fiscal year 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs, and other factors.

The School uses enterprise presentation for all of its activities.

Statement of Net Assets

The Statement of Net Assets answers the question of how the School did financially during 2008. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and 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.

Table 1 provides a summary of the School's net assets as of June 30, 2008 compared to the prior year.

(Table 1)
Statement of Net Assets

	2008	2007
Assets		
Current Assets	$ 340,648	$ 54,223
Capital Assets, Net	990,599	1,018,100
Total Assets	1,331,247	1,072,323
Liabilities		
Current Liabilities	56,385	82,855
Long Term Liabilities	605,564	633,819
Total Liabilities	661,949	716,674
Net Assets		
Investment in Capital Assets	397,167	369,567
Restricted for Grants	7,120	14,109
Unrestricted	265,011	(28,027)
Total Net Assets	$ 669,298	$ 355,649

Statement of Revenues, Expenses, and Changes in Net Assets
Table 2 shows the changes in net assets for fiscal year 2008, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, for the school as a whole, the financial position of the school has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Current assets increased in 2008 due to increased revenues from foundation, federal grants, and private contributions. Capital assets, net, decreased as a result of depreciation.

Liabilities decreased by $54,725 and net assets increased by $313,649 in 2008. These changes are due to increased enrollment generating net income which was used to reduce debt incurred during the last two fiscal years.

Table 2 shows change in Net Assets for fiscal year 2008 compared with fiscal year 2007.

Table 2
Changes in Net Assets

	2008	2007
Operating Revenues		
Foundation	$ 965,274	$ 560,782
Services to Sponsor	101,430	-
Non-Operating Revenues		
Rental Income	37,500	36,000
Other Non-Operating	1,105	85,514
Grants	72,672	21,000
Total Revenues	1,177,981	703,296
Operating Expenses		
Salaries	413,243	282,249
Fringe Benefits	113,895	96,903
Purchased Services	209,087	127,456
Materials and Supplies	28,453	9,740
Depreciation	27,501	27,561
Other	34,903	33,454
Non-Operating Expenses		
Interest on Notes Payable	37,250	39,093
Total Expenses	864,332	616,456
Total Increase in Net Assets	$ 313,649	$ 86,840

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. Foundation and grant revenues made up 88% of all revenues for the School in fiscal year 2008. Other revenues increased due to the increases in services to sponsor.

The primary reason for the increase in overall revenues from 2007 was the increase in students from 78 in fiscal year 2007 to 129 in fiscal year 2008.

Budgeting Highlights

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 Chapter 5705, unless specifically provided in the Community School's contract with its Sponsor. The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one year spending plan and a five-year projection that is reviewed periodically by the Board of Trustees. The five-year projections are also submitted to the Sponsor and the Ohio Department of Education.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School has $990,599 in net capital assets. The majority of the capital assets is the school building.

Debt

At June 30, 2008, the School had $600,932 in outstanding debt. $141,980 is a long-term note to the Columbus Compact foundation, $451,452 is the debt due to Chase Bank, and the remaining $7,500 is a loan payable to the Buckeye Community Hope Foundation.

Current Financial Related Activities

The School's financial outlook over the next several years shows continued growth as enrollment is projected to continue to increase. Enrollment for the school is at 165 students as of December 2008.

Contacting the School's Financial Management

This financial report is designed to provide all citizens, taxpayers, and creditors with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Brian G. Adams, CFO, YouthBuild Columbus Community School, 1183 Essex Avenue, Columbus, Ohio 43215.

YOUTHBUILD COLUMBUS COMMUNITY SCHOOL
STATEMENT OF NET ASSETS
JUNE 30, 2008

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 320,788
Prepaids	12,740
Intergovernmental Receivable	7,120
Total Current Assets	340,648
Non-Current Assets:	
Capital Assets:	
Depreciable Capital Assets, Net	990,599
TOTAL ASSETS	$ 1,331,247
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 8,878
Accrued Wages and Benefits	40,650
Intergovernmental Payable	6,857
Total Current Liabilities	56,385
Long-Term Liabilities:	
Notes Payable, Due Within One Year	181,650
Notes Payable, Due Within More Than One Year	411,782
Loans Payable	7,500
Compensated Absences Payable	4,632
Total Long-Term Liabilities	605,564
TOTAL LIABILITIES	$ 661,949
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	$ 397,167
Restricted for Grants	7,120
Unrestricted	265,011
TOTAL NET ASSETS	$ 669,298

See accompanying notes to the basic financial statements

YOUTHBUILD COLUMBUS COMMUNITY SCHOOL
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating Revenues	
Foundation	$ 965,274
Services to Sponsor	101,430
Total Operating Revenues	$ 1,066,704
Operating Expenses	
Salaries	413,243
Fringe Benefits	113,895
Purchased Services	209,087
Materials and Supplies	28,453
Depreciation	27,501
Other	34,903
Total Operating Expenses	827,082
Operating Income (Loss)	239,622
Non-Operating Revenues (Expenses)	
Rental Income	37,500
Interest on Notes Payable	(37,250)
Other Non-Operating	1,105
Grants	72,672
Total Non-Operating Revenues (Expenses)	74,027
Change in Net Assets	313,649
Net Assets Beginning of Year	355,649
Net Assets End of Year	$ 669,298

See accompanying notes to the basic financial statements

YOUTHBUILD COLUMBUS COMMUNITY SCHOOL
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities	
Cash Received from State	$ 976,841
Cash Received from Other Operating Sources	101,430
Cash Payments to Employees for Services	(411,163)
Cash Payments for Employee Benefits	(104,138)
Cash Payments for Goods and Services	(235,084)
Other Cash Payments	(34,903)
Net Cash Provided by Operating Activities	292,983
Cash Flows from Noncapital Financing Activities	
Grants Received	81,731
Rental Income	37,500
Other Non Operating Revenue	1,105
Net Cash Provided by Noncapital Financing Activities	120,336
Cash Flows from Capital and Related Financing Activities	
Interest Paid - Notes Payable	(38,522)
Principal Payments - Line of Credit	(23,955)
Principal Payments - Notes Payable	(47,601)
Net Cash Used in Financing Activities	(110,078)
Net Increase in Cash and Cash Equivalents	303,241
Cash and Cash Equivalents Beginning of Year	17,547
Cash and Cash Equivalents End of Year	$ 320,788

Reconciliation of Operating Gain to Net Cash Provided by Operating Activities	
Operating Gain	$ 239,622
Adjustments:	
Depreciation	27,501
Changes in Assets and Liabilities:	
IG Receivable	11,567
Prepaids	(3,713)
Accounts Payable	2,456
Accrued Wages	5,793
Compensated Absences	3,090
Intergovernmental Payable	6,667
Net Cash Provided by Operating Activities	$ 292,983

See accompanying notes to the basic financial statements

1. DESCRIPTION OF THE ENTITY

YouthBuild Columbus Community School (the School) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's objectives are to carry out the academic training component of the YouthBuild Columbus program, to advance underserved youth through education, job training, personal development, leadership development, and community service. The YouthBuild Columbus program helps dropouts from traditional high schools in a year round program that enables students to gain employable skills by building and rehabilitating houses in Columbus' Empowerment Zone that are sold to low-income families. 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 was approved for operation on June 14, 2001, under a contract by and between the Ohio Department of Education (ODE) and the Governing Authority of YouthBuild Columbus Community School. The School commenced official operation on July 1, 2001.

The five-member Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's principal, two full time non-certified staff, and five certified full time teaching personnel who provide services to approximately 129 students during the school year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to a governmental nonprofit organization. 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 statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The School does not apply FASB Statements or Interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

Measurement Focus/Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this 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 present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows reflects how the School finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for reporting purposes. Revenue resulting from exchange transactions, in which each party gives and receives equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants, entitlements and donations, are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

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 School's contract with its Sponsor. The contract between the School and the Sponsor does not prescribe an annual budget requirement, but sets forth a requirement to submit a spending plan each fiscal year. Furthermore, the school must submit a five-year forecast to its Sponsor and the Ohio Department of Education annually.

Cash

All cash received by the School is deposited in accounts in the School's name. The School did not have any investments during fiscal year 2008.

Capital Assets and Depreciation

Capital assets and improvements are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market value as of the date received. The School maintains a capitalization threshold of seven hundred fifty dollars for computers and one thousand dollars for all other assets. The School does not possess any infrastructure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School does not capitalize interest. 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, improvements, however, are capitalized. Building, vehicles, furniture, and equipment are depreciated using the straight-line method over the assets' estimated useful lives. Improvements to fixed assets are depreciated over the remaining useful lives of the related capital assets.

The following is the estimated useful lives for property, vehicles, furniture, and equipment:

Asset	Useful Life
Building	45 years
Vehicles	2 years
Furniture and Equipment	1 - 10 years

Intergovernmental Revenues

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

Grants and entitlements are recognized as non-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 School participates in the Comprehensive Continuous Improvement Planning Program through the Ohio Department of Education. Revenue received from this program is recognized as non-operating revenues. Amounts awarded under the above programs for the 2008 school year totaled $1,037,946.

Compensated Absences

Leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered. Unused personal leave is paid out at 100% of the employee's current pay rate at the end of the school year. Sick leave must be used during the school year, is non-accumulative, and is not paid out at the end of the school year. Permanent, year-round employees are entitled to annual vacation leave which is granted on June 1 of each subsequent year of employment and is based on the employee's service years. Upon separation from employment, employees are entitled to compensation at their current rate of pay for all unused vacation leave, prorated to reflect the pay periods worked.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates

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

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase by the School and an expense is recorded when used. The School has prepaid items totaling $12,740.

3. CASH

The following information classifies deposits by category of risk as defined in GASB Statement No.3 “Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,” as amended by GASB Statement No.40, “Deposit, and Investment Risk Disclosures”.

The School maintains its cash balances at one financial institution located in Ohio. The balances are insured by the Federal Deposit Insurance Corporation up to $250,000. At June 30, 2008, the book amount of the School’s deposits was $320,788 and the bank balance was $327,057.

The School had no deposit policy for custodial risk beyond the requirement of state statute.

3. CASH (continued)

Ohio law requires that deposits either be insured or be protected by eligible securities pledged to and deposited either with the school 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 to secure repayment of all public monies deposited in the financial institution whose market value shall be at least 105% of deposits being secured. At June 30, 2008, none of the bank balance was exposed to custodial credit risk.

The total bank balance was insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The School had no investments at June 30, 2008 or during the fiscal year.

4. CAPITAL ASSETS

A summary of the School's capital assets at June 30, 2008, follows:

	Balance 06/30/07	Additions	Deletions	Balance 06/30/08
Capital Assets Being Depreciated:				
Building	$1,125,449	$ -	$ -	$1,125,449
Vehicles	3,000	-	-	3,000
Furniture and Equipment	56,342	-	-	56,342
Total Capital Assets Being Depreciated	1,184,791	-	-	1,184,791
Less Accumulated Depreciation:				
Building	(125,083)	(25,010)	-	(150,093)
Vehicles	(3,000)	-	-	(3,000)
Furniture and Equipment	(38,608)	(2,491)	-	(41,099)
Total Accumulated Depreciation	(166,691)	(27,501)	-	(194,192)
Net Total Capital Assets	$1,018,100	$ (27,501)	$ -	$ 990,599

5. RISK MANAGEMENT

Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. For fiscal year 2008, the School contracted with Accordia of Illinois Insurance Company for property and general liability insurance. The property insurance limits are $1,000 deductible and $385,000 aggregate. The general liability insurance limits are $1,000,000 each occurrence and $2,000,000 aggregate. There has been no reduction in coverage over the prior year. There have been no settlements exceeding coverage in the last three years.

Worker's Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State. The School had paid all premiums as of June 30, 2008.

6. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The 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.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School rate is 14% 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 2008, 9.16% 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 by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% 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 to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were $6,066, $5,706, and $6,334.

6. DEFINED BENEFIT PENSION PLANS (continued)

State Teachers Retirement System

The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is 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, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

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'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% 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 DB Plan and the DC 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 that 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, 2008, plan members were required to contribute 10% of their annual covered salaries. The School was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

6. DEFINED BENEFIT PENSION PLANS (continued)

The School's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2008, 2007 and 2006 were $48,013, $40,755 and $43,916 respectively, of which 100% has been contributed.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, there were no members that elected Social Security. The contribution rate is 6.2% of wages.

7. POST-EMPLOYMENT BENEFITS

School Employee Retirement Systems

The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the 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.

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% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was $745.

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

The School's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were $3,513, $2,335, and $2,928 respectively, of which 100% has been contributed.

7. POST-EMPLOYMENT BENEFITS (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66% of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were $286, $269, $299 respectively all of which has been contributed for fiscal years 2008, 2007 and 2006.

State Teachers Retirement System

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

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 2008, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were $3,693, $3,155, and $3,378 respectively all of which has been contributed for all fiscal years.

8. MEDICAL AND DENTAL EMPLOYEE BENEFITS

The School contracted with AETNA Insurance for its medical insurance benefits for full-time employees of the School. Dental insurance is provided by Prudential Insurance. All full-time employees are eligible to select coverage under this plan, once they have been employed by the School for thirty days. Currently, the School pays 100% of each employee's individual and/or family premium. Premiums are determined by the insurance company.

9. PURCHASED SERVICES

For the period July 1, 2007 through June 30, 2008, purchased service expenses were for the following services:

Professional Services	$ 105,694
Property Services	22,593
Travel and Meetings	3,124
Communications	23,179
Utilities	29,190
Trade Services	25,307
Total	$ 209,087

10. TAX EXEMPT STATUS

The School completed its application and filed for tax exempt status under 501(c)3 of the Internal Revenue Code and was approved for tax exempt status on May 21, 2002. 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.

11. LONG-TERM LIABILITIES

A summary of long-term obligations for the year ended June 30, 2008 is as follows:

Columbus Compact Corporation – The School entered into a promissory note with Columbus Compact Corporation dated April 30, 2002, in the amount of $150,000. This note was for the purpose of acquiring land and a building to be used for the School. The repayment of the principal on this note is deferred for five years. The note has a 4% interest rate and interest accrues during the deferment period. Interest payments are to be made in semi-annual payments during the term of deferment which began on December 31, 2002. At the end of the five year deferment period, the principal balance is to be amortized over fifteen (15) years, with a balloon payment due on the outstanding balance at the end of the seventh year of the loan. On May 1, 2009, a balloon payment of $135,521 is due.	$141,980
Chase Bank Mortgage – The School has a mortgage with Chase Bank (formerly BankOne) dated July 3, 2002, in the amount of $586,444. This note is for the purpose of acquiring land and building and improvements to be used as a facility for the School. Terms of this mortgage provide for monthly payments of principal and interest over 150 months at an annual interest rate of 6.5%.	445,287
Chase Bank - Note Payable – The School has a short-term note with Chase Bank dated February 1, 2007, in the amount of $25,125. Proceeds from this loan were used for the installation of a sprinkler system at the School. Terms of this loan provide for payments of principal and interest over 36 months at an annual interest rate of 8.5%.	6,165
Total	593,432
Current Maturities	181,650
Long Term Debt	$411,782

Additional long-term obligations as of June 30, 2008 were as follows:

Loan Payable (BCHF) – On September 8, 2001, the School received a loan from Buckeye Community Hope Foundation (BCHF). This loan was used for operating capital. This loan, which is payable on demand, has an interest rate of 0%. The outstanding balance on this loan at June 30, 2008 was $7,500.

11. LONG-TERM LIABILITIES (continued)

Debt activity for the fiscal year ended June 30, 2008, was as follows:

	Balance at 6/30/2007	Additions	Reductions	Balance at 6/30/2008	Due Within One Year
Columbus Compact	$150,000	-	($8,020)	$141,980	$141,980
Chase Bank Mortgage	476,192	-	(30,905)	445,287	33,505
Chase Bank Note Payable	14,841	-	(8,676)	6,165	6,165
Total	$650,075	$-	($47,601)	$605,564	$181,650

A summary of the District's future long-term debt funding requirements as of June 30, 2007 follows:

	Principal	Interest
2009	$181,650	$28,136
2010	35,749	25,700
2011	38,144	23,306
2012	40,698	20,751
2013	54,162	14,523
After	300,161	38,274
Total	605,564	$150,690

12. RELATED ORGANIZATIONS/RELATED PARTY TRANSACTIONS

The School is a related organization to Buckeye Community Hope Foundation (BCHF) and YouthBuild Columbus, a non-profit organization affiliated with YouthBuild USA. A description of the School's relationship with these entities follows.

Buckeye Community Hope Foundation

BCHF appoints all five members of the Board of Trustees of the School. Two of the Board members are also employed by BCHF. BCHF does not impose its will on the School Board. The School's accountability to BCHF ceases with BCHF's appointments to the School Board. The School Board sets its own budget, hires/terminates personnel, and authorizes all expenditures. Related party transactions with BCHF were as follows:

Description of Transaction Amount	Amount
Loan payable by the School to BCHF as of June 30, 2007 (See Note 11)	$ 7,500

12. RELATED ORGANIZATIONS/RELATED PARTY TRANSACTIONS (continued)

YouthBuild Columbus

YouthBuild Columbus is a CHDO real estate developer, supporting policies and programs which enable young people to assume leadership in order to rebuild their communities. The Secretary of the School's Board of Trustees is also the Executive Director of YouthBuild Columbus. The School's Principal is also the President of the Board of YouthBuild Columbus. The School began leasing space in the school building at 1183 Essex Avenue to YouthBuild Columbus in March 2003 (See Note 13).

Services to Sponsor

YouthBuild Columbus contracts with Buckeye Community Hope Foundation (BCHF) for consulting services. The Consultant, Patricia Hughes will serve as BCHF's Director of Sponsorship, as such, Ms. Hughes will provide the following services:

- Oversight of Community School Compliance
- Provision of Technical Assistance as requested by sponsored schools
- Provision of Technical Assistance to sponsored schools as deemed necessary by BCHF's Community School Division
- Intervene in sponsored Schools' Operations as stated in their Community School Contract

The following table represents amounts reimbursed by BCHF for services rendered:

Description of Transaction Amount	Amount
Amounts received by the School from BCHF for expense reimbursement for BCHF salaries paid by the School	$ 101,430

13. RENT REVENUE

The School entered into a lease agreement for the use of space in the Essex Avenue School Building with YouthBuild Columbus. The premise will be used as offices by the lessee. The lease commenced March 1, 2003 and the term of the lease is indefinite. YouthBuild Columbus is a subsidiary of Buckeye Community Hope Foundation. During fiscal year 2008, rent payments of 37,500 were paid to the school.

14. CONTINGENCIES

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, 2008.

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 a 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.

Full Time Equivalency

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The fiscal year 2008 review found the School was underpaid $2,069. This amount has been included in the Intergovernmental Receivable balance at June 30, 2008.

Hemphill & Associates
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

To the Board of Directors of
YouthBuild Columbus Community School
Columbus, Ohio

We have audited the financial statements of YouthBuild Columbus Community School (the Entity) as of and for the year ended June 30, 2008, and have issued our report thereon dated March 2, 2009. 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 YouthBuild Columbus Community School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the YouthBuild Columbus Community School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 organization'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 organization's financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

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 organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

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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
(Continued)

We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether YouthBuild Columbus Community School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the audit committee, management, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

Columbus, Ohio
March 2, 2009

Hemphill & Associates

Mary Taylor, CPA
Auditor of State

YOUTHBUILD COLUMBUS 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
MAY 7, 2009

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