CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

Dave Yost • Auditor of State

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses, and Changes in In Net Assets	8
Statement of Cash Flows	9
Notes to the Basic Financial Statements	11
Schedule of Federal Award Receipts and Expenditures	25
Notes to the Schedule of Federal Award Receipts and Expenditures	26
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing* Standards	27
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	29
Schedule of Findings	31
Schedule of Prior Audit Findings	33
Independent Accountants' Report on Applying Agreed-Upon Procedures	35

This page intentionally left blank.

INDEPENDENT ACCOUNTANTS' REPORT

Cincinnati Speech and Reading Intervention Center
Hamilton County
1812 Central Parkway
Cincinnati, Ohio 45214

To the Board of Directors:

We have audited the accompanying basic financial statements of the Cincinnati Speech and Reading Intervention Center, Hamilton County, Ohio (the Center), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Center's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cincinnati Speech and Reading Intervention Center, as of June 30, 2011, and the changes in its financial position and its 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 May 9, 2012, on our consideration of the Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577
www.auditor.state.oh.us

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

We conducted our audit to opine on the financial statements that collectively comprise the Center's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This statement was subject to the auditing procedures we applied to the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost

Dave Yost
Auditor of State

May 9, 2012

The management's discussion and analysis of the Cincinnati Speech & Reading Intervention Center's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the School's financial performance.

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

Financial Highlights

Key financial highlights for the Cincinnati Speech & Reading Intervention Center during fiscal year 2011 are as follows:

- Total net assets of the School increased $132,975 during the fiscal year. Ending net assets of the School were $278,945.

- Total assets increased $826,889 from the prior year and total liabilities increased by $693,914 during this same 12 month period.

- The School's operating loss for fiscal year 2011 was $912,105 compared with an operating loss of $602,815 reported for the prior year. Total revenues increased by approximately $1.2 million while operating expenses increased by approximately $1.1 million over those reported for the prior year.

Using the Basic Financial Statements

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and Notes to the Basic Financial Statements. The basic financial statements include a Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Assets

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

This statement reports the School's net assets; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Financial Analysis

Table 1 provides a summary of the School's net assets for 2011 and 2010:

Table 1
Net Assets at Year End

	2011	2010
Assets:		
Current Assets	$ 239,370	$ 410,348
Capital Assets, Net	1,400,696	402,829
Total Assets	1,640,066	813,177
Liabilities		
Current Liabilities	492,885	444,670
Non-Current Liabilities	868,236	222,537
Total Liabilities	1,361,121	667,207
Net Assets:		
Invested in Capital Assets	335,659	60,292
Restricted	1,208	8,696
Unrestricted	(57,922)	76,982
Total Net Assets	$ 278,945	$ 145,970

The total assets of the School increased by $826,889, which represents a 102 percent increase in total assets reported for fiscal year 2010. The increase in assets was primarily a result of the School financing the purchase of a school building.

Total liabilities of the School increased $693,914 over those reported one year ago. This increase is the result of an increase in notes payable as a result of the School financing the purchase of a school building, offset by a decrease in accounts payable due to timing of cash payments.

The total net assets reported for fiscal year 2011 improved by $132,975. Unrestricted net assets decreased by $134,904 while restricted net assets decreased by $7,488. Net assets invested in capital assets, net of related debt, increased by $275,367. This represents the amount in which capital acquisitions and note principal payments exceeded capital asset depreciation and new debt issued during the fiscal year.

Financial Analysis

Table 2 provides a summary of the School's change in net assets for 2011 and 2010:

Table 2
Changes in Net Assets

	2011	2010
Operating Revenues:		
Foundation Revenues	$ 1,762,864	$ 959,907
Miscellaneous	11,950	-
Total Operating Revenues	1,774,814	959,907
Operating Expenses:		
Salaries and Wages	1,030,296	553,274
Fringe Benefits	275,595	100,457
Purchased Services	1,174,103	765,161
Materials and Suppilies	114,893	95,800
Depreciation	48,081	24,952
Other	43,951	23,078
Total Operating Expenses	2,686,919	1,562,722
Operating Income (Loss)	(912,105)	(602,815)
Nonoperating Revenues		
Federal Grants	1,013,054	595,739
State Grants	5,000	6,890
Donations and Contributions	26,026	-
Other Nonoperating Revenues	1,000	7,463
Total Nonoperating Revenues	1,045,080	610,092
Change in Net Assets	132,975	7,277
Net Assets, Beginning of Year	145,970	138,693
Net Assets, End of the Year	$ 278,945	$ 145,970

Total revenue increased $1,249,895 in fiscal year 2011, in comparison with the prior fiscal year, primarily as a result of increased funding from the Ohio Department of Education and federal grants directly related to higher student enrollment compared to the previous fiscal year.

Total expenses increased $1,124,197 in fiscal year 2011, in comparison with the prior fiscal year, primarily due to higher student enrollment and administration of additional grant funds.

Capital Assets

At fiscal year-end, the School had $1,400,696 invested in capital assets, an increase of $997,867 in comparison with the prior fiscal year. This increase represents the amount in which current year capital acquisitions of $1,045,948 exceeded current year depreciation of $48,081. See Note 5 of the basic financial statements for additional details.

Debt

At fiscal year-end, the School had $1,065,037 in notes payable, an increase of $722,500 in comparison with the prior fiscal year. This increase represents the amount in which new issuances during the year of $962,500 exceeded current year principle payments and premium amortization of $187,222 and $52,778, respectively. See Note 6 of the basic financial statements for additional details.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Cincinnati Speech & Reading Intervention Center and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Cincinnati Speech & Reading Intervention Center, 6500 Poe Avenue, Suite 350, Dayton, Ohio 45414.

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2011

Assets:		
Current Assets:		
Cash and cash equivalents	$	108,782
Intergovernmental Receivable		129,369
Accounts Receivable		1,219
Total Current Assets		239,370
Non-Current Assets:		
Capital Assets, net of accumulated depreciation		1,400,696
Total Noncurrent Assets		1,400,696
Total Assets		1,640,066
Liabilities:		
Current Liabilities:		
Accounts Payable		140,242
Accrued Wages and Benefits Payable		119,941
Intergovernmental Payable		32,283
Unearned Revenue		3,618
Notes Payable		196,801
Total Current Liabilities		492,885
Noncurrent Liabilities:		
Notes Payable		868,236
Total Liabilities		1,361,121
Net Assets:		
Invested in Capital Assets net of Related Debt		335,659
Restricted for Grants		1,208
Unrestricted		(57,922)
Total Net Assets	$	278,945

See accompanying notes to the basic financial statements.

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Foundation Payments	$ 1,762,864
Miscellaneous Revenue	11,950
Total Operating Revenues	1,774,814
Operating Expenses:	
Salaries	1,030,296
Fringe Benefits	275,595
Purchased Services	1,174,103
Materials and Supplies	114,893
Depreciation	48,081
Other	43,951
Total Operating Expenses	2,686,919
Operating Income (Loss)	(912,105)
Non-Operating Revenues (Expenses):	
Federal Grant Revenue	1,013,054
State Grant Revenue	5,000
Donations and Contributions	26,026
Other Non-Operating Revenues	1,000
Total Non-Operating Revenues (Expenses)	1,045,080
Change in Net Assets	132,975
Net Assets Beginning of Year	145,970
Net Assets End of Year	$ 278,945

See accompanying notes to the basic financial statements.

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Cash Flows from Operating Activities:		
Cash Received from State of Ohio	$	1,762,864
Cash Received from Miscellaneous		11,950
Cash Payments to Suppliers for Goods and Services		(1,468,477)
Cash Payments to Employees for Services & Benefits		(1,244,263)
Net Cash Used for Operating Activities		(937,926)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Grants (Federal & State)		959,081
Cash Received from Donations and Contributions		26,026
Cash Received from Other Non-Operating Activities		1,000
Net Cash from Noncapital Financing Activities		986,107
Cash Flows from Capital and Related Financing Activities:		
Payments for Capital Acquisitions		(37,583)
Payments for Principal on Notes Payable		(187,222)
Payments for Interest on Notes Payable		(52,778)
Net Cash Used for Capital and Related Financing Activities		(277,583)
Net Increase (Decrease) in Cash and Cash Equivalents		(229,402)
Cash and Cash Equivalents at Beginning of Year		338,184
Cash and Cash Equivalents at End of Year	$	108,782
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:		
Operating Income (Loss)	$	(912,105)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:		
Depreciation		48,081
Changes in Assets and Liabilities:		
Accounts Receivable		4,167
Accounts Payable		(135,830)
Accrued Wages		39,053
Intergovernmental Payable		18,708
Net Cash Provided (Used) by Operating Activities	$	(937,926)

Schedule of noncash transactions:

During the fiscal year, the School financed the purchase of a school building valued at $962,500.

See accompanying notes to the basic financial statements.

This page intentionally left blank.

Note 1 – Description of the School and Reporting Entity

Cincinnati Speech and Reading Intervention Center (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in Kindergarten through grade 8. The School, which is part of the State's education program, is independent of any school district and is non sectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

On January 30, 2008, the School entered into a contract with Richland Academy of the Arts to be the School's sponsor. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a four-member Board of Trustees (the Board) as of June 30, 2011. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controls the School's instructional/support facility staffed by 11 non-certified and 18 certificated full time teaching personnel who provided services to 366 students during the fiscal year.

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The difference between total assets and liabilities are defined as net assets. The Statement of Revenues, Expenses and Changes in Net Assets present increases (i.e., revenues) and decreases (i.e., expenses) in net assets. The Statement of Cash Flows provides information about how the School finances and meets the cash flow needs of its enterprise activities.

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

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

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

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

Expenses are recognized at the time they are incurred.

C. Budgetary Process

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

D. Cash and Cash Equivalents

All monies received by the School are maintained in a demand deposit account. For internal accounting purposes, the School segregates its cash into separate funds.

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Description	Estimate Life
Computers and Equipment	5 years
Buildings	50 years

F. Estimates

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

G. Intergovernmental Revenue

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

H. Operating and Non-Operating Revenues and Expenses

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its Statement of Net Assets relating to expenses, which are due but unpaid as of fiscal year-end, including:

Wages payable – salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2011 contract.

Intergovernmental payable – payment for the employer's share of the retirement contribution, Medicare and Workers' Compensation associated with services rendered during fiscal year 2011 that were paid in the subsequent fiscal year.

J. Federal Tax Exemption Status

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

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation less any outstanding capital related debt. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets of the School at year-end represent unspent federal, state, and local grants and contributions for specific programs. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Deposits and Investments

Custodial credit risk is the risk that in the event of bank failure, the School will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

The School had no deposit policy for custodial 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 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 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 and five percent of the deposits being secure.

Note 3 – Deposits and Investments (Continued)

At June 30, 2011, the carrying amount of the School's deposits was $108,782 and the bank balance was $133,621. The entire bank balance was collateralized under FDIC insurance. Although all statutory requirements for the deposit of public money had been followed, non-compliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

Note 4 – Intergovernmental Receivables

All intergovernmental receivables are considered collectible in full due to the stable condition of Federal grant programs. Intergovernmental Receivable at fiscal year-end consisted entirely of federal grants.

Note 5 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets:				
Buildings	$ 350,000	$ 962,500	$ -	$ 1,312,500
Furniture and Equipment	115,553	83,448	-	199,001
Total Depreciable Capital Assets	465,553	1,045,948	-	1,511,501
Accumulated Depreciation:				
Buildings	(3,500)	(16,625)	-	(20,125)
Furniture and Equipment	(59,224)	(31,456)	-	(90,680)
Total Accumulated Depreciation	(62,724)	(48,081)	-	(110,805)
Total Capital Assets, Net	$ 402,829	$ 997,867	$ -	$ 1,400,696

The School has not perfected the title for 1812 Central Parkway as of June 30, 2011. Since the school has the risk and benefit of the building, along with the related debt, it is included as an addition to capital assets in the table above.

Note 6 – Notes Payable

The changes in the School's long-term obligation during the fiscal year are as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Notes Payable	$ 342,537	$ 798,061	$ (187,222)	$ 953,376	$ 196,801
Notes Premium	-	164,439	(52,778)	111,661	-
Total	$ 342,537	$ 962,500	$ (240,000)	$ 1,065,037	$ 196,801

In fiscal year 2010, the School entered into a promissory note with Joann and Ed Hubert Family Foundation to secure capital funds for the purchase of the Elm Street building. The note was approved for $342,537. The note carried an interest rate of 0% and a maturity date of June 30, 2012.

In fiscal year 2011, the School entered into a Promissory Note with Joann and Ed Hubert Family Foundation to secure capital funds for the purchase of the 1812 Central Parkway building. The purchase was approved for $962,500. The $962,500 purchase price was added to the amount owed from the purchase of the Elm Street ($342,537) and documented in a Promissory Note between the School and the Hubert's. The total amount of the note is $1,305,037. The Promissory Note with the Hubert Family is collateralized by the property of the School.

The note carries an interest rate of 0%; however, interest has been imputed at 5%, resulting in a note premium at issuance totaling $164,439. The note premium will be amortized over the life of the note. The note has no required schedule of payment; however, the note has a maturity date of June 30, 2020.

During the fiscal year, the School paid $20,000 per month toward the note for a total of $240,000. Of this amount, $187,222 and $52,778 have been allocated to principle and interest, respectively. Assuming the School continues paying $20,000 per month toward the note, debt-service-to-maturity requirements to retire the note is as follows:

Fiscal Year Ended June 30:	Principal	Interest	Total
2012	$ 196,801	$ 43,199	$ 240,000
2013	206,869	33,131	240,000
2014	217,453	22,547	240,000
2015	228,578	11,422	240,000
2016	103,675	1,362	105,037
Total	$ 953,376	$ 111,661	$ 1,065,037

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. During the fiscal year, the School contracted with Indiana Insurance Company for property and general liability insurance coverage as follows:

Commercial Property (Coinsurance is 90%; $1,000 deductable		
Business Personal Property Included	$	4,430,970
Business Income & Extra Expense		430,000
General Liability:		
Per Occurrence		1,000,000
Aggregate Total		2,000,000
Employee Benefits Liability / Program		
Each Employee ($1,000 deductable for each employee)		1,000,000
Aggregate Total		3,000,000
Employer's Stop Gap Liability:		
Per Injury		1,000,000
Aggregate Total		2,000,000
School Leaders Errors and Omissions Liability:		
Each Wrongful Act / Aggregate Limit ($10,000 deductable)		1,000,000
Commercial Crime:		
Forgery and Alterations ($500 deductible)		50,000
Public Employee Dishonesty, per Loss ($500 deductable)		50,000
Vehicle Coverage:		
Combined Single Limit / Uninsured Motorist Liability ($500/ $ 1,000 deductible)		1,000,000
Computer Equipment Blanket		202,734
Student Accident ($500 deductable)		250,000

There was no significant reduction in coverage from the prior year. Settlement amount have not exceeded coverage amounts in each of the past three years.

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

C. Employee Medical and Dental Benefits - The School carries their medical and dental insurance through United Health Care. The School pays the first $500 of medical and dental benefits for employees. The employee is responsible for the remainder of the premiums. The annual cost of medical insurance is based upon gender and age.

Note 8 – Defined Benefit Pension Plans

(a) School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS' website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.8%. The remaining 2.19% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009, were $36,175, $14,321, and $27,329, respectively. The amount contributed for fiscal year 2011 was 72 percent and 100 percent was contributed for fiscal years 2010 and 2009. The School's unpaid contribution for fiscal year 2011 has been recorded as a liability.

(b) State Teachers Retirement System

Plan Description - The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877 or by visiting the STRS Ohio Web site at www.strsoh.org.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

Note 8 – Defined Benefit Pension Plans (continued)

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

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

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

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

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

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

Note 8 – Defined Benefit Pension Plans (continued)

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

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2011, were 10% of covered payroll for members and 14% for employers.

The School's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2011, 2010, and 2009 were $94,380, $30,008, and $56,520, respectively; 85 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The School's unpaid contribution for fiscal year 2011 has been recorded as a liability.

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. At fiscal year-end, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 9 – Post-employment Benefits

(a) School Employees Retirement System

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

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2011 was $96.40 for most participants, but could be as high as $369.10 per month depending on their income. SERS' reimbursement to retirees was $45.50.

Note 9 – Post-employment Benefits (Continued)

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76%. The School's contributions for the years ended June 30, 2011, 2010 and 2009 were $2,328, $1,182, and $2,255, respectively, 72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The School's unpaid contribution has been recorded as a liability.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2011, the health care allocation is 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care, including the surcharge, for the years ended June 30, 2011, 2010, and 2009 were $10,244, $9,422, and $19,738, respectively. 72 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The School's unpaid contribution has been recorded as a liability.

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

Note 9 – Post-employment Benefits (Continued)

(b) State Teachers Retirement System

Plan Description - The School contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by writing 275 E. Broad St., Columbus, OH 43215-3371, by calling 1-888-227-7877, or by visiting the STRS Ohio web site at www.strsoh.org.

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

Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1% of covered payroll to post-employment health care. The School's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $7,260, $2,308, and $4,348, respectively; 85 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. The School's unpaid contribution has been recorded as a liability.

Note 10 – Restricted Net Assets

At fiscal year-end, the School reported restricted net assets totaling $1,208. The Nature of the net asset restrictions are as follows:

Local grants and contributions	$ 1,208
Total	$ 1,208

Note 11 – Contingencies

A. Grants

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

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The results of this review could result in state funding being adjusted. This information was not available as of the date of this report. The School does not anticipate any material adjustments to state funding for fiscal year 2011 as a result of such review.

Note 12 – Contracted Fiscal Services

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education services provider with a focus in instruction, operations and financial management support. The Agreement's term is for a twelve month period beginning July 1, 2010 and may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A School Resource Center will perform the following functions for the School:

1. Business Management Services – Supervision and management of School business affairs, budget development and planning, supervision of support services, personnel management, and coordination of safety programs. Total amount paid during FY11 was $48,000.
2. Instruction Professional Development – Oversight and providing professional development to instruction staff. Total amount paid during FY11 was $22,500.
3. Admin Professional Development – Oversight and providing professional development to admin and instruction staff. Total amount paid during FY11 was $62,055.
4. Treasurer Services – Providing basic record keeping of required documents for state and federal governments and basic accounting reports to Director and Board. Total amount paid during FY11 was $24,000.
5. Financial Management Services – Providing financial reporting, cash flow analysis, and resource call support. Total amount paid during FY11 was $12,000.
6. Payroll/Accounting Services – Processing payroll and payables, including all required tax forms. Filing payroll deduction payments, providing bank reconciliations, and overseeing administration of payroll and payables. Total amount paid during FY11 was $43,670.
7. CCIP Coordinator Services – Grants management, federal expenditure tracking, and reports to Director and Board. Total amount paid during FY11 was $31,350.
8. E-Rate, CRRS, and 21st Century Services – Expense tracking, guidance and oversight, and monitoring. Total amount paid during FY11 was $25,000.

Note 12 – Contracted Fiscal Services (Continued)

9. SOES/EMIS Services – Guidance and oversight related to system set up, maintenance, and input of student data. Total amount paid during FY11 was $39,500.
10. Audit-Prep Services – Assisting and corresponding with auditors to ensure a timely audit. Total amount paid during FY11 was $48,568.
11. In addition, an outstanding payable of $130,739 was paid to M&A in FY11 for services provided in fiscal year 2010.

M&A School Resource Center fees for the fiscal year totaled $356,643 and the amount total amount paid during the fiscal year totaled $409,795. The difference between the fee amount and the amount paid is the result of accounting accruals. Amounts payable to M&A School Resource Center at the end of fiscal years 2010 and 2011 were $130,739 and $77,587, respectively.

Note 13 – Purchased Services

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

Professional and Technical Services	$ 476,144
Contractual Fiscal Services	310,360
Building Rent	14,551
Repairs and Maintenance	18,705
Utilities	68,277
Contracted Food Services	248,810
Other Pupil Transportation	4,007
Garbage Removal and Cleaning	15,839
Other Purchased Services	17,410
Total Purchased Services	$ 1,174,103

Note 14 – Operating Lease- Lessor

The School entered into a Property Lease Agreement for the building located at 132 Findlay Street with Findlay Market (Lessee). The term of the lease is five years, commencing on August 1, 2010. The minimum annual payments to be made from the Lessee during years one through two are $10,450, and $15,177 for years three through five. During the fiscal year, the School was paid $10,450 in lease payments for the property. The Lessee has the option to purchase the building but has not notified the School to execute the option.

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTIRE			
Passed Through Ohio Department of Education			
Nutrition Cluster:			
National school breakfast	10.553	$ 28,435	$ 28,435
National school lunch	10.555	79,970	79,970
Total U.S. Department of Agriculture		$ 108,405	$ 108,405
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education:			
IDEA Part B	84.027	29,239	26,569
IDEA Part B, ARRA	84.391	16,545	13,492
Early Childhood IDEA Part B	84.173	53	0
Early Childhood IDEA Part B, ARRA	84.392	0	98
Total Special Ed Cluster		45,837	40,160
Education Stabilization Fund, ARRA	84.394	149,920	149,920
Title I:			
Title I, Consolidated	84.010	314,164	340,832
Title I, School Improvement Sub A	84.010	86,640	94,233
Title I, School Improvement Sub G	84.377	0	3,000
Title I, ARRA	84.389	63,185	73,701
Total Title I Cluster		463,989	511,767
Safe & Drug Free Schools	84.186	2,768	280
Title II D	84.318	369	492
Improving Teacher Quality - Title II-A	84.367	569	0
Education Jobs	84.410	27,586	27,586
21st Century Comm Learning Center	84.287	154,636	185,041
Total U.S. Department of Education		$ 845,672	$ 915,244
Total		$ 954,077	$ 1,023,649

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Cincinnati Speech and Reading Intervention Center's (the School) federal award programs receipts and expenditures. The Schedule has been prepared on the cash basis of accounting.

NOTE B – CHILD NUTRITION CLUSTER

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.

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

Cincinnati Speech and Reading Intervention Center
Hamilton County
1812 Central Parkway
Cincinnati, Ohio 45214

To the Board of Directors:

We have audited the basic financial statements of the Cincinnati Speech and Reading Intervention Center, Hamilton County, Ohio (the Center), as of and for the year ended June 30, 2011 and have issued our report thereon dated May 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Center's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577
www.auditor.state.oh.us

We did note certain matters not requiring inclusion in this report that we reported to the Center's management in a separate letter dated May 9, 2012.

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

Dave Yost
Auditor of State

May 9, 2012

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

Cincinnati Speech and Reading Intervention Center
Hamilton County
1812 Central Parkway
Cincinnati, Ohio 45214

To the Board of Directors:

Compliance

We have audited the compliance of Cincinnati Speech and Reading Intervention Center, Hamilton County, Ohio (the Center), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Cincinnati Speech and Reading Intervention Center's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned cost identifies the Center's major federal programs. The Center's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Center's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Center's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Center's compliance with these requirements.

In our opinion the Cincinnati Speech and Reading Intervention Center complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated May 9, 2012.

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

Dave Yost

Dave Yost
Auditor of State

May 9, 2012

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	**Unqualified**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	**No**
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	**No**
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	**No**
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	**Unqualified**
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	**No**
(d)(1)(vii)	**Major Programs (list):**	**Title I, Part A Cluster CFDA 84.010; 84.377; and 84.389** **State Fiscal Stabilization Fund CFDA 84.394**
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	**Type A: > $ 300,000** **Type B: all others**
(d)(1)(ix)	**Low Risk Auditee?**	**No**

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

CINCINNATI SPEECH AND READING INTERVENTION CENTER
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2010-001	Finding for Recovery, against school regarding overfunding of students	Partially Corrected	Repeated in the Management Letter.

This page intentionally left blank.

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Cincinnati Speech and Reading Intervention Center
Hamilton County
1812 Central Parkway
Cincinnati, Ohio 45214

To the Board of Directors:

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

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

1. In our report dated July 28, 2011, we noted the Board adopted an anti-harassment policy on April 23, 2010. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.

2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the April 23, 2010 policy. Therefore, the policy still lacks the following required by Ohio Rev. Code Section 3313.666.

   (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as amended by House Bill 19 of the 128th General Assembly to include violence within a dating relationship within its definition of harassment, intimidation or bullying.;

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

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

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

Dave Yost
Auditor of State

May 9, 2012

Dave Yost • Auditor of State

CINCINNATI SPEECH AND READING INTERVENTION CENTER

HAMILTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 12, 2012

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us