OHIO CONNECTIONS ACADEMY

HAMILTON COUNTY

Basic Financial Statements

Years Ended June 30, 2011 and 2010

and

Independent Auditors' Report

Dave Yost · Auditor of State

Board of Directors
Ohio Connections Academy
5181 Natorp Blvd., Suite 410
Mason, Ohio 45040

We have reviewed the *Independent Auditors' Report* of the Ohio Connections Academy, Hamilton County, prepared by Foxx & Company, for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Connections Academy is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

August 27, 2012

This page intentionally left blank.

Ohio Connections Academy
Hamilton County
Table of Contents

INDEPENDENT AUDITORS' REPORT

Ohio Connections Academy
Hamilton County
5181 Natorp Blvd., Suite 410
Mason, Ohio 45040

To the Board of Directors:

We have audited the accompanying basic financial statements of the Ohio Connections Academy, Hamilton County, Ohio (the Academy), as of and for the year ended June 30, 2011 and 2010, as listed in the table of contents. These basic 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 9, the Academy has entered into a contract with another entity to manage substantially all of the Academy's educational and operational activities. The Statement of Revenues, Expenses, and Changes in Net Assets includes $17,631,632 for these contracted services and other reimbursable costs. Our audit procedures were applied to transactions at the Academy level and did not include transactions at the contractor level, except for a review of the agreed-upon procedures report required by the Ohio Auditor of State Technical Bulletin 2004-009.

In addition, as discussed in Note 17 (Subsequent Events) to the financial statements, on March 6, 2013, Stephanie Millard, Principal of Millard and Associates, was indicted by a Hamilton County, Ohio grand jury on 26 counts including theft, misappropriation of assets, and tampering with school records. These charges are for services provided to the Cincinnati College Preparatory Academy, and as of the audit release date, are still pending. No such charges exist in conjunction with services provided to the Academy by Millard and Associates, who was the contracted fiscal officer for the Academy for the year ended June 30, 2011.

In our opinion, with the exception of the effect, if any, on the financial statement resulting from the matters reported in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2011 and 2010, and the changes in its financial position and its cash flows for the years then ended in conformity with auditing principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 22, 2013, 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* and should be considered 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 supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements taken as a whole. The federal awards receipts and expenditures schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. The federal awards receipts and expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the procedures applied to the basic financial statements. Such information has also been subjected to certain additional auditing procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

Foxx & Company

Cincinnati, Ohio
May 22, 2013

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
for the fiscal years ended June 30, 2011 and 2010

The discussion and analysis of the financial performance of the Ohio Connections Academy, Hamilton County, Ohio (the Academy), provides an overview of the Academy's financial activities for the fiscal years ended June 30, 2011 and 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 notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- For fiscal year 2011 total assets were $864,538.
- For fiscal year 2011 total liabilities were $826,023.
- For fiscal year 2011 total net assets were $38,515.

USING THIS ANNUAL REPORT

This annual report consists of a series of 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 basic statement of position for 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.

REPORTING THE ACADEMY AS A WHOLE

The view of the Academy as a whole looks at all financial transactions and asks, "How did we do financially during 2011? The statement of net assets and the statement of revenues, expenses, and change in net assets, answers this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and change in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

FINANCIAL ANALYSIS

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 government-wide financial statements is included in the discussion and analysis.

The following tables represent the Academy's condensed financial information derived from the statement of net assets and the statement of revenues, expenses, and changes in net assets.

Table 1 provides a summary of the Academy's net assets for fiscal years 2011, 2010 and 2009:

Table 1
Net Assets

	2011	2010	2009
Assets			
Current assets	$ 852,881	$ 1,018,038	$ 403,435
Non-current assets	11,657	14,760	11,439
Total assets	864,538	1,032,798	414,874
Liabilities			
Current liabilities	826,023	995,057	405,746
Net Assets			
Invested in capital assets	11,657	14,760	11,439
Unrestricted	26,858	22,981	(2,311)
Total net assets	$ 38,515	$ 37,741	$ 9,128

Table 2 shows the changes in net assets for fiscal years 2011, 2010 and 2009:

Table 2
Change in Net Assets

	2011	2010	2009
Operating revenues			
Foundation payments	$ 13,748,799	$ 10,941,804	$ 8,333,065
Special education	1,077,253	1,173,970	1,096,079
Total operating revenues	14,826,052	12,115,774	9,429,144
Operating expenses			
Purchased Services	17,631,632	14,981,621	10,294,212
Depreciation	4,669	4,255	3,352
Total operating expenses	17,636,301	14,985,876	10,297,564
Operating loss	(2,810,249)	(2,870,102)	(868,420)
Non-operating revenues			
Federal subsidies	2,633,378	2,797,161	766,708
State subsidies	5,000	5,000	6,890
Other revenues	168,156	91,244	90,278
Interest earnings	4,489	5,310	17,639
Total non-operating revenues	$ 2,811,023	$ 2,898,715	$ 881,515
(Decrease) Increase in net assets	$ 774	$ 28,613	$ 13,095

Net assets increased by $774 in 2011. Operating revenues increased by $2,710,278 or 22 percent, due to an increase of $2,806,995 in Foundation payments caused by increased enrollment and a decrease of $96,717 in special education funds from the Department of Education. Additionally, the Academy operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis. Results of fiscal year 2011 operations indicate ending net assets of $38,515.

BUDGET

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The Academy will from time to time adopt budget revisions as necessary.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The Academy used Federal Implementation Grant funds to purchase furniture and fixtures and computers for its office. This represents the only capital assets owned by the Academy. Capital asset information is summarized in Note 4 to the basic financial statements. The Academy has not issued any debt.

OTHER INFORMATION

Management is currently unaware of any known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
STATEMENT OF NET ASSETS
as of June 30, 2011 and 2010

	2011	2010
Assets		
Current assets		
Cash and cash equivalents	$ 246,462	$ 1,006,451
Intergovernmental receivable	-	5,901
Federal Grants Receivable	590,303	-
Prepaids	16,116	5,686
Total current assets	852,881	1,018,038
Non-current assets		
Fixed assets (Net of accumulated depreciation)	11,657	14,760
Total assets	864,538	1,032,798
Liabilities		
Current liabilities		
Contracts payable	770,046	945,854
Accounts payable	55,977	49,203
Total current liabilities	826,023	995,057
Total liabilities	826,023	995,057
Net assets:		
Invested in capital assets	11,657	14,760
Unrestricted	26,858	22,981
Total net assets	$ 38,515	$ 37,741

The accompanying notes are an integral part of these financial statements.

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
for the years ended June 30, 2011 and 2010

	2011	2010
Operating revenues		
Foundation payments - Regular	$ 13,748,799	$ 10,941,804
Special education - Special Education	1,077,253	1,173,970
Total operating revenues	14,826,052	12,115,774
Operating expenses:		
Purchased services	17,631,632	14,981,621
Miscellaneous (depreciation expense)	4,669	4,255
	17,636,301	14,985,876
Operating Loss	(2,810,249)	(2,870,102)
Non-Operating Revenues:		
Federal grants	2,633,378	2,797,161
State grants	5,000	5,000
Other revenue	168,156	91,244
Interest earnings	4,489	5,310
Total non-operating revenues	2,811,023	2,898,715
Increase in net assets	774	28,613
Net assets beginning of year	37,741	9,128
Net assets end of year	$ 38,515	$ 37,741

The accompanying notes are an integral part of these financial statements.

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
STATEMENT OF CASH FLOWS
for the fiscal year ended June 30, 2011 and 2010

	2011	2010
Increase (Decrease) in cash and cash equivalents		
Cash flows from operating activities		
Cash received from State of Ohio - Foundation	$ 14,831,953	$ 12,083,508
Cash payments to suppliers for goods and services	(17,811,097)	(14,364,217)
Net cash used for operating activities	(2,979,144)	(2,280,709)
Cash flows from noncapital financing activities		
Cash received from federal grants	2,043,075	2,804,616
Cash received from state grants	5,000	-
Interest	4,489	5,310
Other	168,156	96,244
Net cash provided by noncapital financing activities	2,220,720	2,906,170
Cash flows from investing activities		
Purchase of equipment, net	(1,565)	(7,576)
Net cash used in investing activities	(1,565)	(7,576)
Net increase in cash and cash equivalents	(759,989)	617,885
Cash and cash equivalents at beginning of year	1,006,451	388,566
Cash and cash equivalents at end of year	$ 246,462	$ 1,006,451

The accompanying notes are an integral part of these financial statements.

for the fiscal year ended June 30, 2011 and 2010
(Continued)

Reconciliation of operating loss to net cash used for operating activities	**2011**	**2010**
Operating loss	$ (2,810,249)	$(2,870,102)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	4,669	4,255
Changes in assets and liabilities:		
Decrease (Increase) in intergovernmental receivable	5,901	(5,901)
Decrease (Increase) in prepaid rent	(10,430)	1,728
Increase (Decrease) in contracts payable	(175,808)	549,228
Increase in accounts payable	6,773	40,083
Total adjustments	(168,895)	589,393
Net cash used for operating activities	$ (2,979,144)	$(2,280,709)

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Ohio Connections Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The mission of the Academy is to leverage technology on behalf of students who need a more personalized approach to education to maximize their potential and meet the highest performance standards. This mission is accomplished through a uniquely individualized learning program that combines the best in virtual education with very real connections among students, family, teachers, and the community. Every Academy student has a Personalized Learning Plan and an entire team of adults (including a parent or other learning coach and an Ohio-certified teacher) committed to the student's successful fulfillment of that plan. The Academy is a high-quality, high-tech, high-touch virtual "school without walls" that brings out the best in every student through Personalized Performance Learning.

The Academy was approved for operation under a contract with the Toledo Charter School Council (now known as The Ohio Council of Community Schools, the Sponsor). The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a six-member Board of Directors (the Board). The Board of Directors may not be fewer than five or more than eleven members. At least three Directors will be as follows:

(a) At least one Director shall be the parent of one or more students enrolled in the Academy,
(b) At least one Director shall be a generally recognized community leader in the area served by the Academy, and
(c) At least one Director shall be an educator or have experience in education.

Additionally, the Academy entered into a five-year contract on August 7, 2003, with Connections Academy, LLC ("CA") for curriculum, school management services, instruction, technology and other services, which was extended via an amendment to June 30, 2016. (See Note 9)

Beginning in July 2010, the Academy entered into a three way contract with CA, and Ohio Connections Academy of Ohio, LLC ("OCAO") to assign all management responsibility of the Academy to the "Ohio Management Company" for the remainder of the management services contract period ending June 30, 2016. (See Note 9)

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 nonprofit organizations. 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 Academy 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

Enterprise Accounting

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

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 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.

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. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year 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.

C. Budgetary Process

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The Academy will from time to time adopt budget revisions as necessary.

D. Cash and Investments

Cash held by the Academy is reflected as “Cash and Cash Equivalents” on the statement of net assets. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits. Investments with an initial maturity of more than three months are reported as investments. During the year ended June 30, 2011, investments were limited to a repurchase agreement.

E. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and the State Special Education Program. Foundation and Special Education payments are recognized as operating revenues in the accompanying financial statements. Other grants awarded and received in fiscal year 2011 totaled $2,633,378. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the Academy’s policy to use restricted resources first, then unrestricted resources as they are needed.

F. Capital Assets

Capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. The Academy maintains a capitalization threshold of $1,000. The Academy does not have any infrastructure. 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.

All capital assets are 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:

Furniture, Fixtures, and Equipment	7 years
Computers	3 years

G. 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 the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy did not have any restricted net assets at fiscal year end.

H. 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.

I. 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.

NOTE 3 – DEPOSITS

A. Deposits with Financial Institutions

The carrying amount of the Academy's deposits at June 30, 2011 was $50,000, exclusive of the $196,462 repurchase agreement, and its bank balance was $246,462. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, there was no exposure to custodial credit risk as discussed below, while $250,000 was covered by the Federal Depository Insurance Corporation.

Custodial Credit Risk: is the risk that in the event of bank failure, the Academy's investments may not be returned. The Academy has no policy regarding custodial credit risk. In addition, state law does not require security for public deposits and investments to be maintained in the Academy's name.

B. Fair Value Measurements

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. Level 1inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Academy has the ability to access. Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The carrying amounts of financial instruments including cash, certificates of deposit, accounts receivable, contracts payable, and accounts payable, approximated fair value as of June 30, 2011 and 2010 because of the relatively short maturity of these instruments.

NOTE 4 – CAPITAL ASSETS

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

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
Capital Assets being depreciated:				
Furniture, fixtures, and equipment	$ 31,038	$ 1,565	$ 1	$ 32,604
Less accumulated depreciation:				
Fixture, fixtures, and equipment	(16,278)	(4,669)	-	(20,947)
Capital assets, net of accumulated depreciation	$ 14,760	$ (3,104)	$ 1	$ 11,657

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	Balance 6/30/2009	Additions	Reductions	Balance 6/30/2010
Capital Assets being depreciated:				
Furniture, fixtures, and equipment	$ 23,462	$ 7,576	$ -	$ 31,038
Less accumulated depreciation:				
Fixture, fixtures, and equipment	(12,023)	(4,255)	-	(16,278)
Capital assets, net of accumulated depreciation	$ 11,439	$ 3,321	$ -	$ 14,760

NOTE 5 - OPERATING LEASES

The Academy rents multiple office facilities through lease agreements executed between their landlords and CA. The terms of these leases are due to expire over periods ranging from August 31, 2011 through August 31, 2016.

Subsequent to the year ended June 30, 2011 the Academy occupied an additional office facility through CA. A lease agreement was executed for the period July 1, 2011 through July 31, 2014 with monthly rent payments in the amount of $4,500 over the lease period.

Future minimum lease payments for the operating leases are as follows:

Years Ending June 30,	Cincinnati	Worthington	Mason	Cleveland	Total
2012	$ 4,342	$ 38,804	$ 16,852	$ 54,000	$ 113,998
2013	-	40,194	51,313	54,000	145,507
2014	-	13,437	52,595	54,000	120,032
2015	-	-	53,910	4,500	58,410
2016	-	-	55,258	-	55,258
Thereafter	-	-	27,172	-	27,172
Total	$ 4,342	$ 92,435	$ 257,100	$ 166,500	$ 520,377

NOTE 6- RECEIVABLES

Receivables consisted of federal program grants and foundation payments as of June 30, 2011.

Program	Amount
Title I Improving Basic Program	$ 223,769
Title II-A Improving Teacher Quality	9,607
Title II-D Technology	2,796
Title VI-B Special Education	354,131
	$ 590,303

Receivables consisted entirely of state foundation payments as of June 30, 2010.

Program	Amount
Ohio Department of Education Community School Adjustment of Foundation Payments	5,901
	$ 5,901

NOTE 7 – RISK MANAGEMENT

Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. For fiscal year 2011, the Academy contracted with CA to provide insurance in the following amounts through being included as an additional insured on their policy with Diversified Insurance Services for the following coverage:

> Commercial general liability: $2,000,000 general aggregate with a $1,000,000 single occurrence limit along with $21,000,000 in excess liability coverage for both aggregate and single occurrence.

There were no settlements in excess of insurance coverage over the past three fiscal years.

NOTE 8 – FISCAL AGENT AND PAYMENTS TO SPONSOR

The sponsorship agreement with Ohio Council of Community Schools requires that the Academy shall have a designated fiscal officer who shall meet all the requirements as set forth by law including:

A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;

B. Comply with the policies and procedures regarding internal financial control of the Academy;

C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

The Academy shall pay to the Sponsor 2.5 percent of all base per pupil cost payments received from the state in consideration for the time, organization, oversight, fees and costs of the Sponsor in overseeing the Academy. The Academy's Fiscal Agent during the audit period was Millard & Associates. Please see Note 17 for additional information.

NOTE 9 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES

The Academy entered into a five-year contract on August 7, 2003, with CA for curriculum, instruction, technology and other school management services, which was substantially extended via an amendment to June 30, 2016. Under the contract, the following terms were agreed upon:

CA will provide direct materials/services or procurement and payment services for the following:

1. Instructional materials as approved by the Board and the Sponsor.
2. Various educational protocols and assessments.
3. Administrative personnel, including health and other benefits, as approved by the Board and the Sponsor where required.
4. Teaching staff, including health and other benefits, as approved by the Board.
5. Educational support services for participating families.
6. Training and other professional development as approved by the Board.
7. Hardware and software as approved by the Board.
8. Technical support for any hardware and software provided under the contract.
9. Maintenance of student records.
10. Services to special needs students as required by law.
11. Administrative services including expenditures for a facility and capital, both of which require Board approval.
12. Financial, treasury and other reporting as required by law.
13. Student recruiting and community education.

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
NOTES TO FINANCIAL STATEMENTS
For the fiscal years ending June 30, 2011 and 2010

14. General school management.

For the services listed above, the Academy is required to reimburse certain actual expenses, pay a fee based on enrollment statistics and pay a school management fee to CA. The school management fee is not to exceed 15 percent of all funds received by the Academy. The total expense on an accrual basis under this contract for fiscal year 2011 totaled $17,631,632. Of this amount, $770,046 represents a contract payable at June 30, 2011.

For the years ended June 30, 2011 and 2010, CA incurred the following expenses on behalf of the Academy:

	Expense Direct Expenses	2011	2010
100	Salaries & wages	$ 4,154,921	$ 3,410,500
200	Employees' benefits	1,113,654	912,296
410	Professional & technical services	319,623	291,287
420	Property services	147,671	106,687
430	Travel	215,160	102,864
440	Communications	364,971	269,097
460	Contracted craft or trade services	1,936	7,085
490	Other purchased services	20,691	66,180
500	Supplies & materials	154,334	990,971
510	Other supplies	36,185	27,159
	Other direct costs - Allocated	2,529,606	420,566
	Indirect expenses:		
	Overhead	6,003,793	5,137,729
	Total expenses	$ 15,062,545	$ 11,742,421

The Management Company incurs a variety of costs including general and administrative costs, marketing costs, software development costs, curriculum development costs, enrollment and placement costs, fulfillment and asset tracking costs, legal costs, and other costs associated with providing services to more than one school. These costs are not charged directly to the schools but are allocated internally by the Management Company pro rata based on the number of total students that have enrolled in each school.

NOTE 10 - 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, the Academy has complied with all grant requirements.

B. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. 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 conclusions of this review could result in state funding being adjusted.

NOTE 11 – TAX EXEMPT STATUS

The Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy’s nonprofit status. The Academy was approved on October 26, 2006 for tax exempt status under 501(c)3 of the Internal Revenue Code. The approval had a retroactive date of July 3, 2003.

NOTE 12 – MANAGEMENT PLAN

The Academy had an operating loss of $2,810,249 and a net asset surplus of $38,515 at the end of fiscal year 2011. The Academy had an operating loss of $2,870,102 and a net asset surplus of $37,741 at the end of fiscal year 2010. The Academy is projecting a positive net asset balance for fiscal year ending June 30, 2012. The Academy is working with their management company to enhance financial viability through increasing operational efficiencies and collecting additional revenue due to increased student enrollment and increased federal grants in fiscal year 2012. Amendments to the contract with Connections Academy, LLC contain deficit protection language that will help ensure the Academy ends its fiscal year with a positive net asset balance.

NOTE 13 – MANAGEMENT COMPANY

The Academy has contracted with CA to provide employee services and to pay those employees. However, these contract services do not relieve the school of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the school ultimately is responsible for remitting retirement contributions to the State Teachers Retirement System and the School Employees Retirement System.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employee 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 2011, 9.16 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 years ended June 30, 2011, 2010, and 2009 were $47,203, $48,886 and $15,264 respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

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 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, 2011, 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 years ended June 30, 2011, 2010, and 2009 were $505,634, $424,111 and $317,596 respectively; 100 percent has been contributed for fiscal year 2011 and 87.13 percent has been contributed for fiscal years 2010 and 100 percent for fiscal years 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were $505,634 made by the Academy and $368,064 made by the plan members.

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.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School 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.

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 2011, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, there was no surcharge due or payable.

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 years ended June 30, 2011, 2010 and 2009 were $16,044, $9,492 and $6,150 respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.66 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were $2,533, $1,499 and $971 respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

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 2011, 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 years ended June 30, 2011, 2010, and 2009 were $36,827, $30,294 and $22,685 respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

NOTE 16 - CONTINGENCIES

A. Disclosure for Inclusion in School/Community School

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date. The School District received financial assistance from federal and State agencies in the form of grants. The expenditure 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. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2011, if applicable, cannot be determined at this time.

NOTE 17 – SUBSEQUENT EVENTS

In December 2012, the Academy contracted with Massa Financial Solutions to provide fiscal officer and treasurer oversight services to the Academy and discontinued using the services of Millard and Associates. On March 6, 2013, Stephanie Millard, Principal of Millard and Associates, was indicted by a Hamilton County, Ohio grand jury on 26 counts including theft, misappropriation of assets, and tampering with school records. These charges are for services provided to the Cincinnati College Preparatory Academy, and as of the audit release date, are still pending. No such charges exist in conjunction with services provided to the Academy by Millard and Associates.

In January 2013, Connections Academy (CA) provided an additional credit of $40,000 to the Academy for services provided during fiscal year 2011 to ensure contract compliance in order that the Academy would maintain a positive balance in net assets. According to the summary of the May 24, 2013 Board minutes provided by OCA personnel the Board approved the application of the credit applied towards the fiscal year 2011 services. The results of the approval of the adjustment provided the Academy with a net asset balance of $38,515. This credit has been included in the financial statements

SUPPLEMENTARY INFORMATION

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
for the fiscal year ending June 30, 2011

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education:				
Special Education Cluster:				
Title Part B-IDEA (Special Education)	6B-SF	84.027	39,348	393,479
ARRA-Title Part B-IDEA (Special Education)		84.391	9,076	9,076
Total Special Education Cluster			48,424	402,555
Titel I Grants to Local Education Agencies Cluster:				
Grants to Local Educational Agencies (ESEA Title 1) (CFDA 84.389 included in cluster)	C1-S1	84.010	692,243	916,012
Total Title I Grants to Local Education Agencies Cluster			692,243	916,012
ARRA-State Fiscal Stabilization Fund		84.394	1,264,728	1,264,728
Improving Teacher Quality (Title II-A)	TR-S1	84.367	37,423	47,031
Technology Literacy Challenge (Title II-D)	TJ-S1	84.318	257	3,052
Total U.S. Department of Education			1,302,408	1,314,811
TOTAL			$ 2,043,075	$ 2,633,378

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying federal awards receipts and expenditures schedule (the schedule) is a summary of activity on the Academy’s federal award programs. The Schedule has been prepared on the cash basis of accounting.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Ohio Connections Academy
Hamilton County
5181 Natrop Blvd., Suite 410
Mason, Ohio 45040

To the Members of the Board of Directors
Ohio Connections Academy

We have audited the financial statements of the Ohio Connections Academy, Hamilton County, Ohio (the Academy), as of the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated May 22, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion 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 and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency or 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 corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as Findings 2011-001 and 2011-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported in accordance with *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2011-001, 2011-002 and 2011-003.

The Academy's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs, after each finding. We did not audit the Academy's response; and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Directors, The Academy's Sponsor, the Ohio Auditor of State, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Foxx & Company

Cincinnati, Ohio
May 22, 2013

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Ohio Connections Academy
Hamilton County
5181 Natorp Blvd., Suite 410
Mason, Ohio 45040

To the Members of the Board of Directors
Ohio Connections Academy

Compliance

We have audited Ohio Connections Academy; Hamilton County, Ohio (the Academy) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Academy's management. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Academy's compliance with those requirements.

As described in Finding Nos. 2011-001, and 2011-002 in the accompanying Schedule of Findings and Questioned Costs, the Academy did not comply with the requirements of the Ohio Administrative Code 117-2-02, and the Ohio Revised Code for accounting records and 2 CFR Part 225 (formerly OMB Circular A-87) regarding accounting for costs of federal programs and the allowability and reasonableness of certain personnel and fringe benefit costs claimed under its Title I Cluster, State Fiscal Stabilization Fund(84.394) and the Special Education Cluster (84.027). In addition, as described in 2011-003, the Academy did not comply with requirements regarding OMB Circular A-133, Paragraph 320a, and filing of the OMB A-133 Audit Report within nine months of the end of the fiscal year. Compliance with such requirements, in our opinion, is necessary for the Academy to comply with the requirements applicable to its federal grant programs.

In our opinion, except for the noncompliance described in the preceding paragraph, and the $103,549 questioned in the Schedule of Findings and Questioned Costs, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the Academy is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as 2011-001 and 2011-002 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2011-003 to be a significant deficiency.

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

This report is intended solely for the information and use of management, the Board of Directors, The Academy's Sponsor, the Ohio Auditor of State, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Foxx & Company

Cincinnati, Ohio
May 22, 2013

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the fiscal year ending June 30, 2011

Section 1. SUMMARY OF AUDITORS RESULTS

Type of Financial Statement Opinion	Qualified
Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
Were there any material weaknesses in internal control reported for major federal programs?	Yes
Were any other significant deficiencies in internal control reported for major federal programs?	Yes
Type of Major Programs' Compliance Opinion	Qualified
Are there any reportable findings under Section .510?	Yes
Major Programs:	Grants to Local Educational Agencies (ESEA Title 1) Cluster- 1) - CFDA# 84.010-ESEA Title 1 Grants to Local Education Agencies Cluster(84-389 included in Cluster) 2) - CFDA# 84.027- Special Education Cluster 3) - CFDA# 84.391-ARRA Special Education 4) - CFDA# 84.394-ARRA State Fiscal Stabilization Fund
Dollar Threshold: Type A and B Programs	Type A: > $300,000 Type B: All others
Low Risk Auditee?	No

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

Finding Number	2011-001

Material Weakness/Noncompliance– Improvements were needed to the Academy's internal controls related to accounting and financial reporting.

***Criteria* –** According to Ohio Administrative Code 117-2-02 *Accounting and Reporting Records*, Public offices should maintain accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions and account balances, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements, and prepare financial statements required by Rule 117-2-03 of the Ohio Administrative Code**.** Also**,** Ohio Rev. Code, Section 3314.03(A)(11)(d), requires that each contract entered into between a sponsor and the governing authority of a community school shall specify that the school will comply with Section 149.43 of the Ohio Rev. Code which states, in part, that all public records shall be promptly prepared and made available for inspection to any person at all reasonable times during regular business hours. In order to facilitate broader access to public records, public offices shall maintain public records in a manner that they can be made available for inspection in accordance with this division. In addition, Ohio Rev. Code, Section 3314.03(A)(8), requires that each contract entered into between a sponsor and the governing authority of a community school shall require the school to maintain financial records in the same manner as all public school districts in the State of Ohio.

Internal controls related to financial reporting also suggest that financial statements be the product of a financial reporting system that provides reasonable assurance that management is able to prepare reliable financial statements that are fairly presented in conformity with generally accepted accounting principles (GAAP).

***Condition* –** During the audit, we noted that certain receipts, disbursements, and credits from the Schools Management Company, Connections Academy (CA) were not recorded in conformity with GAAP. The School's management utilized an inconsistent pattern of recording and reporting revenues and expenses during the 2011 period including the following:

Financial Reporting

1. The beginning balance under revenues could not be reconciled to the accounting records because an unidentified amount of $5,549 was included in the other revenue account in order to balance the statements. According to OCA this amount was related to an intergovernmental receivable that was reclassified by management and included in the updated trial balance provided to the auditors. However, we noted that this amount was summarized by OCA as "other revenues" in its Master Close File but the details of this transaction was never provided to the auditors by OCA. As a result, it was necessary for the auditors to propose an audit adjustment in order to balance net assets in the trail

balance. At the conclusion of field work the audit team had not been provided the details of this transaction.

2. The School utilized an inconsistent method of recognizing credits from the management company applied during invoicing with their financial reporting process. OCA received a credit in its monthly billings for Special Education from the Management Company, CA, which was approved by the Board. This credit resulted in the Special Education expenses being offset which made it appear that OCA had no expense for Special Education. However, at the same time OCA was charging Special Education teacher salaries to the federal programs which were not "net of all credits". The total Special Education credit received from CA was $859,286. OCA made reclassification journal entries for the Special Education credit totaling $859,286 moving the credit to the Management Services expenses. During the audit fieldwork, our review of these journal entries revealed that the entries were not made with Board approval nor was there an explanation of the reason for the entries. This entry resulted in an $859,286 credit balance to the Management Services expense account. In the first draft audit report submitted to OCA for comments, the charges to the federal programs for Special Education teachers were questioned. After this issue was brought to OCA's attention in the first draft audit report, OCA prepared a revised journal entry to reclassify the credits to various expenses including enrollment fees, professional fees, building fees, accounting fees, consulting fees, financing and interest fees, new text book fees, and other technology fees. OCA's management obtained Board approval for this entry in September 2012, and revised the entry to the various management company fees from the Management Services Expense Account. OCA also provided an explanation of why the entry was made. As a result, the journal entry was accepted and the charges for the Special Education teachers applicable to the Special Education credit have been accepted.

3. OCA posted a transaction in the amount of $53,895 to recognize adjustments to foundation payments for Post Secondary Education Options (PSEO) expenditures from the prior year. In posting this entry, OCA reduced revenue and understated the expense account. OCA stated that because the difference in the revenue provided by the State is not known until early in the next fiscal year, the School used an estimate based on the prior year and the estimate was very close to the actual amount. However, instead of reducing revenue and expense, the School should have recognized the revenue and the expense by setting up an Adjustment Liability in accordance with Generally Accepted Accounting Principles. We provided OCA with a similar adjusting entry at the end of the audit of the 2010 financial statements.

4. The School did not have formal written procedures for account reconciliations and posting journal entries. This issue was reported in the 2010 audit. After the first draft audit report was provided to OCA, write ups of how the School handled Cash Receipts, Cash Disbursements, Financial Reporting and Federal Grants were provided by OCA. This information was not provided during the audit fieldwork. Furthermore, we were not

provided with written procedures for account reconciliations or for posting journal entries.

5. Journal entries were not adequately supported. Journal entries were made without a detailed explanation of why the entry was being made or supporting documentation for the entry. Each adjusting entry made by OCA should have an explanation of why the School is making the entry along with supporting documentation.

6. Significant delays were experienced by our audit team during field work in receiving requested accounting records. We began the audit field work in November 2011 and were not provided with the last piece of information, an acceptable Cash Flow Statement, until March 2013.

Payroll

1. Salaries and wages paid to teachers exceeded individual teacher contracts. The additional amounts paid to the teachers included charges for education courses and travel. Some of the additional education and travel costs were also charged directly to the federal awards resulting in a double charge of the same expenditures.

2. Support for fringe benefits claimed on the federal program was not provided until after issuance of the second draft report. Although individual percentages were provided for different fringes, the fringe benefit calculation supporting these percentages was not made available for review by the audit team until after the second draft report was issued. (We have accepted the majority of the fringe benefits originally questioned.)

3. Adjustments to payroll were not properly recorded in the financial records in the amount of $31,375.

4. Supporting documentation for various personnel transactions sampled were not supported by a reconciliation of the management company's payroll registers during the fiscal year. See finding No. 2011-002 for specifics and questioned cost.

Receipts and Expenditures

1. Accrued liabilities were excluded from reported expenses.

2. Receivables were excluded from reported receipts.

3. Various cash transactions related to miscellaneous receipts could not be verified.

4. There was a lack of supporting documentation for many transactions primarily related to variances in personnel cost.

5. Accrued liabilities credited to management service expense were not recognized within the actual cash transactions in the amount of $500 resulting in a potential finding for recovery from the management company.

Also, several months after the year-end of June 30, 2011, proposed adjusting entries identified by our audit and reclassification transactions had not been properly recorded within the general ledger and financial statements. Examples follow:

1. Accrued expense for purchased services, materials and supplies, and other non operating expense totaling $31,845 were not recorded as expenses.

2. The School did not recognize the expense of current year PSEO expense totaling $53,291 in its financial system during the School's fiscal year. Also, the correction of an error posting of prior year expense as a reduction in revenue in the amount of $54,340 was not made.

Cause **–** Improvements to OCA's financial reporting process, including formal written policies and procedures were needed. Also, the School did not have adequate procedures for review or approval of journal entries prior to posting to the financial accounting system. In addition, the School did not maintain adequate documentation to support many accounting transactions. Finally, even though notified during the audit of errors in the financial accounting system, the School's management did not take corrective action to properly adjust transactions that were in error.

Effect **–** These issues resulted in inaccurate financial reporting, and increased risk of misappropriation of cash due to errors in accounting. Also, the issuance of the final report for the fiscal year ending June 30, 2011 was significantly delayed.

Recommendation **–** We recommend that the Academy establish and document a system of financial reporting that is sufficient to provide reasonable assurance that management is able to prepare financial statements in conformity with GAAP. We recommend that OCA:

1. Consistently record all revenues and expenses in conformity with GAAP. For all material journal entries, approval of the Board of Directors should be obtained prior to making the adjustments.

2. Develop formal written policies and procedures for financial reporting, journal entry posting and support, and reconciliation of accounts with billings from the management company.

3. Retain supporting documentation for all transactions posted to the financial statements including establishing a mitigating control over the journal entry process, in order to lower the risk related to posting errors to the general ledger.

4. Reconcile material accounts with the Academy's general ledger to all financial activity, ensuring that all credits, reclassifications, adjustments, and reconciling items be promptly applied in a timely manner to the general ledger with supported explanations.

Views of responsible officials and planned corrective actions

The Academy has reviewed the Auditors' comments and engaged in extensive conversation with them to understand the basis for the finding. The Academy engaged an Ohio-certified fiscal officer to maintain the school's official accounting records that are the subject of this audit. While the Academy does not agree that the issues described by the Auditor rise to the level of a material weakness, the Academy is working with its new fiscal officer to evaluate the Auditor's concerns. It should be noted that some of the concerns raised by the Auditor were resolved during the course of the audit.

Auditor's Evaluation of Comments:
The issues presented in this finding clearly indicate a Material Weakness in the financial reporting process of OCA. The financial reporting issues noted in this finding, along with findings presented in the summary of prior year findings represent a consistent pattern of material weakness within the financial reporting processes of OCA. However, OCA has made significant improvements during the course of the audit fieldwork. OCA's response indicate that proposed actions will be made which should resolve the finding.

SECTION 3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2011-002
CFDA Title and Number	84.010 and 84.389 Title I Cluster 84.027 and 84.391 Special Education Cluster (Including ARRA) 84.394- State Fiscal Stabilization Fund
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Material Weakness/Non Compliance – OCA could not adequately support $103,549 of personnel and fringe benefits charged to federal awards in accordance with 2 CFR 225. The $103,549 questioned was allocated from charges made by the management company, Connections Academy (CA). In addition, OCA did not have procedures to determine allowable and unallowable cost in accordance with federal regulations.

Criteria – According to 2 CFR Part 225 C (1) (formerly OMB Circular A-87), allowable cost under any federal program must meet the general criteria including the following:

(1)Be necessary and reasonable for proper and efficient performance and administration of Federal awards, (2)Be allocable to Federal awards under the provisions of 2 CFR Part 225, (3)Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit, (4)Any cost allocable to a particular Federal award or cost objective may not be charged to other Federal awards to overcome fund deficiencies, to avoid restrictions imposed by law or terms of the Federal awards, or for other reasons, (5) Be the net of all applicable credits and (6) Be adequately documented.

In addition, 2 CFR part 225 requires salaries and wages for staff charged to Federal awards be supported by time and effort certification reporting for employees working solely on a single federal award. For employees working on multiple activities or cost objectives, a distribution of their salaries or wages must be supported by personnel activity reports or equivalent documentation. In addition, 2 CFR Part 225 requires fringe benefits claimed for staff charged to a federal project be supported by established written policies granting such benefits, and cost allocation methods consistent with the pattern of benefits attributable to the individuals or groups of employees whose salaries and wages are chargeable to such Federal awards and other activities. In addition, 2 CFR Part 225 states that all donated, volunteered, or credited services may be furnished to a governmental unit by professional and technical personnel, consultants, and other skilled and unskilled labor. However, the value of these services is not reimbursable either as a direct or indirect cost. Finally, 2 CFR Part 225 states all methods of recognition for personnel costs and fringe benefits must be approved by the responsible cognizant agency.

Condition – OCA could not provide adequate support for certain personnel charges to the Title I Cluster, Special Education Cluster, and State Fiscal Stabilization Fund programs. During individual transaction testing of federal expenditures for these programs, we noted that certain sampled personnel cost transactions charged to the Federal programs were not supported by or reconciled to the accounting system of Ohio Connections Academy or payroll reports provided by Connection Academy (CA). In addition to the individual personnel cost tested and questioned, we were not provided with fringe benefit rate calculations supporting the fringe benefits claimed under the federal awards during the field work. However, in response to the second draft report, OCA was able to provide support for a fringe rate of 26.8 percent ($1,113,654/$4,154,921). Because rates of 30 percent and 32 percent were claimed for Title I and SFSF, the differences in the unsupported fringe rates were questioned.

Also, direct cost charged to the State Fiscal Stabilization Fund program for Internet Subsidies to student households under the Internet subsidy category were in the form of Citi-Bank gift cards provided to student households to assist in funding internet activity. After several inquiries the Management Company, Connections Academy, managed to get the issuing bank to provide an adequate confirmation of the bank cards selected for audit. As a result, the internet subsidiary amounts originally questioned in the first draft report were accepted.

In summary, we could not evaluate the reasonableness, allocability, allowability or how $103,549 of personnel and fringes benefited the federal awards because documentation was not provided to support the value of the claimed transactions. Accordingly, we have questioned $103,549 of costs claimed on federal awards as unsupported in accordance with 2 CFR Part 225, C(1), consisting of the following:

Program	Activity	Amount Questioned	CA Billing Basis	Allocation Basis to Grant Award
Title I Cluster	Personnel Cost (Salaries and Fringe Benefits)	$36,956 (a)	Direct	Salaries and Fringe Benefits- of 30% of Salaries
Special Education Cluster	Personnel Cost (Salaries and Fringe Benefits)	$17,493 (b)	Direct	Salaries and Fringe Benefits 18%
SFSF	Personnel Cost (Salaries and Fringe Benefits)	$49,100 (c)	Direct	Salaries and Fringe Benefits- of 32% of Salaries
Total	**Questioned Cost**	**$ 103,549**		

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the year ended June 30, 2011

a) **Title 1 Cluster - $36,956 questioned**.

The questioned cost of $36,956 consisted of the following:

Salaries plus applicable fringe benefits	$17,314
Fringe benefits claimed that exceeded the accepted fringe benefit rate	$19,642
Total	**$36,956**

The $17,314 questioned represented salary and applicable fringe benefit amounts we identified that were above and beyond the individual's contract amount. Some of the above costs included in the $17,314 included payments made to the teachers for training which was also claimed against the federal awards resulting in a double claim.

(1) The $17,314 consisted of the following:

Teachers	Salaries over Contract Amt.	Fringe Benefits @30%	Total Salary and Fringes Questioned
Teacher A	$6,467	$1,940	$8,407
Teacher B	992	298	1,290
Teacher C	994	298	1,292
Teacher D	340	102	442
Teacher E	3,560	1,068	4,628
Teacher F	965	290	1,255
Total	**$13,318**	**$3,996**	**$17,314**

(2) The fringe benefits of $19,642 questioned represent the amount of fringes claimed for the Title I cluster teachers that exceeded the fringes supported by OCA. In its response to the draft report OCA was able to support a fringe rate of 26.8 % which we accepted. The difference in the fringe rate claimed of 30% and the supported fringe benefit rate of 26.8% or 3.2% was considered unsupported. The 3.2 % unsupported percentage was applied to the Title I salaries claimed less the salaries of $13,318 questioned above. As a result, we have questioned $19,642 as unsupported, calculated as follows:

Total Title I Salaries Charged	$ 627,116
Salaries questioned in (1) above	(13,318)
	$613,798
Title I Fringe Rate	3.2%
Total Fringe Benefit Questioned	**$19,642**

b) **Special Education Cluster – $17,493 questioned**.

Salaries plus applicable fringe benefits	$6,781
Salary charges from 2010, plus applicable fringe benefits	10,712
Total	**$17,493**

(1) The $6,781 of salaries and applicable fringe benefits questioned represented amounts which were not supported above and beyond the employees contracted salary. The $6,781 was calculated as follows:

Teachers	Salaries over Contract Amt.	Fringe Benefits @18%	Total Salary and Fringes Questioned
Teacher K	$965	$174	$1,139
Teacher L	920	166	1,086
Teacher M	920	166	1,086
Teacher N	190	34	224
Teacher O	2,751	495	3,246
Total questioned	**$5,746**	**$1,035**	**$6,781**

Some of the above costs included in the $6,781 included payments made to the teachers for training which was also claimed against the federal awards which resulted in a double claim.

(2) The $10,712 questioned represents salaries and applicable fringe benefits carried over from FY 2010 and applied to the Special Education Cluster. The $10,712 consisted of $9,078 of salaries and $1,634 of fringe benefits. These costs have been questioned because the costs carried over were not applicable to FY 2011 personnel activity under any of the federal programs.

c) **State Fiscal Stabilization Fund - $49,100 questioned**.

The questioned cost of $49,100 consisted of:

Salaries plus applicable fringe benefits	$14,158
Fringe benefits claimed that exceeded the accepted fringe benefit rate	34,942
Total	**$ 49,100**

(1) The salaries and applicable fringe benefits of $14,158 were questioned because we identified personnel costs for wages and applicable fringe benefits which were not supported above and beyond the employees contracted salary.

The $14,158 questioned consisted of:

Individual Teacher	Salary Amount	Fringes claimed @32.0%	Total Salary and Fringes Questioned
Teacher P	$534	$171	$705
Teacher Q	2,419	774	3,193
Teacher R	1,510	483	1,993
Teacher S	6,126	1,960	8,086
Teacher T	137	44	181
Totals questioned	**$10,726**	**$3,432**	**$14,158**

Some of the above costs included in the $10,726 included payments made to the teachers for training which was also claimed against the federal awards which resulted in a double claim.

(2) Fringe benefits of $34,942 claimed for the State Fiscal Stabilization Fund were questioned because OCA did not provide support for the 32 percent fringe benefit rate claimed. OCA did provide a fringe benefit rate calculation of 26.8 percent in response to the draft report. Accordingly, we questioned the difference of 5.2 percent between the 32 percent claimed and the 26.8 percent supported and accepted. The questioned amount of $34,942 was questioned, calculated as follows:

Total State Stabilization Fund Salaries Claimed	$ 682,685
Salaries questioned in (1) above	(10,726)
	$671,959
Title I Fringe Rate	5.2%
Total Fringe Benefit Questioned	**$34,942**

Because OCA could not provide support for the reasonableness or allowability of the costs charged to the federal awards or how the amounts allocated actually benefited the federal programs, the $103,549 ($36,956, $17,493, $49,100) billed by CA and charged by OCA to its federal awards is questioned.

Cause – OCA did not establish the proper procedures to ensure that documentation existed to support all salary and fringe benefits claimed for its Federal awards. In addition, OCA did not have formal policies and procedures to review and document its review of the proposed cost charged as Internet Subsidy Payment based upon the change in procedures from manual checks to gift cards from the previous year. (This issue was resolved by CA and the bank issuing the gift cards) As a result, OCA did not have support to document the allowability and allocabilty of charges to the federal awards contained in the CA billings to OCA.

Effect –OCA is in non compliance with 2 CFR Part 225 resulting in $103,549 of claimed cost being questioned.

Recommendation – We recommend that the Academy:

1. Obtain documentation from CA to support the questioned personnel costs and fringe benefits charged to the federal programs or refund the questioned cost of $103,549 to the appropriate Federal or state agencies, and
2. Establish formal policies and procedures for charging costs to Federal awards to ensure compliance with 2 CFR Part 225

Views of responsible officials and planned corrective actions:

The Academy has reviewed the Auditors' comments and for reasons presented to the Auditors, Management believes that personnel costs charged to the grants are both reasonable and allowable.

***Auditor's Evaluation of Comments*:**

Based upon our review of the fringe analysis and direct cost for managing the Academy (as outlined in Note 9 Management Consulting Contract/Purchased Services). OCA provided a fringe benefit calculation that calculated a rate of 26.8 percent to labor costs. Although OCA stated to us that other benefits were paid to employees charged to federal grants such as training, travel, etc., many of these costs were also charged directly to the federal awards. Accordingly, we only accepted the 26.8 percent rate applied to salaries charged to federal awards. Where OCA charged a lower rate we accepted the fringe benefits claimed. Where OCA claimed a higher rate, we questioned the difference between the accepted rate of 26.8 percent and the amount claimed. As a result of OCA's providing us a fringe benefit rate of 26.8 percent we have accepted fringe benefits of $110,000. However, because OCA did not provide adequate documentation to support the questioned salaries and fringe benefits, $103,549 remains questioned in the final report.

Finding Number	2011-003
CFDA Title and Number	All
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Significant Deficiency/Noncompliance Citation – Not filing Single Audit Report by March 31, 2012.

Criteria: Good internal control related to financial reporting suggests that financial report should be issued in a timely manner in accordance with applicable guidelines and regulations. According to OMB Circular A-133, Paragraph 320a, entities which expend more than $500,000 in federal funds in a fiscal year are required to have an audit completed within nine months after the entity's year end.

Condition – The Academy did not file its Fiscal Year 2011 Single Audit Report by March 31, 2012 with the federal clearing house.

***Cause* –** The Academy was required to provide supporting documentation for cost allocation to Federal programs in accordance with cost principles set forth in 2 CFR Partt 225 (Formally OMB Circular A-87). During audit fieldwork inadequate documentation was provided to support allowable costs allocations to Federal programs. In addition, other documentation to support other costs claimed, journal entries, and board approvals delayed the audt. Also, because of a lack of support for salaries and fringe benefits not being provided a significant amount of questioned costs resulted.

Effect – Non compliance with OMB Circular A-133, Paragraph 320a.

Recommendation – We recommend that the Academy ensure that future Single Audit reports are filed within nine months of the close of the fiscal year.

Views of responsible officials and planned corrective actions

The Academy is aware of the filing deadline. Due to the matters discussed in the earlier Findings, the Academy and the Auditor were unable to resolve all of the audit work in time to meet the deadline.

***Auditor's Evaluation of Comments*:**
OCA's comments should resolve the finding for FY 2013 and beyond.

OHIO CONNECTIONS ACADEMY
HAMILTON COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
for the year ended June 30, 2011

Finding Number	**Finding Summary**	**Fully Corrected**	**Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Or Finding No Longer Valid; Explain:**
2008-002	Non compliance with 2 C.F.R. 225 Appendix A Section (E). There was $118,901 of salaries and benefits and $26,159 of non payroll expenses that were considered unallowable costs.	No	Not Corrected- See Finding No. 2011-001 and 2011-002 **Also, prior year finding and related questioned costs of $145,060 have not been resolved as of the report date.**
2010-001	Non compliance with 2 C.F.R. 225 Appendix A Section (E). There were inadequately supported cost allocations to various federal programs in the amount of $523,582. The costs were all deemed questioned and unallowable under 2 CFR Part 225 C (1).	No	Not Corrected- See Finding No. 2011-002 **Also, prior year finding and related questioned costs of $523,582 have not been resolved as of the report date.**
2010-002	OCA did not comply with 2 CFR Part 176.210 regarding the separation of American Reinvestment and Recovery Act (ARRA) from non- ARRA activity.	No	Partially Corrected - Accounts currently separated by special coding required by Ohio Department Of Education. However, **prior year finding and related questioned costs have not been resolved as of the report date.**
2010-003	File Single Audit Report within nine months of the end of the fiscal year.	No	Not Corrected. See Finding No. 2011-003.

Dave Yost • Auditor of State

OHIO CONNECTION ACADEMY

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 10, 2013

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov