



Mary Taylor, CPA
Auditor of State

EAST END COMMUNITY HERITAGE SCHOOL
HAMILTON COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

East End Community Heritage School
Hamilton County
7030 Reading Road Suite 134
Cincinnati, Ohio 45237

To the Board of Directors:

We have audited the accompanying basic financial statements of East End Community Heritage School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of East End Community Heritage School, Hamilton County, Ohio, as of June 30, 2009, 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 August 18, 2010, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

As discussed in Note 14 to the financial statements, the School has accumulated net asset deficiency of \$230,837. Note 14 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 18, 2010

EAST END HERITAGE COMMUNITY SCHOOL

Hamilton County

Managements Discussion and Analysis For the Fiscal Year Ended June 30, 2009

The discussion and analysis of the East End Heritage Community School (the School) financial performance provides an overall review of the School's financial activities for the year ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the notes to the basic financial statement and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

- For fiscal year 2009 assets were less than liabilities by \$230,837.
- The School derived 99.9 percent of their revenues through federal and state programs.
- Salaries and benefits accounted for 72.48 percent of the \$510,816 in expenses for fiscal year 2009.
- The School was able to increase the cash balance by \$6,744 from fiscal year 2008.

Using this Annual Financial Report and Overview of Financial Statements

This annual report consists of three components: the management discussion and analysis, the basic financial statements and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets presents information on all the School's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of revenues, expenses and changes in net assets presents information showing how the School's net assets changed during the most recent fiscal year.

The statement of cash flows presented the sources and uses of the School's cash and how it changed during the most recent fiscal year.

EAST END HERITAGE COMMUNITY SCHOOL
Hamilton County
 Managements Discussion and Analysis
 For the Fiscal Year Ended June 30, 2009

Table 1 provides a summary of the School's net assets for fiscal year 2009 compared to fiscal year 2008.

Table 1
Net Assets

| | 2009 | 2008 | Change |
|----------------------------|--------------------|--------------------|------------------|
| Assets | | | |
| Current assets | \$20,724 | \$13,980 | \$6,744 |
| Capital assets, net | 0 | 1,430 | (1,430) |
| <i>Total assets</i> | <u>20,724</u> | <u>15,410</u> | <u>5,314</u> |
| Liabilities | | | |
| Current liabilities | 251,561 | 243,434 | 8,127 |
| <i>Total liabilities</i> | <u>251,561</u> | <u>243,434</u> | <u>8,127</u> |
| Net Assets | | | |
| Invested in capital assets | 0 | 1,430 | (1,430) |
| Unrestricted | (230,837) | (229,454) | (1,383) |
| <i>Total net assets</i> | <u>(\$230,837)</u> | <u>(\$228,024)</u> | <u>(\$2,813)</u> |

The School saw assets increase \$5,314. The School presents capital assets although they are fully depreciated. The School saw significantly less revenue through the state foundation program which in turn resulted in a reduction in expenses. The School paid the general accounts payable vendors in a more timely manner although current liabilities increased as the amount due to employees increased from the prior year.

EAST END HERITAGE COMMUNITY SCHOOL**Hamilton County**Managements Discussion and Analysis
For the Fiscal Year Ended June 30, 2009

Table 2 shows the change in net assets for the year ended 2009 compared to fiscal year 2008.

Table 2
Change in Net Assets

| | <u>2009</u> | <u>2008</u> | <u>Change</u> |
|--------------------------|--------------------|--------------------|--------------------|
| Revenues | | | |
| Operating revenues: | | | |
| Foundation payments | \$321,067 | \$640,114 | (\$319,047) |
| Special education | 27,199 | 45,713 | (18,514) |
| Other operating revenues | 139 | 7,504 | (7,365) |
| Non-operating revenues: | | | |
| Federal and state grants | <u>159,598</u> | <u>185,460</u> | <u>(25,862)</u> |
| Total revenues | <u>508,003</u> | <u>878,791</u> | <u>(370,788)</u> |
| Expenses | | | |
| Operating expenses: | | | |
| Salaries | 321,506 | 414,144 | (92,638) |
| Fringe benefits | 48,749 | 190,101 | (141,352) |
| Purchased services | 92,324 | 80,166 | 12,158 |
| Materials and supplies | 15,809 | 48,969 | (33,160) |
| Depreciation | 1,430 | 3,350 | (1,920) |
| Other expenses | <u>30,998</u> | <u>21,110</u> | <u>9,888</u> |
| Total Expenses | <u>510,816</u> | <u>757,840</u> | <u>(247,024)</u> |
| Change in Net Assets | (2,813) | 120,951 | <u>(\$123,764)</u> |
| Beginning Net Assets | <u>(228,024)</u> | <u>(348,975)</u> | |
| Ending Net Assets | <u>(\$230,837)</u> | <u>(\$228,024)</u> | |

The School saw a significant decrease in the revenues from 2008 to 2009 mainly from a decrease in the state foundation program revenue (Foundation Payment and Special Education Funding) although federal and state grant revenues were also less than the prior year amount. The School saw average daily membership decrease from 103 in 2008 to 56 in 2009. This student reduction was the main reason for the revenue decrease. The School had ramped up efforts to bring in more students and looked for other ways to reduce costs. The School did reduce expenses by one third from the prior year through reductions in staff and benefits offered.

EAST END HERITAGE COMMUNITY SCHOOL

Hamilton County

Managements Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

Capital Assets

At the end of 2009, the School had \$0 (net of \$49,301 in accumulated depreciation) invested in computers, textbooks, furniture and equipment. For more information on the School's capital assets refer to note 5 of the notes to the financial statements.

Debt

The School had a short term loan payable \$12,370 at June 30, 2009. For more information on the School's debt refer to note 6 of the notes to the financial statements.

Current Financial Issues

The School now has a finance professional on staff which will aid in the improvements in the quality of financial records and strengthen internal controls. Also after the 2009 fiscal year, the School moved its location to share a facility with another school. This move is projected to save the School a significant portion of operating costs. The School continues to promote their educational quality to increase enrollment. With a community school, the School's financial viability relies on the amount of state funding it receives and that formula's key component is student enrollment.

Contacting the School's Financial Management

This financial report is designed to provide a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact the Superintendent of the School, East End Community Heritage School, 7030 Reading Road, Suite 134, Cincinnati, Ohio 45237.

**EAST END COMMUNITY HERITAGE SCHOOL
HAMILTON COUNTY
STATEMENT OF NET ASSETS**

AS OF JUNE 30, 2009

Assets:

Current assets:

| | | |
|---------------------------|----|---------------|
| Cash and cash equivalents | \$ | 15,963 |
| Employee Receivable | | 4,761 |
| Total current assets | | <u>20,724</u> |

Total Assets 20,724

Liabilities:

Current liabilities

| | | |
|------------------------------------|--|----------------|
| Accounts payable | | 117,770 |
| Accrued wages and benefits payable | | 115,540 |
| Intergovernmental payable | | 5,881 |
| Short term loan payable | | 12,370 |
| Total current liabilities | | <u>251,561</u> |

Total Liabilities 251,561

Net Assets:

Unrestricted (230,837)

Total net assets \$ (230,837)

See accompanying notes to the basic financial statements

**EAST END COMMUNITY HERITAGE SCHOOL
HAMILTON COUNTY
STATEMENT OF REVENUS, EXPENSES AND CHANGES IN NET ASSETS**

For the Fiscal Year Ended June 30, 2009

| | |
|--|---------------------|
| Operating Revenues: | |
| Foundation payments | \$ 321,067 |
| Special Education | 27,199 |
| Other operating revenues | <u>139</u> |
| Total operating revenues | <u>348,405</u> |
| Operating Expenses: | |
| Salaries | 321,506 |
| Fringe benefits | 48,749 |
| Purchased services | 92,324 |
| Materials and supplies | 15,809 |
| Depreciation | 1,430 |
| Other operating expenses | <u>30,998</u> |
| Total operating expenses | <u>510,816</u> |
| Operating Loss | <u>(162,411)</u> |
| Non-Operating Revenues and Expenses: | |
| Federal grants | 149,074 |
| State grants | <u>10,524</u> |
| Total non-operating revenues and expenses | <u>159,598</u> |
| Change in net assets | (2,813) |
| Net assets at beginning of year | <u>(228,024)</u> |
| Net assets at end of year | <u>\$ (230,837)</u> |

See accompanying notes to the basic financial statements

**EAST END COMMUNITY HERITAGE SCHOOL
HAMILTON COUNTY
STATEMENT OF CASH FLOWS**

For the Fiscal Year Ended June 30, 2009

Increase (Decrease) in cash and cash equivalents

Cash flows from operating activities:

| | |
|---|------------------|
| Cash received from State of Ohio - Foundation | \$ 348,266 |
| Cash received from other operating revenues | 139 |
| Cash payments for personal services | (303,521) |
| Cash payments for contract services | (163,591) |
| Cash payments for supplies and materials | (3,749) |
| Cash payments for other expenses | (27,998) |
| Net cash used by operating activities | <u>(150,454)</u> |

Cash flows from noncapital financing activities:

| | |
|--|----------------|
| Cash received from state and federal grants | 159,598 |
| Proceeds from short term loan | 600 |
| Principal paid on debt obligations | (2,400) |
| Net cash provided by noncapital financing activities | <u>157,198</u> |

| | |
|--|----------------------|
| Net change in cash and cash equivalents | 6,744 |
| Cash and Cash Equivalents at beginning of year | 9,219 |
| Cash and Cash Equivalents at end of year | <u><u>15,963</u></u> |

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

| | |
|---|-----------|
| Operating loss | (162,411) |
| Adjustments to reconcile operating loss to net cash provided for operating activities: | |
| Depreciation | 1,430 |
| Change in assets and liabilities: | |
| Decrease in accounts payable | (47,852) |
| Increase in accrued wages and benefits | 52,497 |
| Increase in intergovernmental payable | 5,882 |

| | |
|---------------------------------------|----------------------------|
| Net cash used by operating activities | <u><u>\$ (150,454)</u></u> |
|---------------------------------------|----------------------------|

See accompanying notes to the basic financial statements

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EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

1. DESCRIPTION OF THE REPORTING ENTITY

East End Community Heritage School, Hamilton County, Ohio (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students by utilizing an approved evaluation involving the community. The School, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax exempt status.

The 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. In fiscal year 2006, the School signed a contract with a new sponsor, Educational Resource Consultants of Ohio.

The School operates under the direction of an eleven-member Board of Trustees of which the majority must be community residents. The Board of Trustees 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 of Trustees controls the School's one instructional/support facility staffed by 2 non-certified, and 10 certified full time teaching personnel who provide services to 56 students.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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 a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. However, the School has elected not to apply FASB statements and interpretations after November 30, 1989. Following are the more significant of the School's accounting policies.

A. Basis of Presentation

The School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. The School uses enterprise accounting to track and report on its financial activities. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. Measurement Focus and Basis of Accounting

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 statement of revenues, expenses, and changes in net assets present increases (e.g. revenues) and decreases (e.g. expenses) in net total assets. The statement of cash flows reflects how the School finances and meets its cash flow needs.

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 Revised Code Chapter 5705, unless specifically provided in the contract between the School and 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 Investments

All monies received by the School are accounted for by the School's treasurer. All cash received is maintained in accounts in the School's name. Monies for the School are maintained in bank accounts or temporarily used to purchase short-term investments.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Employee Receivable

The School reports an employee receivable for advances made from the School to the employees of the School. The School currently has no repayment policy. The School has the ability to reduce the amount of the receivable for each employee if the employee leaves the School. There were no payments made on the respective receivables during 2009.

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 values as of the date received. The School maintains a capitalization threshold of two thousand dollars. The School does not possess 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 an asset's life are not.

Capital Assets are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------|------------------------|
| Furniture and Equipment | 5 |
| Computers | 3 |
| Textbooks | 7 |

G. Intergovernmental Revenues

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

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

Amounts awarded under grants and entitlements for the year ended June 30, 2009 totaled \$507,864.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Net Assets

Net assets represent the difference between assets and liabilities. Invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisitions, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School presently has no restricted net assets.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the certain reported amounts disclosure. Accordingly, actual results may differ from those estimates.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily the State Foundation program, the State Special Education program and other miscellaneous revenues earned by the School. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

K. Short Term Loan Payable

The School has received advances from several key employees for various operating activities. The School has no repayment plan in place to pay back the employee loans.

3. DEPOSITS AND INVESTMENTS

At June 30, 2009, the carrying amount of the School's deposits was \$15,963 and the bank balance was \$15,963. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC).

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 percent 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.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

3. DEPOSITS AND INVESTMENTS (continued)

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, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

4. RECEIVABLES

The only receivable reported at June 30, 2009 related to the payments due to the employees. During 2009, the receivable was unchanged. The School is determining the best way to address the receivable for fiscal year 2010.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2009:

| | Balance 6/30/08 | Additions | Deductions | Balance 6/30/09 |
|--|--------------------|------------------|------------|--------------------|
| Capital Assets Being Depreciated | | | | |
| Furniture, Fixtures and Equipment | \$5,620 | \$0 | \$0 | \$5,620 |
| Computers | 28,034 | 0 | 0 | 28,034 |
| Textbooks | 15,647 | 0 | 0 | 15,647 |
| Total Capital Assets Being Depreciated | <u>49,301</u> | <u>0</u> | <u>0</u> | <u>49,301</u> |
| Less Accumulated Depreciation | | | | |
| Furniture, Fixtures and Equipment | (5,620) | 0 | 0 | (5,620) |
| Computers | (28,034) | 0 | 0 | (28,034) |
| Textbooks | (14,216) | (1,431) | 0 | (15,647) |
| Total Accumulated Depreciation | <u>(47,870)</u> | <u>(1,431)</u> | <u>0</u> | <u>(49,301)</u> |
| Capital Assets, Net | <u>\$1,431</u> | <u>(\$1,431)</u> | <u>\$0</u> | <u>\$0</u> |

6. DEBT

At June 30, 2009, the School had a short term loan payable from key employees and contractors of the School. The School received \$600 during 2009 and paid back \$500 on the loan balances. The amount due at June 30, 2009 is \$12,370. The School is evaluating the best way to repay the loan obligations to the various employees.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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. For fiscal year 2009, the School contracted with an insurance carrier for general liability, property, and for educational errors and omissions insurance. The policy's general aggregate, personal and advertising injury, and each occurrence limit is \$1,000,000 with a \$500 deductible. There has been no reduction in coverage from the prior year and settled claims have not exceeded the School's coverage in the past three years.

B. Worker's Compensation

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

8. DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 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 by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$11,260, \$34,914, and \$43,242 respectively; 100 percent for fiscal years 2009, 2008 and 2007.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

8. DEFINED BENEFIT PENSION PLANS (continued)

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

8. DEFINED BENEFIT PENSION PLANS (continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$53,486, \$104,505, and \$111,600 respectively; 100 percent for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$441 made by the plan members.

9. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.25 percent of covered payroll was allocated to health care.

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

The School District's contributions for health care for the fiscal years ended June 30, 2009 and 2008 were \$5,265 and \$13,019 respectively; 100 percent for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal year ended June 30, 2009 and 2008 (2008 was the first year required disclosure) was \$818 and \$2,260, 100 percent was contributed for fiscal years 2009 and 2008.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

9. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

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

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 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009 and 2008 were \$4,144 and \$7,464 respectively; 100 percent for fiscal years 2009 and 2008.

10. OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from policies and procedures approved by the Board of Trustees. Non-certified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to non-certified employees upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time.

Teachers, administrators, and non-certified employees are allowed 3 sick days per year; any unused sick leave is not accumulated.

Insurance Benefits

The School provides life and medical/surgical benefits to most employees. The School also provides dental benefits to most employees.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

11. CONTINGENCIES

A. Grants

The School receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the School at June 30, 2009.

12. PURCHASED SERVICES

For the period July 1, 2008 through June 30, 2009, purchased service expenses were payments for services rendered by various vendors, as follows:

| | |
|-------------------------------------|-----------------|
| Professional and Technical Services | \$20,720 |
| Utilities | 7,478 |
| Communications | 1,448 |
| Property Services | 24,728 |
| Food Service | 13,920 |
| Other | 24,030 |
| Total Purchased | <u>\$92,324</u> |

13. NONCOMPLIANCE

Contrary to federal requirements payroll and related benefit expenditures were comingled with nonfederal expenditures during the year and detailed records were not provided for the federal expenditures resulting in the inability to determine if the federal grant money was expended for costs considered allowable under federal requirements.

The school did not present financial statements that comprised of all required financial statements and disclosures which resulted in adjustments to the financial statements (including footnotes) and their accounting records.

Contrary to School's boilerplate contract for employment the school has unpaid compensation resulting from partial payroll payments and unpaid termination benefits.

EAST END COMMUNITY HERITAGE SCHOOL

Hamilton County

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

14. MANAGEMENT PLAN TO ADDRESS NEGATIVE NET ASSETS

Management has devised a plan to address the negative net assets balance. Plans to further reduce the payroll expense, rent expense, and outside services were implemented in fiscal year 2007, and negotiations with most vendors to reduce pricing or to perform full donations of services to the organization were instituted. Fiscal year 2008 showed a significant decrease in the negative net assets balance from 2007. The negative net asset balance at June 30, 2009 is (\$230,837). The School realized a cash decrease of \$11,800 from June 30, 2009 to June 30, 2010. For fiscal year 2011, the School has reduced full time staff to eight employees in an effort to further reduce payroll related expenses. No significant repayment has been made on the delinquent salary and benefit amounts owed employers and/or former employees from the past three school years.

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Mary Taylor, CPA

Auditor of State

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

East End Community Heritage School
Hamilton County
7030 Reading Road Suite 134
Cincinnati, Ohio 45237

To the Board of Directors:

We have audited the financial statements of East End Community Heritage School, Hamilton County, Ohio (the School), as of and for the year ended June 30, 2009, and have issued our report thereon dated August 18, 2010, wherein we noted the School incurred a negative net asset balance. 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 School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the School's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 and 2009-003.

East End Community Heritage School
Hamilton County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We also noted certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated August 18, 2010.

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

We intend this report solely for the information and use of the management, Board of Directors, and the Community School's sponsor. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

August 18, 2010

**EAST END COMMUNITY HERITAGE SCHOOL
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
JUNE 30, 2009**

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

FINDING NUMBER 2009-001

Material Weakness

When designing the public office’s system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. Audit adjustments have been posted to the School’s financial records and are reflected in the accompanying financial statements to properly reflect the receipts, disbursements, assets and liabilities of the School. As a result, the records maintained by the School were not an accurate reflection of all moneys received and expended by the School. The following exceptions were noted:

- The calculation for Capital Asset Depreciation was overstated by \$1,431; therefore understating capital assets by the same amount.
- The calculation for Accrued Wages and benefits was understated by \$91,567. This was in part due to the school not providing information on the unpaid compensation discussed in Finding 2009-003 for compilation of the financial statements.

Governmental Accounting and Financial Reporting Standards Codification Standards (Codification) Section 2300.111 states governments should provide detail in the notes to the financial statements about capital assets and long-term liabilities, and Governmental Accounting and Financial Reporting Standards Codification Standards Section 2300.118 states governments should provide detail in the notes to the financial statements about short-term debt activity during the year, even if no short-term debt is outstanding at year-end.

Governmental Accounting and Financial Reporting Standards Codification Standards Section 2300.106 states, the notes to the financial statements are essential to the fair presentation of the financial statements. They are intended to communicate information that is necessary and that cannot be included in the financial statements themselves. The notes provide necessary disclosure of material items, the omission of which would cause the financial statements to be misleading. The notes are an integral part of the financial statements and are intended to be read with the financial statements.

Furthermore, based on the information that we were able to obtain for EECHS’s notes to the financial statements presented for audit, we also noted the following reporting deficiencies:

- We noted three loans were outstanding during the audit period. Based on this information the following known debt activity was recorded on the financial statements but not disclosed in the footnotes:

| Name | July 1, 2008 Balance | New Loans/Debt Issued | Payments | June 30, 2009 Balance |
|--|-------------------------|--------------------------|--------------|--------------------------|
| Stephanie Millard | \$11,500 | \$0 | \$500 | \$11,000 |
| East End Riverfront Community Urban Redevelopment Corporation | 2,000 | 0 | 0 | 2,000 |
| Bonnie Kroeger | 1,270 | 600 | 0 | 1,870 |
| Total | \$14,770 | \$600 | \$500 | \$14,870 |

**FINDING NUMBER 2009-001
(Continued)**

EECHS' consultant made the necessary adjustments to the financial statements (including footnotes) and their accounting records.

It is vital that EECHS develop and present financial statements which are comprised of all required financial statements and disclosures. Failure to accurately prepare and reconcile the accounting records 1) reduces the accountability over School funds, 2) reduces the Board of Directors' ability to monitor financial activity and make informed financial decisions, 3) increases the likelihood that moneys will be misappropriated and not detected, and 4) increases the likelihood that the financial statements will be misstated.

The lack of a capital asset system and established procedures to monitor new asset additions and deletions will decrease the School's ability to safeguard its capital assets. Establishing a capital asset system and policies and procedures will improve control over School property by decreasing the risk of loss and misappropriation. Perpetual maintenance of such information will also assist the School in maintaining adequate insurance as well as provide support evidence in case of theft or fire losses.

We recommend the School maintain and provide their consultant with accurate accounting records, and adopt procedures to properly monitor the School's financial activity. Adjustments were posted to the financial statements and, where applicable, to the School's financial records to correct the above errors.

Officials' Response:

Greater care will be taken to ensure that a footnote disclosure is made for related party loans to the organization and that appropriate adjusting entries are made at year-end.

FINDING NUMBER 2009-002

Noncompliance

OMB Circular A-133, Subpart C, Section .300(a) states the auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.

2 C.F.R. 225 Appendix A Section (E) sets the guidelines for determining if a direct cost is considered to be allowable per the federal program. These guidelines state:

1. General. Direct costs are those that can be identified specifically with a particular final cost objective.
2. Application. Typical direct costs chargeable to Federal awards are:
 - a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
 - b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
 - c. Equipment and other approved capital expenditures.
 - d. Travel expenses incurred specifically to carry out the award.

2 C.F.R. 225 Appendix A Section (C)(1)(j) provides "to be allowable under Federal awards, cost must meet the following general criteria:...be adequately documented."

**FINDING NUMBER 2009-002
(Continued)**

34 C.F.R. 74.21(b)(2) also states that recipients' financial management systems shall provide the following: records that identify adequately the source and application of funds for federally-sponsored activities. These records shall contain information pertaining to awards, authorizations, obligations, unobligated balances, assets, outlays, income, and interest."

While the School did identify federal revenue received and non-payroll expenditures to its appropriate program and/or grant, they posted all payroll expenditures incurred during the year into one fund and did not identify which of these expenditures were related to the individual federal programs. At month end and during year-end close-out procedures, payroll allocations were made to grants by adjusting journal entries, and as part of year-end close out the School posted journal entries to allocate fringe benefit expenditures to their federal programs. Payroll and fringe benefit expenses allocated to federal programs totaled \$51,002. The journal entries representing the federal payroll and fringe benefit expenditures were based on the federal revenue received for each grant and documentation to support each of these expenses allocated to the federal programs was not included with the expenses. As a result of the comingling and lack of detailed records to support the payroll and fringe benefits allocations we were unable to determine if the federal grant money was expended for costs considered allowable under federal requirements. While the School eventually provided single funding source certification documentation for the payroll expenses allocated to the federal programs, comingling of funds and failure to adequately maintain supporting documentation can result in lack of monitoring grant activity for allowability and proper reporting.

The School is required to identify all expenditures that are specifically for the performance of Federal grant services and determine if the expenditure is allowable per 2 C.F.R. 225 Appendix A before expending money from federal grant funds. Failure to properly identify allowable costs to the federal program may lead to monies having to be paid back to the federal program and/or having monies withheld from the federal program in the future.

Had this been a federal Single Audit the amounts mentioned above could have been questioned costs.

Officials' Response:

Federal grants are primarily reimbursement grants, necessitating an initial expenditure from the general fund and a reimbursement to the general fund from the federal program. This is most easily accomplished for payroll items for some grants by the recording of a journal entry at year-end so that negative fund balances do not occur. Payroll and fringes are tracked via subsidiary ledger. In the future, journal entries will be recorded to reflect concurrency with the payroll reports.

FINDING NUMBER 2009-003

Noncompliance

EECHS uses a boiler plate contract for employment with each employee. Section 3.01 Base Compensation states, in part, that as compensation for services rendered under the agreement the employee shall be paid the agreed wage. Section 3.06 Effect of Termination on Compensation provides that in the event of termination of employment, employee shall be entitled to compensation accrued and earned prior to the date of termination. Confirmation with the School's legal counsel confirmed seven employees and/or former employees were owed salary and benefits from the past three school years. The \$115,540 in accrued wages presented in the financial statements includes unpaid compensation earned prior to June 30, 2009. The current governing authority has established payment plans to repay this amount. Delinquent salary and benefit amounts are part of the accrual for wages and benefits in the financial statements. We recommend that the School abide by all contracts.

**FINDING NUMBER 2009-003
(Continued)**

Officials' Response:

The Board is in the process of drafting contracts for all employees with the help of legal counsel.

**EAST END COMMUNITY HERITAGE SCHOOL
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2008-001 | Notes and financial statements not in compliance with GASB/GAAP | No | Reissued as Finding 2009-001 |
| 2008-002 | Payroll charges to federal programs comingled and lacked detailed records to determine allowability | No | Reissued as Finding 2009-002 |
| 2008-003 | Unpaid compensation contrary to employee contracts | No | Reissued as Finding 2009-003 |
| 2008-004 | Approval of disbursements by Electronic Funds Transfer | No | Reissued in Management Letter |

Note: The report that contained the findings above for the year ended June 30, 2008 was issued at the same time as this report. Therefore, many of the comments could not be addressed prior to the issuance of this report.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

East End Community Heritage School
Hamilton County
7030 Reading Road Suite 134
Cincinnati, Ohio 45237

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 East End Community Heritage School (the School) 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. We noted the Board adopted an anti-harassment policy at its meeting on May 24, 2007.
2. We read the policy, noting it did or did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) The policy did contain a statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) The policy did not contain a definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) The policy did not contain a procedure for reporting prohibited incidents;
 - (4) The policy did not contain a requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) The policy did not contain a requirement that parents or guardians of any student involved in a prohibited incident be notified and, 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, have access to any written reports pertaining to the prohibited incident;
 - (6) The policy did not contain a procedure for documenting any prohibited incident that is reported;
 - (7) The policy did not contain a procedure for responding to and investigating any reported incident;

- (8) The policy did not contain a strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) The policy did not contain a disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) The policy did not contain a requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district 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 management, the Board and School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

August 18, 2010



Mary Taylor, CPA
Auditor of State

EAST END COMMUNITY HERITAGE SCHOOL

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
SEPTEMBER 30, 2010**