



**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

REGULAR AUDIT

**FOR THE YEAR ENDED JUNE 30, 2010 AND FOR THE
PERIOD OF SEPTEMBER 1, 2008 TO JUNE 30, 2009**



Dave Yost • Auditor of State

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Arts and Science Academy
Trumbull County
3330 Chippewa Avenue
Columbus, Ohio 43204

To the Board of Directors:

We have audited the accompanying basic financial statements of the Arts and Science Academy, Trumbull County, Ohio (the Academy), as of and for the year ended June 30, 2010, and for the period September 1, 2008 to June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to 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 the Arts and Science Academy, Trumbull County, Ohio, as June 30, 2010 and 2009, and the respective changes in financial position and its cash flows for the year and period then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 17, the Academy was in suspension during the audit period and closed on July 1, 2010 by St. Aloysius Orphanage (the Sponsor) due to the expiration of the sponsorship agreement and no feasible site to remain open.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

May 16, 2011

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD
OF SEPTEMBER 1, 2008 TO JUNE 30, 2009
UNAUDITED*

The discussion and analysis of the Arts and Science Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the period of September 1, 2008 to June 30, 2009 and the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole. Readers should also review the financial statements and notes to the financial statements to enhance their understanding of the Academy's financial performance. The first year of the Academy's operations was 2006.

FINANCIAL HIGHLIGHTS

Key highlights for the fiscal year 2010 are as follows:

- Net assets decreased \$299,238.
- Operating expenses accounted for \$311,340 of the total expenses of \$311,376.
- The Academy continued to be in voluntary suspension for through the date of the final closure determination that was effective July 1, 2010.

Key highlights for the period September 1, 2008 to June 30, 2009 are as follows:

- Net assets decreased \$28,797.
- Operating expenses accounted for \$27,738 of the total expenses of \$28,797.
- There was no operating revenues or restricted grant revenues.
- The Academy was in voluntary suspension for the ten month reporting period due to facilities not being available.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report consists of three parts; the management's discussion and analysis, the basic financial statements, and the notes to the financial statements. These statements are organized so the reader can understand the financial position of the Academy. 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 net assets represents the statement of position of the Academy. The statement of revenues, expenses, and changes in net assets presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. The statement of cash flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

Financial Analysis of the Academy as a Whole

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from the governmental-wide financial statements is included in the discussion and analysis.

**ARTS AND SCIENCE ACADEMY
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UNAUDITED
(Continued)*

Table 1 provides a summary of Academy's net assets for 2010 compared to 2009:

Table 1
Net Assets

	2010	2009	Change
Assets:			
Current Assets	\$ 197,196	\$ 186,789	\$ 10,407
Capital Assets	31,350	40,679	(9,329)
Total Assets	<u>228,546</u>	<u>227,468</u>	<u>1,078</u>
Liabilities:			
Current Liabilities	495,243	194,927	300,316
Net Assets:			
Invested in Capital Assets	31,350	40,679	(9,329)
Unrestricted	(298,047)	(8,138)	(289,909)
Total Net Assets (Deficit)	<u>\$ (266,697)</u>	<u>\$ 32,541</u>	<u>\$ (299,238)</u>

Results of the period September 1, 2008 to June 30, 2009 and the fiscal year 2010 indicate a combined net decrease in net assets of \$328,035 and an ending net asset deficit of \$266,697. The decrease in net assets is primarily due to closeout and records transfer/storage costs and costs of fulfillment of certain contracts during the period of suspended operations.

**ARTS AND SCIENCE ACADEMY
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*MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)*

Table 2 reflects the changes in net assets for fiscal year 2010 as compared to 2009.

Table 2
Change in Net Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Operating Expenses:			
Purchased Services	301,851	17,883	283,968
Depreciation	9,329	9,329	-
General Supplies	-	526	(526)
Other Operating Expenses	160	-	160
Total Operating Expenses	<u>311,340</u>	<u>27,738</u>	<u>283,602</u>
Operating Loss	<u>(311,340)</u>	<u>(27,738)</u>	<u>(283,602)</u>
Nonoperating Revenues and Expenses:			
Miscellaneous Revenues	12,138	-	12,138
Interest Expense	(36)	(1,059)	1,023
Net Nonoperating Revenues and Expenses	<u>12,102</u>	<u>(1,059)</u>	<u>13,161</u>
Change in Net Assets	<u>(299,238)</u>	<u>(28,797)</u>	<u>(270,441)</u>
Net Assets (Deficit) Beginning of Year	<u>32,541</u>	<u>61,338</u>	<u>(28,797)</u>
Net Assets (Deficit) End of Year	<u>\$ (266,697)</u>	<u>\$ 32,541</u>	<u>\$ (299,238)</u>

Operations of the Academy consisted primarily of close out and records transfer activities during the period September 1, 2008 to June 30, 2009 and fiscal year 2010. Dissolution of capital assets and payment of final audited obligations are the only activities that still need to be completed.

**ARTS AND SCIENCE ACADEMY
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*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE
PERIOD OF SEPTEMBER 1, 2008 TO JUNE 30, 2009
UNAUDITED
(Continued)*

Budgeting

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provision set forth in the Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its sponsor. The contract between the Academy and its sponsor, the St. Aloysius Orphanage, does not prescribe a budgetary process for the Academy.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2010 and 2009, the Academy had \$31,350 and \$40,679, respectively, invested in capital assets (net of accumulated depreciation) for computer and other equipment. The depreciation was \$9,329 for both the fiscal year 2010 and the period September 1, 2008 to June 30, 2009. There were no additional purchases of assets or disposals of assets during the periods being reported on. The following table shows fiscal year 2010 compared to 2009:

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Furniture & Equipment	\$27,160	\$31,461	(\$4,301)
Computer Technology	4,190	9,218	(5,028)
Total Capital Assets, Net	<u>\$31,350</u>	<u>\$40,679</u>	<u>(\$9,329)</u>

For further information regarding the Academy's capital assets, refer to Note 6 of the basic financial statements.

Debt

At June 30, 2010 and 2009, the Academy had no notes or capital leases outstanding.

Economic Factors

With the exception of the decision to bring closure to the charter which will ultimately result in a final liquidation of all assets and liabilities of the Academy to the extent resources are available to do so, management is not currently aware of any facts, decisions or conditions that have occurred that are expected to have a significant effect on the financial position or results of operation.

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

*MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE
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(Continued)*

Operations

The Academy is a public school established pursuant to Ohio Revised Code Chapter 3314. The Academy was chartered to offer education for Ohio children in kindergarten through eighth grade. The Academy is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions concerning this report, please contact Brenda Neff, Treasurer for Arts and Science Academy, 3333 Chippewa Drive, Columbus, Ohio 43204.

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**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2010**

Assets:	
Current assets:	
Cash and Cash Equivalents	\$ 177,089
Prepaid Expense	20,107
Total current assets	197,196
Noncurrent assets:	
Capital Assets, net of Accumulated Depreciation	31,350
Total assets	\$ 228,546
Liabilities:	
Accounts Payable, Related Party	314,948
Due to Other Governments	180,295
Total liabilities	495,243
Net Assets	
Invested in Capital Assets	31,350
Unrestricted Net Assets	(298,047)
Total Net Assets	\$ (266,697)
See Accompanying Notes to the Basic Financial Statements	

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

Operating Expenses:	
Purchased Services	301,851
Depreciation	9,329
Other Operating Expenses	160
Total Operating Expenses	311,340
Operating Loss	(311,340)
Nonoperating Revenues and Expenses:	
Miscellaneous Revenues	12,138
Interest Expense	(36)
Net Nonoperating Revenues and Expenses	12,102
Change in Net Assets	(299,238)
Net Assets Beginning of Year	32,541
Net Assets (Deficit) End of Year	\$ (266,697)
See Accompanying Notes to the Basic Financial Statements	

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2010**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Payments to Suppliers for Goods and Services	\$ (1,695)
Net Cash Used by Operating Activities	<u>(1,695)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Short-term Financing Payments	(36)
Miscellaneous Revenue	18,813
Net Cash Provided by Noncapital Financing Activities	<u>18,777</u>
Net Increase in Cash and Cash Equivalents	17,082
Cash and Cash Equivalents - Beginning of the Year	160,007
Cash and Cash Equivalents - Ending of the Year	<u>\$ 177,089</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	<u>\$ (311,340)</u>
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	9,329
Changes in assets and liabilities:	
Increase in Accounts Payable, Related Party	300,316
Net Cash Used by Operating Activities	<u>\$ (1,695)</u>
See Accompanying Notes to the Basic Financial Statements	

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

Assets:	
<i>Current assets:</i>	
Cash and Cash Equivalents	\$ 160,007
Intergovernmental Receivable	6,675
Prepaid Expense	20,107
Total current assets	186,789
<i>Noncurrent assets:</i>	
Capital Assets, net of Accumulated Depreciation	40,679
Total assets	\$ 227,468
Liabilities:	
<i>Current liabilities:</i>	
Accounts Payable, Related Party	14,632
Due to Other Governments	180,295
Total current liabilities	194,927
Total liabilities	194,927
Net Assets	
Invested in Capital Assets	40,679
Unrestricted Net Assets	(8,138)
Total Net Assets	\$ 32,541
See Accompanying Notes to the Basic Financial Statements	

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE PERIOD SEPTEMBER 1, 2008 TO JUNE 30, 2009**

Operating Expenses:	
Purchased Services	17,883
Depreciation	9,329
General Supplies	526
Total Operating Expenses	27,738
Operating Loss	(27,738)
Nonoperating Revenues and Expenses:	
Interest Expense	(1,059)
Change in Net Assets	(28,797)
Net Assets Beginning of Year	61,338
Net Assets End of Year	\$ 32,541
See Accompanying Notes to the Basic Financial Statements	

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**STATEMENT OF CASH FLOWS
FOR THE PERIOD SEPTEMBER 1, 2008 TO JUNE 30, 2009**

CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Payments to Suppliers for Goods and Services	\$	(73,897)
Net Cash Used for Operating Activities		(73,897)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Short-term Financing Payments		(200)
Federal and State Grant Receipts		86,092
Net Cash Provided by Noncapital Financing Activities		85,892
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Lease Interest Payments		(859)
Capital Lease Principal Retirement		(17,716)
Net Cash Used for Capital and Related Financing Activities		(18,575)
Net Decrease in Cash and Cash Equivalents		(6,580)
Cash and Cash Equivalents - Beginning of the Year		166,587
Cash and Cash Equivalents - Ending of the Year	\$	160,007
Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	\$	(27,738)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Depreciation		9,329
Changes in assets and liabilities:		
Decrease in Prepaid Expense		302
Decrease in Accounts Payable, Trade		(55,189)
Decrease in Accounts Payable, Related Party		(601)
Net Cash Used for Operating Activities	\$	(73,897)
See Accompanying Notes to the Basic Financial Statements		

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009**

Note 1 - Description of the School

The Arts and Science Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapter 3314. The Academy was chartered to offer education for Ohio children in kindergarten through eighth grade. The Academy is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may lease or acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing after July 1, 2005 and ending June 30, 2010. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. At June 30, 2010, the charter contract will expire and not be renewed due to the inability of the Academy to locate appropriate facilities for continued operations.

The Academy operates under the direction of a Governing Board that consists of not less than five individuals who are not owners or employees, or immediate relatives or owners or employees of any for-profit firm that operate or manage the Academy for the Governing Board. The Board is responsible for carrying out the provisions of the contract that include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Academy's Governing Board also serves as the Board for the Academy of Arts and Humanities.

The Academy contracts with Mosaica Education, Inc., for management services including management of personnel and human resources, the program of instruction, technology, marketing, data management, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. See Note 15.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The Academy'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 Academy uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**ARTS AND SCIENCE ACADEMY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

B. Measurement Focus

The enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenue resulting from nonexchange transactions, in which Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provision set forth in the Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its sponsor. The contract between the Academy and its sponsor, the St. Aloysius Orphanage, does not prescribe a budgetary process for the Academy.

E. Cash and Cash Equivalents

Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net assets. The Academy had no investments during the fiscal year ended June 30, 2010.

F. Prepaid Items

The Academy records payments made to vendors for services that will benefit periods beyond June 30, 2010, as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

G. Capital Assets

The Academy's capital assets during fiscal year 2010 consisted of computers and other equipment. All capital assets are capitalized at cost and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of one thousand five hundred dollars. The Academy 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 an asset's life are not capitalized.

**ARTS AND SCIENCE ACADEMY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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

<u>Description</u>	<u>Useful Lives</u>
Furniture and Equipment	5-20 years
Computer Technology	5 years

For both periods ending June 30, 2010 and 2009, the depreciation was \$9,329.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2010, there were no net assets restricted by enabling legislation.

The statement of net assets reports for June 30, 2010 and June 30, 2009 was \$31,350 and \$40,679, respectively invested in capital assets.

I. Operating Revenues and Expenses

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

J. Estimates

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

K. Economic Dependency

The Academy has historically received approximately 99% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

Note 3 – Changes in Accounting Principles

There were no changes in accounting principles implemented during 2010 that would have a material effect on the financial statements.

**ARTS AND SCIENCE ACADEMY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
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(Continued)**

Note 4 - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2010 and June 30, 2009, the bank balance of Academy's deposits was \$177,089 and \$167,007, respectively. The bank balance was covered by federal depository insurance. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

Note 5 – Receivables

At June 30, 2009, the Academy had intergovernmental receivables, in the amount of \$6,675 that existed as a result of audit procedures completed by the Ohio Department of Education in November 2009 on student attendance during the 2007-08 academic year.

Note 6 - Capital Assets

Capital asset activity for the period September 1, 2008 to June 30, 2009 and fiscal year 2010 was as follows:

	Balance August 31, 2008	Additions	Deletions	Balance June 30, 2009
Furniture and Equipment	\$ 45,437	\$ -	\$ -	\$ 45,437
Computers	25,141	-	-	25,141
Total Capital Assets	70,578	-	-	70,578
Less: Accumulated Depreciation				
Furniture and Equipment	(9,676)	(4,301)		(13,977)
Computers	(10,894)	(5,028)	-	(15,922)
Capital Assets (net of depreciation)	\$ 50,008	\$ (9,329)	\$ -	\$ 40,679

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
Furniture and Equipment	\$ 45,437	\$ -	\$ -	\$ 45,437
Computers	25,141	-	-	25,141
Total Capital Assets	70,578	-	-	70,578
Less: Accumulated Depreciation				
Furniture and Equipment	(13,977)	(4,301)		(18,278)
Computers	(15,922)	(5,028)	-	(20,950)
Capital Assets (net of depreciation)	\$ 40,679	\$ (9,329)	\$ -	\$ 31,350

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 7 - Risk Management

The Academy 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. Thru November 3, 2008, the Academy contracted with Pashley Insurance Agency to provide insurance coverage with the Hartford Casualty Insurance Company. The types and amounts of coverage provided were as follows:

General Liability:	
Each Occurrence	\$1,000,000
Aggregate Limit	2,000,000
Products - Completed Operations Aggregate Limit	2,000,000
Medical Expense Limit - Any One Person/Occurrence	10,000
Damage to Rented Premises - Each Occurrence	300,000
Personal and Advertising Injury	1,000,000
Business Personal Property	631,400
Automobile Liability:	
Combined Single Limit	1,000,000
Excess/Umbrella:	
Each Occurrence	4,000,000
Aggregate Limit	4,000,000

Effective November 4, 2008 the Academy cancelled its insurance coverage as the charter was in suspension and operations had been discontinued. There have been no claims made against the school subsequent to cancellation of coverage and settled claims have not exceeded this commercial coverage in any prior years and there have been no significant reductions in insurance coverage from the prior year.

Note 8 – Purchased Services

For the period of September 1, 2008 to June 30, 2009 and the fiscal year ended June 30, 2010, purchased service expenses were as follows:

	For the Period	
	September 1, 2008 to June 30, 2009	Fiscal Year June 30, 2010
Purchased Services		
Personnel Services	\$1,613	\$0
Staff and Administrative Services	1,092	300,237
Building Services	4,748	105
Professional Services	10,430	1,509
Total	\$17,883	\$301,851

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 9 – Defined Benefit Pension Plans

The Academy has contracted with Mosaica Education, Inc. to provide employee services. However, these contracted services do not relieve the Academy of the obligation for remitting pension contributions. The retirement system considers the Academy as the Employer-of-Record and the Academy is ultimately responsible for remitting retirement contributions to each of the systems noted below.

A. School Employees Retirement System

Plan Description - The Academy 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 Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.74 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 Academy's required contributions for pension obligations to SERS for the fiscal periods ended June 30, 2010, June 30, 2009, August 31, 2008 and June 30, 2008 were \$0, \$0, \$213 and \$8,475, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal periods ending June 30, 2009, August 31, 2008 and June 30, 2008.

B. State Teachers Retirement System

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

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 9 – Defined Benefit Pension Plans (Continued)

B. State Teachers Retirement System (Continued)

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, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal periods ended June 30, 2010, June 30, 2009, August 31, 2008 and June 30, 2008 were \$0, \$693, \$0 and \$55,485, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal periods ending June 30, 2009, August 31, 2008 and June 30, 2008.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages. As of June 30, 2010, none of the Academy staff have elected Social Security.

Note 10 – Postemployment Benefits

A. State Employee Retirement System

Plan Description – The Academy 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.

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 10 – Postemployment Benefits (Continued)

A. State Employee Retirement System (Continued)

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 2010, 0.5 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 Academy's contributions for health care for the fiscal periods ended June 30, 2010, June 30, 2009, August 31, 2008 and June 30, 2008 were \$0, \$0, \$97 and \$3,868, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal periods ending June 30, 2009, August 31, 2008 and June 30, 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal periods ended June 30, 2010, June 30, 2009, August 31, 2008 and June 30, 2008 were \$0, \$0, \$15 and \$611, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal periods ending June 30, 2009, August 31, 2008 and June 30, 2008.

B. State Teachers Retirement System

Plan Description – The Academy 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 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal periods ended June 30, 2010, June 30, 2009, August 31, 2008 and June 30, 2008 were \$0, \$7, \$0 and \$4,268, respectively; 100 percent has been contributed for fiscal year 2010 and 100 percent for fiscal periods ending June 30, 2009, August 31, 2008 and June 30, 2008.

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 11 - Contingencies

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2010.

B. Ohio Department of Education Enrollment Review

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community schools. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusion of this review could result in state funding being adjusted. Based on a recent review of the 2007 – 2008 school year it was determined that the Academy was underfunded by \$6,675. This amount has not yet been paid by ODE and was included on the balance sheet as an intergovernmental receivable as of June 30, 2009 (see Note 5). However, the Academy has closed of June 30, 2010 and the likelihood that the Academy will collect the amount is remote, and therefore, has not been reported as an intergovernmental receivable as of June 30, 2010.

Note 12 – Building Leases

The Academy entered into a one year lease agreement in July 2007 to lease a building from Warren-Elm Facilities, LLC, a wholly owned subsidiary of Mosaica Education, Inc. for the use of approximately 11,224 square feet of the building and grounds as a school facility. Mosaica Education, Inc. is a related party, as disclosed in Note 16. The lease term ended on June 30, 2008. Rent expense for the years ended June 30, 2010 and 2009 was \$0 and \$0, respectively.

Note 13 – Capital Lease-Lessee Disclosure

The Academy entered into two lease agreements in fiscal year 2006 with Relational LLC for technology equipment (computers) and furniture. The Academy's lease obligations met 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. The furniture & equipment; technology and technology wiring have been capitalized in the amounts of \$45,437 and \$25,141 respectively, the present value of the minimum lease payments at the inception of the lease. In the period ending June 30, 2009, the Academy retired the remaining \$17,716 of outstanding balances on these two lease agreements.

Note 14 –Tax Exempt Status.

The Academy has filed for its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 15 – Related Party Transactions/Management Company

The Academy contracts with Mosaica Education, Inc. for variety of services including management of personnel and human resources, board relations, financial management, marketing, technology services, the program of instruction, purchasing, strategic planning, public relations, financial reporting, recruiting, compliance issues, budgets, contracts, and equipment and facilities. Financial management services include, but are not limited to, financial statement, budget preparation, accounts payable, and payroll preparation.

Per the management agreement with the Academy, Mosaica Education, Inc. is entitled to a management fee that is equivalent to 12.5% of Academy revenue. The management fees for the period of September 1, 2008 to June 30, 2009 and fiscal year 2010 were \$0 and \$0, respectively.

Also, per the management agreement there are expenses that will be billed to the Academy based on the actual cost incurred for the Academy by Mosaica Education, Inc. These expenses include rent, salaries of Mosaica Education, Inc employees working at the Academy, and other costs related to providing educational and administration services. The total expenses billed by Mosaica Education, Inc. for the period of September 1, 2008 to June 30, 2009 June 30, 2009 and fiscal year 2010 were \$8,866 and \$1,988, respectively.

At June 30, 2010, the Academy had payables to Mosaica Education, Inc. in the amount of \$314,948.

Note 16 – Sponsor

The Academy was approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period of five academic years commencing July 18, 2005. As part of this contract, the Sponsor is entitled to a percentage of the total state funds. Total amounts due and paid for the period of September 1, 2008 to June and fiscal year 2010 were \$0 and \$0, respectively. The Sponsor elected to not renew the charter as the school had not been able to locate a facility prior to the charter's expiration on June 30, 2010.

Note 17 – Subsequent Event

On August 11, 2008, the Sponsor and the Academy Board determined that there was no feasible site with which to open for the fall of 2008. Accordingly, the Sponsor placed the Academy's operations in suspension as of August 31, 2008. The Academy remained in suspension during the period of September 1, 2008 to June 30, 2009 and fiscal year 2010. With no feasible site with to remain open the Sponsor, St. Aloysius Orphanage closed the Academy as of July 1, 2010.

The Academy had received \$180,295 in foundation funding from the Ohio Department of Education for the months of July and August of 2008. Due to the Academy's subsequent closure the \$180,295 is owed to the Ohio Department of Education and has been reported as due to other governments on the September 1, 2008 to June 30, 2009 and June 30, 2010 financial statements,

As part of the closeout procedures required by the Ohio Department of Education the Academy is required to liquidate its capital assets and use the proceeds to pay creditors. As of the date of this report the Academy has not liquidated its capital assets.

ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2010 AND FOR PERIOD OF
SEPTEMBER 1, 2008 TO JUNE 30, 2009
(Continued)**

Note 17 – Subsequent Event (Continued)

The following is a schedule of all receipt and expenditure transactions which occurred subsequent to June 30, 2010:

Date	Receipt	Payee	Description	Balance
6/30/2010				\$ 177,089
3/8/2011	20,107	STRS	Excess Employer Contributions	197,196

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

Arts and Science Academy
Trumbull County
3330 Chippewa Avenue
Columbus, Ohio 43204

To the Board of Directors

We have audited the financial statements of the Arts and Science Academy, Trumbull County, Ohio, (the Academy) as of and for the period September 1, 2008 to June 30, 2009 and year ended June 30, 2010, and have issued our report thereon dated May 16, 2011, wherein we noted the Academy ceased operations on July 1, 2010. 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 Academy'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 Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy'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 finding we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

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 2010-001 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2010-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

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

We intend this report solely for the information and use of the Board of Directors, management, and St. Aloysius Orphanage and others within the Academy. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

May 16, 2011

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE PERIOD SEPTEMBER 1, 2008 TO JUNE 30, 2009**

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

FINDING NUMBER 2010-001

Material Weakness

Financial Statement Presentation

Section 1.02 (a) (vii) (A) of the management agreement between the Academy and Mosaica Education, Inc (MEI) states that MEI will maintain accurate financial records pertaining to its operation of the Academy. Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments and reclassifications were made to the June 30, 2010 financial statements and the Academy's ledgers:

- An adjustment of \$6,675 to properly reduce intergovernmental receivables from the Academy's ledgers for amounts that will not be received;
- An adjustment of \$9,329 to properly record depreciation expense for the fiscal year;
- A reclassification of \$18,813 of miscellaneous revenue from operating revenues to nonoperating revenues;

The following audit adjustments and reclassifications were made to the financial statements and the Academy's ledgers for the period of September 1, 2008 to June 30, 2009:

- A reclassification of \$1,605 to remove a negative balance of an expenditure line item on the financial statements;
- An adjustment of \$9,329 to properly record depreciation expense for the period;
- An adjustment of \$300,000 to reduce accounts payable related party related to a development fee that had not been incurred by the Academy as of June 30, 2009;
- An adjustment of \$6,468 to record prepaid expenses;
- A reclassification of \$180,295 to record deferred revenue as due to other governments for foundation receipts owed back to the Ohio Department of Education.

The Academy and the fiscal department of Mosaica Education, Inc. should review the adjustments and reclassifications identified above to ensure that similar errors are not reported on the financial statements. In addition, a final review of the financial statement and note disclosure to identify and correct errors and omissions. The draft financial report compiled by Mosaica Education Inc. should be reviewed before it is submitted to the Auditor of State Office.

Officials' Response: We did not receive a response from Officials to this finding.

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
FOR THE PERIOD SEPTEMBER 1, 2008 TO JUNE 30, 2009 AND THE YEAR ENDED JUNE 30, 2010
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2010-002

Significant Deficiency

Board Monitoring

Monitoring comprises of regular management activities established to oversee whether management's financial objectives are being achieved.

The Academy was in suspension for the period of September 1, 2008 to June 30, 2009 and for the year ended June 30, 2010. There was financial activity during the suspension period; however, the Board did not review financial activity, nor did the Board meet regularly during this period, only one meeting on December 14, 2009 was noted. As of July 1, 2010 the Academy has ceased operations.

The Board has a management agreement with Mosaica Education, Inc. (MEI) to provide certain services which include Treasurer, accounting, and financial reporting services. Although the Board has entered into an agreement with MEI to provide these services it is still the responsibility of the Board to monitor them.

Lack of effective legislative monitoring can lead to errors, irregularities, or misappropriation of the Academy's funds and incorrect financial statements being presented as noted in finding number 2010-001.

We recommend that the Board monitor the closeout of the Academy including the liquidation of the Academy's assets and payment to creditors.

Officials' Response: We did not receive a response from Officials to this finding.

**ARTS AND SCIENCE ACADEMY
TRUMBULL COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2010 AND THE PERIOD OF
SEPTEMBER 1, 2008 TO 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	Significant Deficiency/Material Weakness for adjustments and reclassifications	No	Reissued as Finding 2010-001
2008-002	Significant Deficiency/Material Weakness – Board of Directors continue to monitor and review monthly financial reports and supporting documentation.	No	Reissued as Finding 2010-002

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ARTS AND SCIENCE ACADEMY

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 7, 2011**