Richard Allen Academy II Community School
Montgomery County, Ohio

Basic Financial Statements

June 30, 2007

(with Independent Auditors' Report)

Mary Taylor, CPA
Auditor of State

Board of Trustees
Richard Allen Academy II Community School
368 South Patterson Blvd
Dayton, Ohio 45402

We have reviewed the *Independent Auditors' Report* of the Richard Allen Academy II Community School, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period July 1, 2006 through June 30, 2007. 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 Richard Allen Academy II Community School is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 17, 2009

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CLARK SCHAEFER HACKETT
STRENGTH IN NUMBERS

INDEPENDENT AUDITORS' REPORT

Richard Allen Academy II Community School
368 South Patterson Blvd.
Dayton, Ohio 45402

We have audited the accompanying financial statements of the Richard Allen Academy II Community School (the School) as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richard Allen Academy II Community School as of June 30, 2007, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2009, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
February 10, 2009

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The discussion and analysis of Richard Allen Academy II Community School's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

Financial Highlights

Key financial highlights for fiscal year 2007 are as follows:

- Total net assets decreased $212,613 in fiscal year 2007, which represents 247.2 percent decrease from fiscal year 2006.

- Total assets decreased $271,692 which represents a 56.9 percent decrease from the prior year. The largest change was a reduction in cash during the year by $145,449. Total liabilities decreased by $52,079 consisting primarily of a decrease in intergovernmental payables by $137,365, as the School paid off the liability to the Ohio Department of Education (ODE) related to the enrollment audit from fiscal year 2005, which was somewhat offset by the increase in accounts payable reported at year-end of $79,703.

- The $639,409 operating loss reported for fiscal year 2007 was $355,038 greater than the operating loss reported for fiscal year 2006.

Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

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 capital asset needs and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the School's net assets for fiscal year 2007 compared with fiscal year 2006.

Table 1
Net Assets

	2007	2006	Change
Assets:			
Current assets	$ 41,519	$ 225,085	$ (183,566)
Capital assets, Net	164,239	252,365	(88,126)
Total Assets	205,758	477,450	(271,692)
Liabilities:			
Current liabilities	297,023	333,282	(36,259)
Non-current liabilities	35,335	58,155	(22,820)
Total Liabilities	332,358	391,437	(59,079)
Net Assets:			
Invested in capital assets	98,464	168,694	(70,230)
Restricted	10,207	10,680	(473)
Unrestricted	(235,271)	(93,361)	(141,910)
Total Net Assets	$ (126,600)	$ 86,013	$ (212,613)

As noted in Table 1 above, total net assets of the School decreased by $212,613 during fiscal year 2007 resulting in an accumulated deficit of $126,600 at June 30, 2007.

Total assets of the School decreased by $271,692 or 56.9 percent. Cash on hand decreased by $145,449 compared from the prior year due to cash disbursements exceeding cash receipts. Total receivables reported as of June 30, 2007 were $30,117 less than those reported one year prior due to collection of amounts owed during the year. Capital assets decreased by $96,126 due to depreciation expense exceeding acquisitions for the year.

The liabilities reported by the School at June 30, 2007 were $59,079 lower than the amount reported for the prior year. While the amount reported for accounts payable increased for fiscal year 2007 by $79,703, this increase was offset by the decrease in intergovernmental payable of $137,365. The decrease in the intergovernmental payable was attributed to the School settling in full the liability owed to the Ohio Department of Education (ODE) the liability associated with the fiscal year 2005 enrollment audit. At June 30, 2006 the remaining liability from the fiscal year 2005 enrollment audit was $139,950, which was deducted from the School's foundation receipts during fiscal year 2007.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2007, as well as revenue and expense comparisons to fiscal year 2006.

Table 2
Change in Net Assets

	2007	2006	Change
Operating Revenues:			
Foundation payments	$ 2,860,045	$ 2,834,041	$ 26,004
Poverty based assistance	209,336	189,683	19,653
Miscellaneous revenue	57,937	3,821	54,116
Non-Operating Revenues:			
State and federal grants	429,442	257,716	171,726
Interest earnings	391	222	169
Total Revenues	3,557,151	3,285,483	271,668
Operating Expenses:			
Contractual employees	1,981,536	1,637,393	344,143
Management company fees	655,383	635,240	20,143
Building rental	132,501	132,500	1
Other purchased services	694,101	614,862	79,239
Materials and supplies	188,391	176,991	11,400
Depreciation	113,777	108,796	4,981
Other expenses	1,038	6,134	(5,096)
Non-Operating Expenses:			
Interst and fiscal charges	2,977	4,673	(1,696)
Loss on disposal of asset	60	10,500	(10,440)
Total Expenses	3,769,764	3,327,089	442,675
Change in Net Assets	(212,613)	(41,606)	(171,007)
Net Assets, Beginning of Year	86,013	127,619	(41,606)
Net Assets, End of Year	$ (126,600)	$ 86,013	$ (212,613)

Total revenues of the School increased by $271,668, or 8.3 percent, over the total revenues reported for the prior year. Revenue received through the state foundation program (including parity aid) increased by $45,657 over the amount received in the prior year. The increase in foundation funding can be attributed to the increased per pupil funding amount used by ODE in funding schools. Federal and state grant revenue increased $171,726 over the revenue reported for fiscal year 2006 due primarily to the School receiving a $150,000 federal charter school grant during fiscal year 2007 which it did not receive in the prior year. Increases were also realized in the school lunch and special education federal grants during the fiscal year compared with the prior fiscal year.

Total expenses of the School reported for the fiscal year were $442,675 or 13.3 percent higher than those reported for the previous fiscal year. Increases in the expenses associated with contract labor and related benefits comprise the majority of the increases. Additional personnel needed for kindergarten classes account for the majority of staff position increase. Other purchased services expense increased by $79,239 from those reported for fiscal year 2006 due to the addition of a full-time security and monitoring service added during the year. Additional increases were noted in expenses associated with the repair and maintenance expense associated with the school building as well as communication and internet costs, compared to those reported for the prior year.

Capital Assets

At June 30, 2007 the capital assets of the School consisted of $593,139 of leasehold improvements, equipment and vehicles which was offset by $436,900 in accumulated depreciation resulting in net capital assets of $156,239. During the year the School added $17,711 of capital assets including $11,775 of additional leasehold improvements and $5,936 other equipment. Current year depreciation was $113,777.

See note 7 to the basic financial statements for additional information on the School's capital assets.

Debt

At June 30, 2007, the debt obligations of the School consisted of capital leases payable totaling $57,775, of which $22,440 is due within one year. Capital leases reported at year end include lease obligations for the purchase of equipment and vehicles. During the fiscal year, the School received an operating loan from its management company in the amount of $12,500, which remained outstanding at year-end.

Additional information related to the School's debt obligations can be found in notes 5 and 13 to the basic financial statements.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Richard Allen Academy II Community School and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to: Richard Allen Academy II Community School, 368 South Patterson Blvd, Dayton, OH 45402.

RICHARD ALLEN ACADEMY II COMMUNITY SCHOOL
STATEMENT OF NET ASSETS

JUNE 30, 2007

Assets:	
Current assets:	
Cash	$ 19,817
Intergovernmental receivable	21,702
Total current assets	41,519
Noncurrent assets:	
Security deposit	8,000
Capital assets, net of accumulated depreciation	156,239
Total noncurrent assets	164,239
Total Assets	205,758
Liabilities:	
Current liabilities	
Accounts payable	141,478
Accrued wages and benefits	97,227
Intergovernmental payable	16,582
Compensated absences payable	6,796
Notes payable	12,500
Capital leases payable	22,440
Total current liabilities	297,023
Long term portion of capital lease payable	35,335
Total Liabilities	332,358
Net Assets:	
Invested in capital assets, net of related debt	98,464
Restricted for grants	10,207
Unrestricted	(235,271)
Total net assets	$ (126,600)

See accompanying notes to the basic financial statements

RICHARD ALLEN ACADEMY II COMMUNITY SCHOOL
Statement of Revenues, Expenses and Changes in Net Assets

Year Ended June 30, 2007

Operating Revenues:		
State foundation	$	2,860,045
Poverty Based Assistance		209,336
Other operating revenues		57,937
Total operating revenues		3,127,318
Operating Expenses:		
Contractual employees		1,981,536
Purchased Services:		
Management company fee		655,383
Building rentals		132,501
Other		694,101
Materials and supplies		188,391
Depreciation		113,777
Other expenses		1,038
Total operating expenses		3,766,727
Operating Loss		(639,409)
Nonoperating revenues (expense):		
Federal grants		416,586
State grants		12,856
Interest income		391
Loss on disposal of assets		(60)
Interest and fiscal charges		(2,977)
Total nonoperating revenues (expenses)		426,796
Change in net assets		(212,613)
Net assets, beginning of year		86,013
Net assets, end of year (Deficit)	$	(126,600)

See accompanying notes to the basic financial statements

RICHARD ALLEN ACADEMY II COMMUNITY SCHOOL
Statement of Cash Flows

Year Ended June 30, 2007

Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 2,726,893
Cash received from State of Ohio - Parity Aid	209,336
Cash received from other operating revenues	57,937
Cash payments for contracted personal services	(1,899,263)
Cash payments for contract services	(1,447,503)
Cash payments for supplies and materials	(169,287)
Cash payments for other expenses	(2,170)
Net cash used by operating activities	(524,057)
Cash flows from noncapital financing activities:	
Proceeds from operating loan	12,500
Cash received from state and federal grants	412,737
Net cash provided by noncapital financing activities	425,237
Cash flows from capital and related financing activities:	
Principal paid on debt obligations	(25,896)
Acquisition of capital assets	(17,711)
Interest paid on debt obligations	(3,413)
Net cash used by capital and related financing activities	(47,020)
Cash flows from investing activities:	
Investment income	391
Net change in cash and cash equivalents	(145,449)
Cash and Cash Equivalents at beginning of year	165,266
Cash and Cash Equivalents at end of year	19,817

Reconciliation of operating loss to net cash used by operating activities:

Operating loss	(639,409)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	113,777
Change in assets and liabilities:	
Accounts receivable	32,643
Intergovernmental receivable	6,798
Prepaid Items	7,381
Accounts payable	79,703
Accrued wages and benefits	7,416
Compensated absences	4,999
Intergovernmental payable	(137,365)
Net cash used by operating activities	$ (524,057)

See accompanying notes to the basic financial statements

1. Description of the School and Reporting Entity:

   Richard Allen Academy II Community School (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. 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 contracts with the Institute of Management and Resources, Inc. (IMR) for a variety of services including management consulting, Ohio Department of Education consulting, Education Management Information System (EMIS) monitoring and consulting, technology and operational support, teacher training, supervision of certified and non-certified personnel and assistance in grant applications. In addition all employees of the School are IMR employee's and are subsequently contracted to the School. The School is responsible for reimbursing IMR for the payroll and benefits of the employees assigned to the School. (See note 10 for additional detail on the contractual relationship between IMR and the School).

   The School was approved for operation under an initial contract with the Ohio State Board of Education (Sponsor) for a period of five years commencing with fiscal year July 1, 2002 through June 30, 2007, however the School was notified by the Board of Education it would no longer be its Sponsor after the 2004-2005 school year. In June 2005, the School entered into a one-year Sponsor Contract with St. Aloysius Orphanage; however, on April 1, 2006 the Board, with the approval of St. Aloysius, assigned the Sponsor Contract to KIDS Count of Dayton, Inc. and extended the terms of the Contract through June 30, 2009.

   The School operates under a self-appointing ten-member Board of Trustees (the Board). The School's Code of Regulations specifies that vacancies that arise on the Board be filled by the appointment of a successor trustee by a majority vote of the then existing trustees. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes but is not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School's enrollment for 2007 was 472; an increase of 2 students over the previous year.

2. Summary of Significant Accounting Policies:

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

A. Basis of presentation

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

B. Measurement focus and basis of accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The difference between total assets and liabilities are defined as net assets. The statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

C. Budgetary process

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

D. Cash

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

E. Estimates

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

F. Capital assets and depreciation

Capital assets 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 $500 for computers and $1,000 for all other items. The School does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed.

Depreciation of equipment and vehicles is computed using the straight-line method over estimated useful lives of five to fifteen years. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets. Leasehold improvements are depreciated over the life of the lease agreement of five years.

G. Intergovernmental revenues

The School currently participates in the State Foundation Program and the State Parity (poverty based aid) Program. These programs are recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

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 foundation payments and parity aid received from the State of Ohio. Operating expenses are necessary costs incurred to support the School's primary mission, including depreciation.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various state and federal grants, interest revenue and interest expense comprise the non-operating revenues and expenses of the School.

I. Accrued liabilities payable

The School has recognized certain liabilities on its statement of net assets relating to expenses, which are due but unpaid as of June 30, 2007, including:

Accrued contract labor payable – salary reimbursements to IMR made after year-end which were for services employees rendered in fiscal year 2007. Teaching personnel are paid in 24 equal installments, ending with the last pay period in July, for services rendered during the previous school year. Therefore, a liability has been recognized at June 30, 2007 for all salary payments made to teaching personnel during the month of July 2007.

Intergovernmental payable – amounts owed to other governmental entities, including payment for the employer's share of the retirement contribution and other related payroll taxes, associated with services rendered during fiscal year 2007, but were not paid until the subsequent fiscal year.

J. Federal tax exemption status

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

K. Net Assets

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

3. Deposits and Investments:

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the School's deposits was $19,817 and the bank balance was $25,945. The entire bank balance was covered by federal depository insurance and therefore not considered to be subject to custodial credit risk.

4. Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs, and the fiscal year guarantee of federal funds. The intergovernmental receivables at June 30, 2007 consisted of amounts due related to the National School Lunch Program ($14,018), Title II-A ($5,184), Title V ($67) and the State Foundation Program ($2,433).

5. Capital Leases Payable:

During the prior fiscal year the School entered into a lease agreement to acquire a school bus. The terms of the agreements provides an option to purchase the vehicle. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases," which defines a capital lease generally as one, which transfers benefits and risks of ownership to the lessee. Additionally, the School acquired another vehicle and other equipment through capital leases in prior years. The capital assets acquired by leases have been capitalized in the amount of $122,204 ($111,100 of vehicles and $11,104 of equipment), which is equal to the present value of the minimum lease payments at the time of acquisition. At the time of acquisition, a corresponding liability was recorded. Principal payments on these lease agreements during fiscal year 2007 totaled $25,896.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2007.

	Fiscal Year	Lease Payments
	2008	$ 24,754
	2009	24,754
	2010	12,558
Total Mimimum Lease Payments		62,066
Less: Amount Representing Interest		(4,291)
Present Value of Minimum Lease Payments		$ 57,775

6. Risk Management:

Property and liability – The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2007, the School contracted with the Indiana Insurance Company for business personal property, director and officer liability and general liability insurance. Business personal property coverage carries a $1,000 deductible and has a $2,100,000 blanket business income limit. Director and officer liability coverage is set at $1,000,000, total loss. General liability coverage provides $1,000,000 per occurrence and $2,000,000 in the aggregate with no deductible. The Indiana Insurance Company also provides umbrella liability coverage of $4,000,000 per occurrence, as well as, in the aggregate. Business auto coverage is provided by through Indiana Insurance Company carrying a $1,000 deductible and $1,000,000 limit.

There has been no significant reduction in coverage in relation to the prior fiscal year. Settled claims have not exceeded commercial coverage in any of the last three fiscal years.

Employee insurance benefits – As part of the management agreement with the IMR (see note 10), insurance benefits are paid by the Institute and reimbursed monthly by the School.

7. Capital Assets:

A summary of the School's capital assets at June 30, 2007, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Leasehold improvements	$ 320,903	$ 11,775	$ -	$ 332,678
Equipment	143,575	5,936	(150)	149,361
Vehicles	111,100	-	-	111,100
Total	575,578	17,711	(150)	593,139
Less: accumulated depreciation on:				
Leasehold improvements	(222,472)	(66,536)	-	(289,008)
Equipment	(73,125)	(25,021)	90	(98,056)
Vehicles	(27,616)	(22,220)	-	(49,836)
Total	(323,213)	(113,777)	90	(436,900)
Net capital assets	$ 252,365	$ (96,066)	$ (60)	$ 156,239

8. Defined Benefit Pension Plans:

A. School Employees Retirement System

The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statue Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate, the current rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; at June 30, 2007, 10.56 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School's required contributions for pension obligations to SERS for the fiscal year ended June 30, 2007, 2006, and 2005 were $5,712, $9,749, and $21,766, respectively; 100 percent has been contributed for each of the fiscal years.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, plan members were required to contribute the statutory maximum of 10.0 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations for the fiscal year ended June 30, 2007, 2006, and 2005 were $210,667, $144,578, and $109,722, respectively; 100 percent has been contributed for all fiscal years.

9. Post employment Benefits

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

STRS retirees who participate in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employee contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007 the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund; for the School this amounted to $16,205 for fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 the balance in the Fund was $4.1 billion. For the fiscal year ended June 30, 2007 net health care costs paid by STRS were $265.6 million and STRS had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, the allocation rate is 3.42 percent. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay has been established at $35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School, the amount to fund health care benefits, including the surcharge, was $1,776 for fiscal year 2007.

Net health care cost for the year ending June 30, 2006 (the latest available information) was $158.8 million. The target level for the health care fund is 150 percent of the projected claims less premium contributions for the next fiscal year. As of June 30, 2006 the value of the health care fund was $295.6 million, which is about 221 percent of next year's projected net health care costs. On the basis of accrual projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150 of estimated annual net claims costs. The number of participants eligible to receive benefits at June 30, 2006 was 59,492.

10. Management Company Agreements:

For the period July 1, 2006 through August 31, 2006, the School was a party to a management agreement with the Institute of Charter School Management and Resources, Inc. (ICSMR), which is an educational consulting and management company. Effective September 1, 2006, the School ended the agreement with ICSMR and entered into an agreement with the Institute of Management and Resources, Inc. (IMR), a non-profit corporation, to provide management services. The agreement with IMR includes a termination date of June 30, 2015. The terms and duties contained within each of the respective agreements are virtually identical.

The Management Agreement provides that IMR will perform functions reasonably required to manage the operation of the School; ensure students receive services which are in accordance with applicable educational standards; make every effort to ensure the School complies with the requirements of any applicable statute, ordinance, law, rule, regulation or order of any governmental or regulatory body having jurisdiction; acquire all necessary licenses and permits; maintain all student and financial records required by federal, state and local laws and regulations, as well as, protecting the confidentiality of those records; act as the School's agent in making deposits and disbursements promptly; provide for all expenses of operating the School, including lease payments for the school building, equipment and operating supplies needed in the operation of the School, from its management fee. IMR is responsible for hiring qualified teachers and all other employees which are subsequently contracted to operate the School. The School reimburses IMR every pay-period for the gross payroll expense of the contract employees working at the School and monthly for the related cost of the benefits offered to these employees. For fiscal year 2007, the expense related to contractual employees totaled $1,981,536; $1,570,142 for payroll and $411,394 for benefits, respectively.

IMR receives a monthly management fee of 10% of the total operating revenues of the School from all sources excluding extraordinary items. IMR charges the School for any expenses it incurs on behalf of the School in order to provide District wide services. These expenses may include but are not limited to District wide management services provided by IMR employees in the area of instruction, transportation, financial, and general business management and development, as well as, district wide purchase of textbooks and supplies. During fiscal year 2007, the School reported expenses totaling $348,388 for professional, accounting and legal, management and other services to its management companies.

The table below shows the management company expenses for fiscal year 2007.

Management Company Expense:	
Direct Expenses:	
Contract employees - salaries	$ 1,570,142
Contract employees - benefits	411,394
Management company fee	306,995
Indirect Expenses:	
Adminstration expense allocation	348,388
Total Expenses	$ 2,636,919

The administration expenses incurred by IMR are allocated to the four different Richard Allen Schools under its control. These expenses are allocated to the individual school based on the student enrollment at each school to the total enrollment of all the schools.

11. Restricted Net Assets:

At June 30, 2007 the School reported restricted net assets totaling $10,207. The nature of the net asset restrictions are as follows:

State educational program grants	$ 2,709
Federal educational program grants	7,498
Total	$ 10,207

12. 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.

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 review of fiscal year 2007 determined that ODE owed the School additional foundation revenue of $2,433 which is reported as a component of the intergovernmental receivable reported on the statement of net assets.

C. Litigation

A lawsuit entitled **Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #3:04CV197** was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal Constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is still pending, and the effect of this suit, if any, on the School cannot presently be determined.

In addition, subsequent to year end, a vendor initiated a lawsuit in Common Plea Court seeking payment for goods and services the vendor contends were provided to the School and payment was never made. The total of the vendor's invoices which are in dispute is $30,584 for all four of the related Richard Allen Schools. A Settlement with the vendor has been negotiated and a repayment schedule has been established. The portion of the unpaid invoices related to the School has been included in the accompanying financial statements as part of accounts payable. In the event the School fails to perform under the settlement, the vendor may seek judgment for the amount of the claims that remain unsatisfied, plus applicable interest.

13. Notes Payable

During fiscal year 2007, the School received two loans in February for operating purposes from the Institute of Management and Resources totaling $12,500. These notes were originally required to be repaid from operating revenue by December 31, 2007 unless extended by the two parties. The repayment of the notes has subsequently been extended until payment is required by IMR or by December 31, 2009. The loans do not contain any provision for interest. A summary of the School's short-term debt obligations for the year is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Operating Loan - IMR	$ -	$ 12,500	$ -	$ 12,500

14. Operating Leases:

The School leases its facilities from St. Joseph Catholic Church under an original three-year lease agreement beginning July 1, 2002 through June 30, 2005. The terms of the lease are renewable annually on July 1 as long as the School remains chartered by the Ohio Department of Education to operate a chartered public school. The monthly lease payments during fiscal year 2007 were $11,042. Total rental payments for the school for fiscal year 2007 were $132,501. The terms of the lease are not expected to change significantly in future years.

15. Other Purchased Services:

During the fiscal year ended June 30, 2007, other purchased service expenses for services rendered by various vendors were as follows:

Professional and technical services	$ 237,922
Property services	239,146
Travel and meetings	2,589
Communications	44,516
Utilities	89,694
Contracted trades or labor	80,234
Total other purchased services	$ 694,101

16. Related Parties:

The Board, Chief Executive Officer, and Chief Fiscal Officer of Richard Allen II Community School serve in the same capacity for Richard Allen Academy Community School, Richard Allen Academy Preparatory Community School, and Richard Allen Academy III Community Schools, all of which are managed by the Institute of Management and Resources, Inc. (IMR). IMR receives 10 percent of the School's state funding as a management company fee. See Note 10.

During fiscal year 2007, the School received $12,500 in operating loans from IMR, all of which remained unpaid as of the end of the year. In addition, the School received credit for management company fees totaling $7,381 to satisfy in full the note receivable issued by ICSMR in prior years.

The Institute of Charter School Management Resources, Inc.(ICSMR), a corporation wholly owned by the Chief Operating Officer of the School, provides and bills for consulting services to IMR, the management company for the School. The cost of the services provided to IMR by ICSMR are allocated to the School, as well as the other Richard Allen schools.

17. Management's Plan Regarding Accumulated Deficit:

As shown in the accompanying financial statements, the School had an accumulated deficit of $126,600 as of June 30, 2007 which is primarily due to accounts payable $141,478 and accrued wages of $97,227.

To address the financial condition of the School, the Board of Directors approved a reduction in the School's operating budget for fiscal year 2008. Additional efforts are also being directed towards increasing the student enrollment at the School which would provide additional State funding.

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*

Richard Allen Academy II Community School
368 South Patterson Blvd.
Dayton, Ohio 45402

We have audited the financial statements of the Richard Allen Academy II Community School (the School), as of and for the year ended June 30, 2007, and have issued our report thereon dated February 10, 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 the 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 School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompany schedule of findings and responses as items 2007-003 through 2007-007.

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 entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies identified above, we consider items 2007-005, 2007-006 and 2007-007 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2007-001 and 2007-002.

We noted certain additional matters that we reported to management of the School in a separate letter dated February 10, 2009.

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

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

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
February 10, 2009

Finding Number 2007-001

Ohio Rev. Code Section 117.38 requires community schools and other governmental entities to file GAAP basis financial statements with the Auditor of State's Office within 150 days of the end of the fiscal year. The School filed its fiscal year 2007 report with the State Auditor's Office on February 6, 2008 which was not within the timeframe required by State law.

The School should implement procedures to ensure the reporting deadlines contained in the Ohio Revised Code are met for future reporting periods. The State of Ohio is able to declare the School "unauditable" if a complete report is not filed within the prescribed timeframe. One provision of being declared "unauditable" is that the State could cease payment of State Foundation funding to the School. For fiscal year, State Foundation funding represented approximately 86 percent of the total revenues reported by the School.

> <u>Managements Response to Comments:</u> *Management is working to change the financial structure in-house so that the financial requirement of meeting the GAAP filings can be met in the future.*

Finding Number 2007-002

Effective September 1, 2006, the School became a party to a management contract with Institute of Management and Resources (IMR) to provide educational services and management support. This new management contract replaced the agreement in place with the Institute of Charter School Management and Resources (ICSMR) which was in effect from July 1, 2006 through August 31, 2006.

Section 2.6(b) of the management contract states "within 120 days after the close of the fiscal year, a balance sheet and related statement of revenue and expenses showing the results of the School's operations during the fiscal year, both audited by an independent certified public accounting firm chosen by the School, with the approval of the Institute, which approval shall not be unreasonably withheld".

As noted above, the financial statements of the School were not compiled until February 2008 which did not permit an audit to be completed within the 120 days after the close of the fiscal year as required by the management contract provision.

The School should monitor the performance of IMR to ensure all provisions of the management letter are adhered to.

> <u>Managements Response to Comments:</u> *Section 2.6(b) of the management contract is being amended to be in accordance with ORC Section 117.38.*

Finding Number 2007-003

Section 3 of the management contract entered into with the Institute of Management and Resources (IMR), effective September 1, 2006 states that the School shall pay to IMR a management fee of ten percent of the total operating revenues of the School from all sources excluding extraordinary items received or obtained by the School. This fee is to be paid no later than the tenth day of the next month, and final adjustment to reflect actual revenue earned during the month shall be made by each party within 30 days of the end of the month.

Finding Number 2007-003 (continued)

As written, the wording in the current management agreement is vague, at best, at what constitutes the base revenues for which the ten percent management fee is calculated. While the agreement calls for the exclusion of “extraordinary items” received or obtained by the School from the base revenue, the agreement provides no clarification of what should be interpreted as “extraordinary items”. Lack of clarity leaves the decision-making to the financial officer who is employed by IMR. In addition, the agreement does not address subsequent repayment of revenues received in prior years, such as adjustments to State Foundation revenues by the Ohio Department of Education, and the effect these adjustments have on determining current management fees.

To ensure the management fee is consistently calculated using the appropriate base revenue amount, the School should consider amending the current management contract with IMR to provide additional clarification of what revenues should be included in the revenue base and how certain revenue adjustments should be handled when calculating the monthly management fee.

> <u>Managements Response to Comments:</u> *The Board of Directors voted to amend the management contract so that the language is in accordance with the intent of the agreement and clarification of what revenues should be included in the base. The revisions will include the process for adjustments and calculations of the management fees.*

Finding Number 2007-004

During fiscal year 2007, stipend payments were made to various School and IMR(ICSMR) personnel were paid for various training related sessions and technical services. However, there was minimal documentation related to the nature of service to be provided or when and where the actual training sessions or service was provided. In addition, the payment for these stipends were processed through the accounts payable process instead of the normal payroll process as required for employees. Therefore, there were no payroll taxes withheld or remitted on wages earned by School personnel.

All stipend payments should be approved by the Board of Trustees in advance with a listing of the reasons the stipends are being granted. Supplemental contracts should be issued to all employees receiving these stipend payments with a written expectation of duties to be performed to receive payment. All stipend payments to employees should be processed through the payroll system and the appropriate payroll tax withheld.

> <u>Managements Response to Comments:</u> *The Board of Directors has agreed that the Audit/Finance Committee shall receive the information regarding employee stipends and the reasons for such stipends and report such information to the Board of Directors for ratification.*

Finding Number 2007-005

For fiscal year 2007 the School reported a change in net assets of $(212,613) which resulted in an accumulated deficit of $126,600 at June 30, 2007. The sudden change in the financial condition indicates the School’s finances are not properly monitored throughout the year. Financial monitoring controls should include regular review of budget to actual information, detailed revenue and expenditure reports, projection of amounts for the remainder of the year based on current activity, monthly bank reconciliation and month end cash position reports. As a result of the cash flow issues encountered by the School during the current fiscal year, the outstanding obligations owed to various vendors at year-end increased dramatically. As a result the School has encountered late fees for over-due amounts.

Finding Number 2007-005 (continued)

The School should develop and institute an effective monitoring process for how the School is managed financially, including necessary adjustment of budget amounts if necessary. In addition, Board of Trustee members should be provided monthly financial reports which would enable members to more effectively determine the financial condition of the School on an on-going basis rather than waiting for the quarterly meetings to occur. Once management is able to become current with all vendors, the appropriate fiscal procedures should be implemented and complied with to ensure obligations are not made without the necessary funds being available.

> *Managements Response to Comments:* *Significant improvements in the net assets for FY08 have been made. Additional financial accountability has been given to principals.*

Finding Number 2007-006

The Schools utilizes a commercial accounting system for recording the day to day financial transactions. Included in the system are several accounts which attempt to capture information on the accrual basis of accounting, such as receivables and payables. Based on our review of the general ledger, it does not appear these accounts are being accurately updated on a timely basis throughout the year. In addition, the School converts the financial activity from the general ledger accounts to the cash basis of accounting for the preparation of the 4502 financial statement as well as to provide a starting point for the preparation of the GAAP financial statements.

The School should determine what basis of accounting it would benefit from in recording the day to day transactions. If it is determine to maintain the current accrual system then all accounts should be properly updated throughout the year as the transactions occur; when revenue is earned and expenses are incurred. If it is determined this is not practical, the School may benefit from moving to a cash basis general ledger where receipts are recorded when received and expenditures are recorded when disbursements are made. Whatever decision is made, it is the responsibility of the School to accurately update the general ledger accounts when the appropriate transactions are made.

> *Managements Response to Comments:* *Management is working to change from an accrual system to a cash system.*

Finding Number 2007-007

During the audit of the fiscal year 2007 financial statements, audit adjustments were necessary to correct the amounts reported for accounts payable, accrued wages and benefits, and receivable. In addition, certain reclassifications of revenues were necessary to ensure revenue classifications were appropriate.

The School should continue to work with the outside accounting help it has acquired to ensure the amounts and information presented in the financial statements are accurate and complete. The annual audit of the financial statement should not be considered part of the School’s internal controls over financial reporting.

> *Managements Response to Comments:* *Management was made aware of and agreed with the adjustments noted during the audit. Those adjustments were posted to the financial statements. We will work on ensuring future financial statements are accurate prior to presenting for audit.*

Finding 2006-001

The School did not file the Form 990 tax return with the Internal Revenue Service for fiscal year 2006 within the timeframe established by section 501(a) of the Internal Revenue Code.

Status: Corrected.

Finding 2006-002

The School did not file its GAAP financial report with the Auditor of State's Office within the timeframe established by Ohio Rev. Code Section 117.38

Status: Not corrected – repeated as finding 2007-001.

Finding 2006-003

The management contract between the School and the Institute of Charter School Management and Resources, Inc. did not contain specific information related to administrative billing rates and allocation of certain costs.

Status: Partially corrected – see finding 2007-003.

Finding 2006-004

There was not sufficient documentation of the services provided or Board approval for the various stipend payments made to various School or IMR(ICSMR) personnel during the year.

Status: Not corrected – repeated in finding 2007-004. The School has taken steps subsequent to fiscal year 2007 to address this situation.

Finding 2006-005

Computers and accessories purchased and properly capitalized by the School were located in the administrative offices of the management company instead of at the School.

Status: Corrected.

Mary Taylor, CPA
Auditor of State

RICHARD ALLEN ACADEMY II COMMUNITY SCHOOL

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 31, 2009

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