ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Alliance Academy of Toledo
Lucas County
c/o Buckeye Community Hope Foundation, Sponsor
3021 East Dublin-Granville Rd.
Columbus, Ohio 43231

To the Sponsor:

We have audited the accompanying financial statements of the Alliance Academy of Toledo, Lucas County, Ohio (the Academy), as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Alliance Academy, Lucas County, Ohio, as of June 30, 2009, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 15, the Academy ceased operations effective June 30, 2009.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2010, 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.

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

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements. The federal awards receipts and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is not a required part of the basic financial statements. We subjected the federal awards receipts and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2010

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY, OHIO

MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED

The management's discussion and analysis of Alliance Academy of Toledo's financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the academy's financial performance as a whole; readers should review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

- In total, net assets (deficit) increased $86,351, which represents an 43.10 percent reduction in net (deficit) from 2008.
- Total assets decreased $305,573, which is a 57.72 percent decrease from 2008. This was due primarily to the disposal of all capital assets upon closing the academy.
- Liabilities decreased $391,924, which represents a 53.70 percent decrease from 2008. The decrease was due to reductions in both accounts payable and contracts payable due to the management company.

Using this Annual Report

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets (deficit), a statement of revenues, expenses, and changes in net assets (deficit), and a statement of cash flows.

Statement of Net Assets (Deficit)

The statement of net assets (deficit) answers the question, "How did we do financially during 2009?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private sector companies. This basis of accounting takes into the account all revenues and expenses during the year, regardless of when cash is received or paid.

Table I provides a summary of the Academy's net assets for fiscal years 2009 and 2008:

TABLE I

	2009	2008
Assets		
Current Assets	$ 210,684	$ 316,659
Non-Current Assets	13,180	212,778
Total assets	223,864	529,437
Liabilities		
Current Liabilities	319,837	636,055
Non-Current Liabilities	18,005	93,711
Total liabilities	337,842	729,766
Net Assets (Deficit)		
Invested in capital assets		199,597
Unrestricted	(113,978)	(399,926)
Total net assets (deficit)	$ (113,978)	$ (200,329)

Total assets for the Academy decreased $305,573, due primarily to the disposal of all capital assets. Cash increased by $11,842. Intergovernmental receivables decreased by $113,185 from 2008 mostly due to the impending closure of the Academy and lower expectation of grant revenues. Capital assets, net of depreciation, decreased $199,598.

Table 2 shows the changes in net assets (deficit) for fiscal years 2009 and 2008, as well as a listing of revenues and expenses.

TABLE 2

	2009	2008
Operating Revenues		
Foundation Payments	$ 2,384,845	$ 2,162,676
Food Services		418
Other	5,970	79,673
Nonoperating Revenues		
Federal Grants	546,236	480,852
State Grants	9,853	27,469
Other	8,931	
Total revenue	2,955,835	2,751,088
Operating Expenses		
Purchased Services	2,526,211	2,365,888
Materials and Supplies	90,744	68,625
Depreciation (unallocated)	63,139	57,547
Other expenses	38,620	81,172
Nonoperating Expenses		
Interest	5,106	5,589
Loss on Sale of Capital Assets	145,664	
Total expenses	2,869,484	2,578,821
Increase (Decrease) in Net Assets (Deficit)	$ 86,351	$ 172,267

Net assets (deficit) decreased $86,351. There was an increase in revenue of $204,747 and an increase in expenses of $290,663 from 2008. Of the increase in revenues, federal and state grant revenue increased $47,768. Depreciation expense increased significantly due to steps taken to fully depreciate leasehold improvements due to the closing of the Academy at the end of the school year.

Capital Assets

At the end of fiscal year 2009, the Academy had no capital assets. For more information on capital assets, see Note 5 to the basic financial statements.

Debt

At June 30, 2009 the Academy had $18,005 in outstanding debt, $14,499 of which is due within one year. Table 3 summarizes the debt outstanding for fiscal year 2009 and 2008:

Table 3

	2009	2008
Note Payable-Huntington Bank		$ 58,578
Capital Lease Payable	$ 18,005	35,133
Total	$ 18,005	$ 93,711

For more information on debt, see Note 12 to the basic financial statements.

Current Financial Issues

Alliance Academy of Toledo (formerly Family Learning Center) was formed in 2000. During the 2008-2009 school year there were 315 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2009 amounted to $2,384,845.

Contacting the School's Financial Management

The financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the funds it receives. If you have questions about this report or need additional information, contact Don Ash, Fiscal Officer of Alliance Academy of Toledo, 4660 S. Hagadorn Road, Suite 500, East Lansing, Michigan 48823 or e-mail at don.ash@leonagroup.com.

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets	
Current Assets:	
Cash and Cash Equivalents	$ 92,037
Accounts Receivables	400
Intergovernmental Receivables	105,544
Prepaid Items	12,703
Total Current Assets	210,684
Non-Current Assets:	
Security Deposits	13,180
Total Assets	223,864
Liabilities	
Current Liabilities:	
Accounts Payable	225,627
Accrued Wages Payable	65,120
Contracts Payable	14,983
Intergovernmental Payable	14,107
Total Current Liabilities	319,837
Non-Current Liabilities:	
Due Within One Year	14,499
Due In More Than One Year	3,506
Total Non-Current Liabilities	18,005
Total Liabilities	337,842
Net Assets	
Unrestricted	(113,978)
Total Net Assets	$ (113,978)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Operating Revenues	
Foundation Payments	$ 2,384,845
Other Revenues	5,970
Total Operating Revenues	2,390,815
Operating Expenses	
Purchased Services	2,526,211
Materials and Supplies	90,744
Depreciation	63,139
Other	38,620
Total Operating Expenses	2,718,714
Operating Loss	(327,899)
Non-Operating Revenues and Expenses	
Federal Grants	546,236
State Grants	9,853
Interest	61
Insurance Proceeds	8,870
Loss on Sale of Capital Assets	(145,664)
Interest and Fiscal Charges	(5,106)
Total Non-Operating Revenues and Expenses	414,250
Change in Net Assets	86,351
Net Assets Beginning of Year	(200,329)
Net Assets End of Year	$ (113,978)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$ 2,384,845
Cash Received from Other Operating Revenues	5,970
Cash Payments to Suppliers for Goods and Services	(2,919,989)
Net Cash Used for Operating Activities	(529,174)
Cash Flows from Noncapital Financing Activities:	
Other Non-Operating Revenues	60
Federal Grants Received	640,652
State Grants Received	11,598
Contributions and Donations	311
Net Cash Provided by Noncapital Financing Activities	652,621
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(42,956)
Proceeds from Sale of Fixed Assets	3,293
Proceeds from Insurance Claims	8,870
Principal Payments	(75,706)
Interest Payments	(5,106)
Net Cash Used for Capital and Related Financing Activities	(111,605)
Net Increase in Cash and Cash Equivalents	11,842
Cash and Cash Equivalents at Beginning of Year	80,195
Cash and Cash Equivalents at End of Year	$ 92,037

(Continued)

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:		
Operating Loss	$	(327,899)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation		63,139
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable		1,096
Decrease in Intergovernmental Receivable		10,706
Decrease in Prepaid Items		5,033
(Decrease) in Accounts Payable		(67,909)
(Decrease) in Accrued Wages Payable		(12,341)
(Decrease) in Contracts Payable		(200,999)
Total Adjustments		(201,275)
Net Cash Used for Operating Activities	$	(529,174)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Alliance Academy of Toledo (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status. The Academy's objective is to serve students who are not thriving in a traditional setting, desire meaningful learning experiences and wish to regain a level of control over their educational experience. As a family of learners, students and staff exhibit depth of understanding, acceptance of others, personal integrity and responsibility, and a willingness to exercise leadership in their educational and social interactions. Staff, students and their families are committed to facing the challenges of the new century, believing that there is no problem too complex nor goal too lofty that cannot be mastered. The Academy's programs are currently available to students in grades K – 12. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

Beginning July 1, 2006, the Academy contracted with Buckeye Community Hope Foundation to become its sponsor. The initial term of the contract expires on June 30, 2009. 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.

Alliance Academy of Toledo ceased operations as of June 30, 2009. See Note 15.

The Academy operates under the direction of a five member Governing Board. The Governing Board is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Governing Board controls the Academy's instructional/support facility staffed by twenty-two certificated teaching personnel who provide services to 315 students.

The Governing Board has entered into a management contract with The Leona Group, LLC (TLG), a for-profit limited liability corporation, for management services and operation of its school. TLG operates the Academy's instructional/support facility, is the employer of record for all personnel and supervises and implements the curriculum. In exchange for its services, TLG receives a capitation fee and year-end fee. (See Note 14).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenue, expenses, and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

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.

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 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.

D. Budgetary Process

The Academy is required to submit a five-year budget forecast with the Ohio Department of Education, c/o Superintendent of Public Instruction.

E. Cash and Cash Equivalents

All monies received by the Academy are maintained in a bank account in the Academy's name. Monies for the Academy are maintained in this account or temporarily used to purchase short-term investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded 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 fiscal year in which the services are consumed.

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of $1,000 for furniture and equipment, land, and buildings, or any one item costing under $1,000 alone but purchased in a group for over $2,500. Software costing more than $10,000 per application is also capitalized. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land 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
EDP Equipment and Software	3 years
Non-EDP Equipment	6 years

H. Security Deposit

The Academy entered into a lease for the use of the building for the operation of the Academy. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. The deposit totaled $13,180 and is held by the lessor.

I. 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 applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are primarily foundation payments. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Intergovernmental Revenue

The Academy currently participates in the State Foundation Program, the Poverty Based Assistance Program and the State Special Education Program. Revenues from these programs are recognized as operating revenues (foundation payments) in the accounting period in which they are earned and become measurable.

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

L. 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.

3. DEPOSITS

At June 30, 2009, the carrying amount of the Academy's deposit was $92,037 and the bank balance was $93,625. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2009, $93,625 was covered by the Federal Depository Insurance Corporation and was not exposed to custodial credit risk.

4. RECEIVABLES

Receivables at June 30, 2009, consisted of intergovernmental grants, local revenue and refunds. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Title I	$ 25,909
Child Nutrition Revenue	256
Due From STRS-SERS	79,379
Total Intergovernmental Receivables	$ 105,544

5. CAPITAL ASSETS

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

5. CAPITAL ASSETS (continued)

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Capital Assets Being Depreciated				
Furniture, Fixtures, and Equipment	$ 374,511	$ 12,598	$ 387,109	
Leasehold Improvements	159,208		159,208	
Total Capital Assets Being Depreciated	533,719	12,598	546,317	
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(184,462)	(53,590)	(238,052)	
Leasehold Improvements	(149,659)	(9,549)	(159,208)	
Total Accumulated Depreciation	(334,121)	(63,139)	(397,260)	
Capital Assets, Net of A/D	$ 199,598	$ (50,541)	$ 149,057	

6. RISK MANAGEMENT

A. Property and 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 to employees; and natural disasters. During fiscal year 2009, the Academy contracted with Willis of Arizona, Inc. for general liability, property insurance and educational errors and omissions insurance.

Coverage is as follows:

Educational Errors and Omissions:	
Per occurrence	$1,000,000
Aggregate	3,000,000
General Liability:	
Per occurrence	1,000,000
Total per year	2,000,000
Vehicle	
Combined Single Limit	1,000,000
Personal Injury	1,000,000
Products - Comp/OP Agg	2,000,000

B. Workers' Compensation

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

7. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. 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.

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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were $13,094, $13,101 and $44,004, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

B. State Teachers Retirement System of Ohio

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS Ohio issues a publicly available financial report that includes financial statement and required supplementary information. The report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371.

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 multiplied by a percentage that varies based on years of service, or on 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.

7. DEFINED BENEFIT PENSION PLANS (continued)

A DB Plan 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.

For the fiscal year ended June 30, 2009, 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. 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, 2009, 2008 and 2007, respectively was $111,517, $105.688 and $156,108; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

8. POSTEMPLOYMENT BENEFITS

School Employee Retirement System

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, OH 43215-3746.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 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 2009, this amount was $5,992.

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, 2009, 2008 and 2007 were $5,992, $3,911, and $13,679, respectively. 100 percent has been contributed for fiscal year 2009, 2008 and 2007.

8. POSTEMPLOYMENT BENEFITS (continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of the covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, 2007 were $1,080, $618 and $2,802, respectively. 100 percent has been contributed for fiscal year 2009, 2008 and 2007

State Teachers Retirement System

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.

Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were $8,578, $7,549 and $12,008, respectively. 100 percent has been contributed for fiscal year 2009, 2008 and 2007.

9. 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 funds. 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, 2009.

B. Ohio Department of Education Enrollment Review

The Ohio Department of Education reviews enrollment data and full time equivalency (FTE) calculations made by the schools. These reviews ensure the schools are reporting accurate student enrollment data of the State, upon which state foundation funding is calculated. The conclusion of this review could result in state funding being adjusted. A review conducted by the Ohio Department of Education did not result in a material adjustment to state funding for fiscal year 2009.

10. PURCHASED SERVICE EXPENSES

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

10. PURCHASED SERVICE EXPENSES (continued)

Salaries	$ 1,017,743
Fringe Benefits	357,120
Repairs and maintenance	9,252
Legal	11,577
Advertising	3,109
Buckeye Community Hope Foundation	71,648
The Leona Group, LLC.	357,184
Cleaning Services	9,238
Communications	1,469
Other professional services	276,825
Other rentals and leases	5,250
Building lease agreements	405,796
Total Purchased Services	$ 2,526,211

11. OPERATING LEASES

The Academy entered into a lease for the period August 1, 2008 through July 31, 2009 with AFF Ohio, LLC, Inc. Payments made totaled $405,500 for the fiscal period. The lease expired, the Academy is closed (See Note 15), and there are no further payments due.

12. NOTES PAYABLE

On August 28, 2003 the Academy entered into a note, in the amount of $150,000. This note was used primarily for facility improvements. The note had an original maturity of August 29, 2010; however it was paid off in May 2009.

Debt activity during 2009 was as follows:

	Balance at 07/01/08	Additions	Reductions	Balance at 06/30/09
Note Payable-Huntington Bank	$ 58,578		$ 58,578	
Capital Lease Payable	35,133		17,128	$ 18,005
Total	$ 93,711		$ 75,706	$ 18,005

13. CAPITALIZED – LESSEE DISCLOSURE

The Academy entered into capital leases for equipment. These leases meet the criteria of capital leases 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 capital leases have been recorded as capital assets at the present value of the future minimum lease payments as of the inception date. Payments made totaled $19,660 for the fiscal year ended June 30, 2009.

Fiscal Year Ending June 30,	Capital Leases
2010	$ 14,499
2011	3,506
Minimum Lease Payments	18,005
Less amount representing	
Interest at the Academy's incremental	
Borrowing rate of interest	(1,001)
Present value of minimum lease payments	$ 17,004

14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT

The Academy entered into a twenty-three month contract, effective August 1, 2008 through June 30, 2009, with The Leona Group, LLC for educational management services for all of the management, operation, administration, and education at the Academy. In exchange for its services, TLG receives a capitation fee of 12% of the per pupil expenditures and a year-end fee of 50% of the audited financial statement excess of revenues over expenses, if any. The amount paid to TLG for fiscal period 2009 totaled $357,184. Terms of the contracts require TLG to provide the following:

A. implementation and administration of the Educational Program;

B. management of all personnel functions, including professional development;

C. operation of the school building and the installation of technology integral to school design;

D. all aspects of the business administration of the Academy;

E. the provision of food service for the Academy; and

F. any other function necessary or expedient for the administration of the Academy.

Also, there are expenses that are billed to the Academy based on the actual costs incurred for the Academy by The Leona group, LLC. These expenses include rent, salaries of The Leona Group, LLC. employees working at the Academy, and other costs related to providing educational and administrative services.

For the year ended June 30, 2009, those expenses are as follows:

14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT (continued)

Salaries and Wages	$ 1,017,743
Employee Benefits	357,120
Professional and Technical Service	64,484
Travel	150
Communications	580
Contracted Craft or Trade Services	2,207
Other Supplies	11,391
Other Direct Costs	10
Total Expenses	$ 1,453,685

At June 30, 2009, the Academy had payables to The Leona Group, LLC in the amount of $14,983. The following is a schedule of payables to The Leona Group, LLC.:

	Amount
Management Fee	$ 4,485
Miscellaneous	10,498
Total Expenses	$ 14,983

15. OPERATIONS TERMINATED JUNE 30, 2009

On June 30, 2009, the Academy ceased operations. All capital assets were auctioned off or disposed of prior to June 30, 2009. Cash and equivalent at June 30, 2009 will be used to satisfy liabilities of the Academy. As of May 13, 2010 the Academy has paid off all liabilities related to accrued wages and majority of contract payables. There has been no action to pay off other liabilities.

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR ***Pass Through Grantor*** Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Safe and Drug-Free Schools and Communities State Grants	84.186	$ 1,401	$ 2,367
Education Technology State Grants	84.318	1,734	2,227
Improving Teacher Quality State Grants	84.367	26,234	31,275
State Grants for Innovative Programs	84.298	765	765
School Improvement Grants	84.377	47,338	49,361
Special Education Grants to States	84.027	74,936	85,230
Title I Grants to Local Educational Agencies	84.010	332,898	293,259
Total U.S. Department of Education		**485,306**	**464,484**
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Non-cash Assistance (Food Distribution Program):			
National School Lunch Program	10.555	8,212	8,212
Cash Assistance:			
National School Lunch Program	10.555	113,971	113,971
Total National School Lunch Program		122,183	122,183
School Breakfast Program	10.553	41,375	41,375
Total U.S. Department of Agriculture		**163,558**	**163,558**
Total		**$ 648,864**	**$ 628,042**

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Alliance Academy of Toledo's (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the entitlement value. The Academy allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the Academy to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Academy has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

Alliance Academy of Toledo
Lucas County
c/o Buckeye Community Hope Foundation, Sponsor
3021 East Dublin-Granville Rd.
Columbus, Ohio 43231

To the Sponsor:

We have audited the financial statements of Alliance Academy of Toledo, Lucas County, (the Academy) as of and for the year ended June 30, 2009, and have issued our report thereon dated May 27, 2010, wherein we noted the Academy ceased operations. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider finding 2009-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is also a material weakness.

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*.

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

We intend this report solely for the information and use of management, Governing Board, the Academy's sponsor, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2010

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

Alliance Academy of Toledo
Lucas County
c/o Buckeye Community Hope Foundation, Sponsor
3021 East Dublin-Granville Rd.
Columbus, Ohio 43231

To the Sponsor:

Compliance

We have audited the compliance of Alliance Academy of Toledo, Lucas County (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy's major federal programs. The Academy's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy's compliance with those requirements.

In our opinion, the Alliance Academy of Toledo, Lucas County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2009-002.

Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to administer a federal program such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Academy's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

The Academy's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the Academy's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, Governing Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2010

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any other significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	Yes
(d)(1)(vii)	**Major Programs (list):**	Title I Grants To Local Educational Agencies (Title I Part A of the ESEA) – CFDA # 84.010 Improving Teacher Quality State Grants (Title II, Part A of ESEA) – CFDA #84.367
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

FINDING NUMBER 2009-001

Material Weakness

Monitoring Financial Statements
Accurate financial reporting is the responsibility of the fiscal officer and governing authority and is essential to ensure the information provided to the readers of the financial statements are fairly stated.

The 2009 financial statements contained material errors, such as the following:

- Salaries and Fringe Benefits totaling $1,374,863 were reclassified to Purchased Services
- Depreciation Expense was overstated by $80,102
- Intergovernmental Receivables were overstated by $22,406
- Due Within One Year was overstated by $20,634 and Due In More Than One Year was understated by $3,506.

Four adjusting entries were posted to the financial statements to correct these errors. The financial statements presented have been adjusted to reflect these corrections. In addition, the Academy's trial balances have been adjusted for the applicable adjustments noted above.

Officials' Response:

- The reclassification of Salaries and Benefits to Purchased Services did not change anything on the financial statements except what they would be called.
- Depreciation Expense was, indeed, overstated by $80,102, but it was offset by a loss on disposal and sale of assets totaling the same amount.
- Intergovernmental Receivables were, indeed, overstated by $22,406 due to a recording error.
- The Academy never did receive detailed information for a capital lease that was in existence, so the proper recording of the lease payments was difficult, at best.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

FINDING NUMBER 2009-002

Noncompliance Citation

OMB Circular A-133 §.200, Audits of States, Local Governments and Non-Profit Organizations, as published on 06/27/2003, requires Non-Federal entities that expend $500,000 or more in a year in Federal awards to have a single audit or program-specific audit conducted for that year in accordance with the provisions of **OMB Circular A-133**.

OMB Circular A-133 §.320 requires the audit to be completed and the data collection form and reporting package to be submitted within the earlier of 30 days after receipt of the auditor's report, or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for the audit.

The Academy expended greater than $500,000 in Federal awards during fiscal year 2009 and did not have a single audit or a program-specific audit conducted to meet the nine month deadline. The Academy did not receive an extension to this filing requirement.

Officials' Response:
Even though it was not anticipated that the audit would take as long as it did, an extension to meet the filing deadline requirement was requested but denied by the U.S. Department of Education.

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2008-001	Material Weakness – Audit Adjustments	No	Not Corrected. Repeated as finding 2009-001 in this report.
2008-002	Material Non-compliance – Filing of Annual Financial Report	Yes	
2008-003	Material Non-compliance – Inadequate Footnote Disclosure	Yes	

ALLIANCE ACADEMY OF TOLEDO
LUCAS COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
Fiscal year end

Finding Number	Planned Corrective Action	Responsible Contact Person
2009-001	The Ohio Department of Education closed the Academy due to noncompliance. The Academy ceased operations effective June 30, 2009.	Don Ash, Director of Budget and Finance
2009-002	The Ohio Department of Education closed the Academy due to noncompliance. The Academy ceased operations effective June 30, 2009.	Don Ash, Director of Budget and Finance

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Alliance Academy of Toledo
Lucas County
c/o Buckeye Community Hope Foundation, Sponsor
3021 East Dublin-Granville Rd
Columbus, Ohio 43231

To the Sponsor:

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

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

1. We noted the Board has not adopted an anti-harassment policy including the following requirements from Ohio Rev. Code Section 3313.666(B):

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;

   (3) A procedure for reporting prohibited incidents;

   (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

(5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

(6) A procedure for documenting any prohibited incident that is reported;

(7) A procedure for responding to and investigating any reported incident;

(8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 27, 2010

ALLIANCE ACADEMY OF TOLEDO

LUCAS 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 17, 2010

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