C.M. GRANT LEADERSHIP ACADEMY
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

C.M. GRANT LEADERSHIP ACADEMY
FRANKLIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

C.M. Grant Leadership Academy
Franklin County
2030 Leonard Avenue
Columbus, OH 43219

To the Board of Directors:

We have audited the accompanying basic financial statements of the C.M. Grant Leadership Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

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

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 15 to the financial statements, the Academy's deficit net assets ($107,341) and operating loss ($313,864) raise substantial doubt about its ability to continue as a going concern. Note 15 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 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.

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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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 9, 2010

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

The management's discussion and analysis of C.M. Grant Leadership Leadership Academy'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 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. However, the Academy is a first year community school and will present such a comparative analysis in future years.

Financial Highlights

- In total, net assets (deficit) were ($107,341) in 2009.
- Total assets were $189,531 in 2009.
- Liabilities were $296,872 in 2009.
- The Academy had a change in net assets of (91,259) from beginning net assets of (16,082).

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, a Statement of Revenues, Expenses, and Changes in Net Assets, and a Statement of Cash Flows.

Statement of Net Assets

The Statement of Net Assets 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 year 2009:

TABLE I

	Net Assets
Assets	
Current Assets	$ 14,937
Security Deposit	150,000
Capital Assets - Net	24,594
Total assets	189,531
Liabilities	
Current Liabilities	75,872
Non-current Liabilities	221,000
Total liabilities	296,872
Net Assets	
Invested in capital assets	24,594
Unrestricted	(131,935)
Total net assets	$ (107,341)

Total net assets for the Academy were ($107,341), due primarily to a working capital note and short term loans due to the management company. Cash was $1,092. Intergovernmental receivables were $12,953, due to the timing of receipt of grant funding. Capital assets, net of depreciation, were $24,594.

Table 2 shows the changes in net assets for fiscal year 2009, as well as a listing of revenues and expenses.

TABLE 2

	Change in Net Assets
Operating Revenues	
Foundation Payments	$ 366,419
Food Services	117
Nonoperating Revenues	
Federal Grants	160,346
State Grants	3,000
Contributions and Donations	67,080
Total revenue	596,962
Operating Expenses	
Purchased Services	555,236
Materials and Supplies	103,281
Depreciation (unallocated)	5,938
Other expenses	15,945
Nonoperating Expenses	
Interest	7,822
Total expenses	688,222
Change in Net Assets	$ (91,259)

Net assets were ($91,259) due solely to there being more expenses than the revenue could cover. The management company for the Academy covered the shortfall in 2009.

Capital Assets

At the end of fiscal year 2009, the Academy had $24,594 invested in furniture, fixtures, and equipment (net of depreciation). Table 3 shows capital assets (net of depreciation) for the fiscal year 2009.

TABLE 3

	2009
Furniture, fixtures and equipment	$ 24,594

For more information on capital assets, see Note 5 to the basic financial statements.

Debt

During 2009, the Academy received a $500,000 State Aid Note on September 26, 2008, that was subsequently repaid by the Academy on June 30, 2009.

The Academy also received proceeds from a $71,000 Note from their management company (The Leona Group) on June 30, 2009 for a 4 year loan, all of which was outstanding at fiscal year end.

The Academy also received proceeds from a $150,000 Note from their management company (the Leona Group) on June 12, 2008 for a 5 year loan, all of which was outstanding at fiscal year end.

The Academy further received short term loans from their management company (The Leona Group) throughout fiscal year 2009 totaling $69,050 of which $30,292 was outstanding at fiscal year end. The short term loans have no terms as to repayment.

For more information on debt, see Notes 12 and 13 to the basic financial statements.

Current Financial Issues

C.M. Grant Leadership Academy was formed in 2007 under a contract with the St. Aloysius Orphanage. During the 2008-2009 school year there were 55 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2009 amounted to $366,419.

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 C.M. Grant Leadership Academy, 4660 S. Hagadorn Road, Suite 500, East Lansing, Michigan 48823 or e-mail at don.ash@leonagroup.com.

C.M. GRANT LEADERSHIP ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets		
Current Assets:		
Cash and Cash Equivalents	$	1,092
Intergovernmental Receivables		12,953
Prepaid Items		892
Total Current Assets		14,937
Non-Current Assets:		
Security Deposit		150,000
Capital Assets:		
Depreciable Capital Assets, Net		24,594
Total Non-Current Assets		174,594
Total Assets		189,531
Liabilities		
Current Liabilities:		
Accounts Payable		29,958
Accounts Payable - Related Party		2,258
Intergovernmental Payable		13,364
Short Term Loan - Related Party		30,292
Total Current Liabilities		75,872
Non-Current Liabilities:		
Due Within One Year		16,190
Due In More Than One Year		204,810
Total Non-Current Liabilities		221,000
Total Liabilities		296,872
Net Assets		
Invested in Capital Assets, Net of Related Debt		24,594
Unrestricted		(131,935)
Total Net Assets	$	(107,341)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

C.M. GRANT LEADERSHIP ACADEMY
FRANKLIN COUNTY

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

Operating Revenues	
Foundation Payments	$ 366,419
Food Services	117
Total Operating Revenues	366,536
Operating Expenses	
Purchased Services (Note 10)	555,236
Materials and Supplies	103,281
Depreciation	5,938
Other	15,945
Total Operating Expenses	680,400
Operating Loss	(313,864)
Non-Operating Revenues and Expenses	
Federal Grants	160,346
State Grants	3,000
Contributions and Donations	67,080
Interest and Fiscal Charges	(7,822)
Total Non-Operating Revenues and Expenses	222,604
Change in Net Assets	(91,259)
Net Assets Beginning of Year	(16,082)
Net Assets End of Year	$ (107,341)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

C.M. GRANT LEADERSHIP ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
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	$ 366,419
Cash Received for Food Services	117
Cash Payments to Suppliers for Goods and Services	(604,304)
Net Cash Used for Operating Activities	(237,768)
Cash Flows from Noncapital Financing Activities:	
Federal Grants Received	161,014
State Grants Received	3,000
Contributions and Donations	100
Proceeds of Short Term Loans - Related Party	69,050
Repayment of ShortTerm Loans - Related Party	(38,758)
Proceeds from Notes	571,000
Principal Payments on Notes	(500,000)
Interest Payments	(7,822)
Net Cash Provided by Noncapital Financing Activities	257,584
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	(29,139)
Net Decrease in Cash and Cash Equivalents	(9,323)
Cash and Cash Equivalents at Beginning of Year	10,415
Cash and Cash Equivalents at End of Year	$ 1,092

(Continued)

C.M. GRANT LEADERSHIP ACADEMY
FRANKLIN COUNTY

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

Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$	(313,864)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities		
Depreciation		5,938
Increase in Non-Cash Management Fee Expense		66,980
Changes in Assets and Liabilities:		
Increase in Prepaid Items		(892)
Increase in Accounts Payable		26,378
Decrease in Accounts Payable - Related Party		(22,307)
Total Adjustments		76,096
Net Cash Used by Operating Activities	$	(237,768)

Noncash Noncapital Financing Activities:

For the year ended June 30, 2009, the Academy received contributions and donations totaling $66,980 from the Academy's management company (the Leona Group) as a waiver of management fees. The waiver reduced the Accounts Payable - Related Party balance.

The Academy's management company (The Leona Group) paid $2,258 for operating expenses on behalf of the Academy (See Note 13).

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

C.M. Grant Leadership Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's mission is to provide an atmosphere where students will develop a thirst for learning, creative expression and awareness of new horizons. 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, 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.

The Academy was approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period commencing April 16, 2007 and ending June 30, 2010. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

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 one non-certified personnel and four certificated teachers who provide services to 55 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.

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 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 statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is 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

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast which is to be updated on an annual basis.

E. Cash and Cash Equivalents

Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the Statement of Net Assets. The Academy had no investments during the fiscal year ended June 30, 2009.

F. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (continued)

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

G. 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.

H. Estimates

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

I. Security Deposit

The Academy entered into a lease for the use of the building for the administration and instruction of the Academy. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. This amount, totaling $150,000, is held by the lessor and was paid on behalf of the Academy by its management company (the Leona Group). (See Notes 11 and 13)

3. DEPOSITS

The Academy has designated one bank for the deposit of its funds. The Academy's deposits consist solely of checking and/or savings accounts at local banks; therefore, the Academy has not adopted a formal investment policy. The Academy's cash is subject to custodial credit risk. At June 30, 2009, the bank balance of the Academy's deposits was $9,171 and the carrying amount was $1,092. The bank balance was covered by federal depository insurance.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial risk are used for the Academy's deposits.

4. RECEIVABLES

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

A summary of the principal items of receivables follows:

Intergovernmental Receivables	Amounts
Title I	10,854
Child Nutrition	1,843
State of Ohio over-withheld STRS	256
Total Intergovernmental Receivables	$ 12,953

5. CAPITAL ASSETS

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

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Business-Type Activity				
Capital Assets Being Depreciated				
Furniture, Fixtures, and Equipment	-	13,115	-	13,115
EDP Equipment and Software	-	15,486	-	15,486
Non-EDP Equipment	1,393	538	-	1,931
Total Capital Assets Being Depreciated	1,393	29,139	-	30,532
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	-	(1,438)	-	(1,438)
EDP Equipment and Software	-	(4,143)	-	(4,143)
Non-EDP Equipment	-	(357)	-	(357)
Total Accumulated Depreciation	-	(5,938)	-	(5,938)
Total Capital Assets Being Depreciated, Net	1,393	23,201	-	24,594

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:

Educator's Legal Liability:	
Per occurrence	$1,000,000
Aggregate	2,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Automobile - Hired and Not Owned CSL	1,000,000
Property:	
BPP	150,000
BI	100,000
Umbrella	8,000,000

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 year ended June 30, 2009 were $2,551; 100 percent has been contributed for fiscal year 2009.

7. DEFINED BENEFIT PENSION PLANS (Continued)

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.

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 year ended June 30, 2009 was $18,433; 100 percent has been contributed for fiscal year 2009.

8. POSTEMPLOYMENT BENEFITS

A. 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 $1,167.

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 year ended June 30, 2009 was $1,167. 100 percent has been contributed for fiscal year 2009.

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 year ended June 30, 2009 were $210. 100 percent has been contributed for fiscal year 2009.

B. 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 one percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal year ended June 30, 2009 were $1,418. 100 percent has been contributed for fiscal year 2009.

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 any discrepancies.

However, the Ohio Department of Education did determine a refund due to ODE in the amount of $13,364 for overpayments of the Public Charter Schools Program.

10. PURCHASED SERVICE EXPENSES

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

Salaries	$ 173,881
Fringe Benefits	70,375
Repairs and maintenance	3,002
Legal	6,986
Advertising	27,274
Gas and Electricity	7,534
The Leona Group, LLC. - Management Fees	66,980
Cleaning Services	7,993
Communications	10,694
Food Services	27,335
Other rentals and leases	3,805
Building lease agreements	90,000
Other Professional and Technical Services	59,377
Total Purchased Services	$ 555,236

11. OPERATING LEASES

The Academy has entered into a lease for the period August 11, 2008 through July 31, 2013 with Millworks, PTR, LLC. Payments made totaled $90,000 for the fiscal period. The Academy has the option to extend the lease for one additional five-year term. The annual Base Rent for the extended term shall be one hundred two percent of the rent due during the immediately prior year. The lease required a security deposit of $150,000 that was made on the Academy's behalf by its management company (the Leona Group). Subject to the first amendment to the lease agreement $50,000 of the security deposit is applied toward annual rent payments of 2010. (See Note 13)

The following is a schedule of the future minimum payments required under the operating leases as of June 30, 2009.

Fiscal Year Ending June 30,	Facility Lease
2010	129,167
2011	148,333
2012	168,333
2013	188,333
Total minimum lease payments	$ 634,166

12. LONG TERM OBLIGATIONS

Debt Activity During 2009 was as follows:

	Balance at 07/01/08	Additions	Reductions	Balance at 06/30/09	Due Within One Year
State Aid Note	$ -	$ 500,000	$ (500,000)	$ -	$ -
Note Payable - The Leona Group	150,000	-	-	150,000	-
Note Payable - The Leona Group	-	71,000	-	71,000	16,190
Total	$ 150,000	$ 571,000	$ (500,000)	$ 221,000	$ 16,190

The Academy entered into a $500,000 State Aid Note with RBS Citizens, N.A. on September 26, 2008. The note was used to pay for general operations of the Academy and was issued in anticipation of foundation revenue. The note had a floating interest rate equal to the Prime Rate and matured on June 30, 2009.

The Academy entered into a promissory note with The Leona Group for $150,000 on June 12, 2008. The note was used to pay the security deposit for the lease described in Note 11. The note has an interest rate of 3% and has a maturity date of June 12, 2013.

The Academy entered into a working capital note with The Leona Group for $71,000 on June 30, 2009. The note was used to pay for general operations of the Academy. The note has an interest rate of 6% and has a maturity date of June 30, 2013.

13. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT

The Academy entered into a five-year contract, effective March 14, 2007 through June 30, 2012, 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 Academy incurred capitation fees of $66,979.71 for the fiscal year. Due to financial restraints of the Academy, the management company agreed to waive the capitation fees through June 30, 2009. As a result, the capitation fees have been recorded in expenses, and an amount equal to the expense has been recorded as a donation in fiscal year 2009.

Terms of the management 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.

Expenses	2009
Salaries and Wages	173,881
Employee Benefits	70,375
Professional and Technical Service	12,987
Travel	2,056
Communications	4,830
Contracted Craft or Trade Services	460
Other Supplies	1,605
Other Direct Costs	2,646
Total Expenses	$ 268,840

13. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT (Continued)

At June 30, 2009, the Academy had a balance due to The Leona Group, LLC in the amount of $253,550. This consists of short term loans, pending reimbursements to The Leona Group for expenses The Leona Group incurred and paid on behalf of the Academy, the promissory note described in Note 11 ($50,000 of this deposit will be applied to 2010 rent and will be repaid monthly to the Leona Group), and a Working Capital Note described in Note 11. The following is a schedule of payables to The Leona Group, LLC:

	Amount
Short Term Loan - Related Party	$ 30,292
Accounts Payable - Related Party	2,258
Promissory Note Payable	150,000
Working Capital Note Payable	71,000
Total Payable to The Leona Group	$ 253,550

14. SUBSEQUENT EVENT

The Academy entered into a loan agreement with Citizens Bank on August 18, 2009 with a maturity date of June 30, 2010. This agreement provided the Academy with $150,000 for operations of the Academy with an 11 month repayment schedule. The annual rate of interest shall be a floating rate equal to the Prime Rate, as determined by the Registered Owner.

15. MANAGEMENT'S PLAN

At June 30, 2009, the Academy had an operating loss of $313,865. Also, at June 30, 2009, the Academy had negative net assets of $107,341. The Academy ended the year with a positive cash fund balance of $1,092. The Academy has significant recurring operating losses and loans to cover operating activities. During the 2010 school year, the academy has consistently met or exceeded enrollment goals and continues to increase student enrollment. The Academy plans to increase student enrollment, continue to apply for private grants and use fundraising efforts to reduce outstanding loans and cover operating losses. As of March 9, 2010, the Academy had a positive cash position of $56,299 and a student enrolment of 125. The Academy's Board meets regularly to monitor fiscal and academic issues and provides guidance and support where appropriate.

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Mary Taylor, CPA
Auditor of State

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

C.M. Grant Leadership Academy
Franklin County
2030 Leonard Avenue
Columbus, OH 43219

To the Board of Directors:

We have audited the financial statements of the C.M. Grant Leadership Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 9, 2010, wherein we noted matters which raise substantial doubt about the Academy's ability to continue as a going concern. 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.

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.

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

We noted certain matters that we reported to the Academy's management in a separate letter dated March 9, 2010.

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Compliance and Other Matters

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

We did note a certain instance of noncompliance or matter that we reported to the Academy's management in a separate letter dated March 9, 2010.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 9, 2010

Mary Taylor, CPA
Auditor of State

Independent Accountant's Report on Applying Agreed-Upon Procedures

C.M. Grant Leadership Academy
Franklin County
2030 Leonard Avenue
Columbus, OH 43219

To the Board of Directors:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the C.M. Grant Leadership Academy (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.

We noted the Board did not adopt an anti-harassment / bullying policy as of June 30, 2009.

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

This report is intended solely for the information and use of management, Board of Directors, and the Academy’s sponsor, St. Aloysius Orphanage 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

March 9, 2010

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Mary Taylor, CPA
Auditor of State

C. M. GRANT LEADERSHIP ACADEMY

FRANKLIN 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
MAY 6, 2010

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