

**ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY, OHIO**

BASIC FINANCIAL STATEMENTS

(AUDITED)

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2012*

DON ASH, TREASURER



Dave Yost • Auditor of State

Board of Directors
Achieve Career Preparatory Academy
301 Collingwood Boulevard
Toledo, Ohio 43602

We have reviewed the *Independent Accountants' Report* of the Achieve Career Preparatory Academy, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 26, 2013

This page intentionally left blank.

**ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

TABLE OF CONTENTS

Independent Accountants' Report	1 - 2
Management's Discussion and Analysis	3 - 6
Basic Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses and Changes in Net Assets.....	8
Statement of Cash Flows.....	9 - 10
Notes to the Basic Financial Statements.....	11 - 21
Supplementary Data:	
Schedule of Receipts and Expenditures of Federal Awards	22
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23 - 24
Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	25 - 26
Schedule of Findings <i>OMB Circular A-133 §.505</i>	27

This page intentionally left blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

Achieve Career Preparatory Academy
301 Collingwood Boulevard
Toledo, Ohio 43602

To the Board of Directors:

We have audited the accompanying basic financial statements of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Achieve Career Preparatory Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of June 30, 2012, and the changes in financial position and its cash flows, for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012, on our consideration of the Achieve Career Preparatory 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.

Independent Accountants' Report
Page Two

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

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



Julian & Grube, Inc.
December 28, 2012

ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The management's discussion and analysis of Achieve Career Preparatory Academy of Toledo's financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2012. 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) were \$240,263 in fiscal year 2012.
- Total assets were \$591,342 in fiscal year 2012.
- Liabilities were \$351,079 in fiscal year 2012.

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 fiscal year 2012?" 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 account all revenues and expenses during the year, regardless of when cash is received or paid.

ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Table I provides a summary of the Academy's net assets for fiscal year 2012:

TABLE I	For the year ended	
	June 30, 2012	June 30, 2011
Assets		
Current Assets	\$ 269,546	\$ 137,506
Non-Current Assets	321,796	247,157
Total assets	591,342	384,963
Liabilities		
Current Liabilities	351,079	228,210
Total liabilities	351,079	158,734
Net Assets (Deficit)		
Invested in capital assets	292,629	218,290
Unrestricted	(52,366)	(61,537)
Total net assets (deficit)	\$ 240,263	\$ 156,753

Total net assets for the Academy increased \$83,510. Cash was \$4,765. Intergovernmental receivables increased \$125,155 due to a substantial accrual of Charter School Grant revenue. Accrued Wages Payable decreased by \$30,365 due to elimination of bonus payments.

ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Table 2 shows the changes in net assets (deficit) for fiscal year 2012, as well as a listing of revenues and expenses.

TABLE 2	For the year ended	
	June 30, 2012	June 30, 2011
Operating Revenues		
Foundation Payments	\$ 1,796,817	\$ 1,779,304
Food Services	437	
Other	58,324	2,158
Nonoperating Revenues		
Federal Grants	837,492	690,703
State Grants	2,863	7,900
Other	675	26,108
Total revenue	2,696,609	2,506,173
Operating Expenses		
Purchased Services	2,286,332	2,332,066
Materials and Supplies	171,843	288,235
Depreciation (unallocated)	85,144	44,525
Other expenses	62,847	35,546
Nonoperating Expenses		
Interest	5,608	5,005
Refund of Prior Year Grant Funds	1,111	
Loss of Sale of Fixed Assets	214	
Total expenses	2,613,099	2,705,377
Increase (Decrease) in Net Assets (Deficit)	\$ 83,510	\$ (199,204)

Net assets increased by \$83,510. Federal Grants increased by \$146,789, most notably due to the Education Jobs grant. Other Revenues increased \$56,166 mostly due to eRate reimbursements. Materials and Supplies decreased by \$116,392 due to reduced spending on textbooks and instructional supplies.

ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Capital Assets

At the end of fiscal year 2012, the Academy had \$292,629 invested in capital assets (net of depreciation). Table 3 shows capital assets (net of depreciation) for fiscal years 2012 and 2011.

TABLE 3

	2012	2011
Furniture, fixtures and equipment	\$ 211,120	\$ 155,127
Leasehold Improvements	81,509	63,163
Totals	\$ 292,629	\$ 218,290

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

Current Financial Issues

Achieve Career Preparatory Academy was formed in 2009. During the 2011-2012 school year there were 221 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2012 amounted to \$1,796,817.

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 Achieve Career Preparatory Academy, 4660 S. Hagadorn Road, Suite 500, East Lansing, Michigan 48823 or e-mail at don.ash@leonagroup.com.

**Achieve Career Preparatory Academy
LUCAS COUNTY**

STATEMENT OF NET ASSETS
JUNE 30, 2012

Assets

Current Assets:

Cash and Cash Equivalents	\$	4,765
Accounts Receivables		35
Intergovernmental Receivables		235,822
Prepaid Items		28,924
<i>Total Current Assets</i>		269,546

Non-Current Assets:

Security Deposits		29,167
Depreciable Capital Assets, Net		292,629
<i>Total Non-Current Assets</i>		321,795

<i>Total Assets</i>		591,341
---------------------	--	---------

Liabilities

Current Liabilities:

Accounts Payable		118,429
Accrued Wages Payable		79,924
STRS-SERS Payable		16,095
Contracts Payable		65,510
Interest Payable		2,714
Notes Payable - Current Portion		67,847
Intergovernmental Payable		561
		351,079

<i>Total Current Liabilities</i>		351,079
----------------------------------	--	---------

<i>Total Liabilities</i>		351,079
--------------------------	--	---------

Net Assets

Invested in Capital Assets, Net of Related Debt		292,629
Unrestricted		(52,366)
		240,263

<i>Total Net Assets</i>	\$	240,263
-------------------------	----	---------

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Achieve Career Preparatory Academy
LUCAS COUNTY**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Operating Revenues	
Foundation Payments	\$ 1,796,817
Food Services	437
Other Revenues	<u>58,324</u>
<i>Total Operating Revenues</i>	<u>1,855,579</u>
Operating Expenses	
Purchased Services	2,286,332
Materials and Supplies	171,843
Depreciation	85,144
Other	<u>62,847</u>
<i>Total Operating Expenses</i>	<u>2,606,166</u>
<i>Operating Loss</i>	<u>(750,587)</u>
Non-Operating Revenues and Expenses	
Federal Grants	837,492
State Grants	2,863
Refund of Prior Year Grant Funds	(1,111)
Contributions and Donations	675
Gain/Loss on Sale of Fixed Assets	(214)
Interest and Fiscal Charges	<u>(5,608)</u>
<i>Total Non-Operating Revenues and Expenses</i>	<u>834,097</u>
<i>Change in Net Assets</i>	83,510
<i>Net Assets Beginning of Year</i>	<u>156,753</u>
<i>Net Assets End of Year</i>	<u><u>\$ 240,263</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Achieve Career Preparatory Academy
LUCAS COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from State of Ohio	\$ 1,794,338
Cash Received for Food Services	437
Cash Received from Other Operating Revenues	58,324
Cash Payments to Suppliers for Goods and Services	<u>(2,548,728)</u>

<i>Net Cash Used for Operating Activities</i>	<u>(695,628)</u>
---	------------------

Cash Flows from Noncapital Financing Activities:

Other Non-Operating Revenues	
Federal Grants Received	715,378
State Grants Received	2,863
Refund of Prior Year Grant Funds	(1,111)
Contributions	675
Proceeds from Notes	267,000
Principal Payments	(200,000)
Interest Payments	(2,894)
Proceeds of Short Term Loans	47,800
Repayment of Short-Term Loans	<u>(47,800)</u>

<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>781,910</u>
---	----------------

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<u>(81,859)</u>
-----------------------------------	-----------------

<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(81,859)</u>
---	-----------------

<i>Net Increase in Cash and Cash Equivalents</i>	<u>4,423</u>
--	--------------

<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>342</u>
---	------------

<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 4,765</u></u>
---	------------------------

(Continued)

**Achieve Career Preparatory Academy
LUCAS COUNTY**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
(Continued)

**Reconciliation of Operating Loss to Net
Cash Used by Operating Activities:**

Operating Loss	<u>\$ (750,587)</u>
----------------	---------------------

**Adjustments to Reconcile Operating Loss to
Net Cash Used by Operating Activities**

Depreciation	85,144
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	(35)
(Increase)/Decrease in Intergovernmental Receivable	(2,479)
(Increase)/Decrease in Prepaid Items	(3,853)
(Increase)/Decrease in Deposits	-
Increase/(Decrease) in Accounts Payable	9,822
Increase/(Decrease) in STRS-SERS Payable	3,801
Increase/(Decrease) in Accrued Wages Payable	(30,365)
Increase/(Decrease) in Contracts Payable	<u>(7,076)</u>

<i>Total Adjustments</i>	<u>54,959</u>
--------------------------	---------------

<i>Net Cash Used for Operating Activities</i>	<u><u>\$ (695,628)</u></u>
---	----------------------------

Non-cash transactions:

- At June 30, 2012 and June 30, 2011, the Academy purchased \$84,636 and \$8,224, respectively, in capital assets on account
- At June 30, 2011, the Academy had \$1,426 in prepaids related to capital asset acquisitions.
- During fiscal year 2012 the Academy had non-cash proceeds of \$847.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Achieve Career Preparatory Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 102. 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 9 – 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.

The Academy was approved for operation under a contract with the Buckeye Community Hope Foundation (the Sponsor) for a period of five years commencing May 8, 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.

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 eleven certificated teaching personnel and fourteen non-certificated personnel who provide services to 221 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. (See Note 13).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to a governmental nonprofit organization. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The 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 more significant of the Academy's accounting policies are described below. The Academy has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

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.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 revenues, expenses, and 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

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 Section 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

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.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 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.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, fixtures, 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. The Academy had no land as of June 30, 2012. 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 \$29,167 and is held by the lessor.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net Assets invested in capital assets consist of capital assets, net of accumulated depreciation less any outstanding capital restated debt. 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.

K. Estimates

The preparation of financial statements in conformity with GAAP 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.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

3. DEPOSITS AND INVESTMENTS

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 a local bank; therefore, the Academy has not adopted a formal investment policy. The Academy's cash is not subject to custodial credit risk.

4. RECEIVABLES

Receivables at June 30, 2012, 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 receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
State Aid Adjustment	\$ 2,479
Title I	60,400
Title I ARRA	18,178
Title IIa	635
Race to the Top	18,216
Special Ed	1,093
National School Lunch Program - Breakfast	1,203
National School Lunch Program - Lunch	6,465
Education Jobs	11,302
Title IID	675
Charter School Grant	115,177
Total Intergovernmental Receivables	<u><u>\$ 235,822</u></u>
 <u>Accounts Receivable</u>	 <u>Amount</u>
Vendor refund	<u><u>\$ 35</u></u>

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012:

	<u>Balance 6/30/11</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/12</u>
Capital Assets Being Depreciated				
Furniture, Fixtures, and Equipment	\$ 193,541	\$ 109,049	\$ (1,284)	\$ 301,306
Leasehold Improvements	76,916	50,648	-	127,564
Total Capital Assets				
Being Depreciated	<u>270,457</u>	<u>159,697</u>	<u>(1,284)</u>	<u>428,870</u>
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(38,414)	(52,842)	1,070	(90,186)
Leasehold Improvements	<u>(13,753)</u>	<u>(32,302)</u>	-	<u>(46,055)</u>
Total Accumulated Depreciation	<u>(52,167)</u>	<u>(85,144)</u>	<u>1,070</u>	<u>(136,241)</u>
Capital Assets, Net of A/D	<u><u>\$ 218,290</u></u>	<u><u>\$ 74,553</u></u>	<u><u>\$ (214)</u></u>	<u><u>\$ 292,629</u></u>

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 2012, the Academy contracted with Philadelphia Insurance Company for general liability, property insurance and educational errors and omissions insurance. Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from fiscal year 2011.

Coverage is as follows:

Educational Errors and Omissions:	
Part 1, D&O Liability	\$2,000,000
Part 2, Employment Practices	2,000,000
Aggregate, All Parts	2,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Personal and ADV Injury	1,000,000
Vehicle	1,000,000
Property:	
Personal	250,000
BI	101,000
Umbrella:	3,000,000

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 of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70%. The remaining 1.30% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the years ended June 30, 2012, 2011, and 2010 were \$25,805, \$22,128 and \$19,868, respectively, which equaled the required contributions each year.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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 statements 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, 2012, 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, 2012, 2011 and 2010, were \$97,520, \$103,329 and \$62,207 respectively; 100 percent has been contributed for all years.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

8. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation is .75%. The Academy's contributions for the years ended June 30, 2012, 2011 and 2010 were \$1,523, \$1,424 and \$1,182, respectively, which equaled the required contributions each year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans. The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation is .55%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions assigned to health care for the years ended June 30, 2012, 2011, and 2010 were \$3,948, \$2,679 and \$715, respectively. 100 percent has been contributed for all years.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

8. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System of Ohio

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 2012, 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, 2012, 2011 and 2010 were \$7,501, \$7,948 and \$5,016 respectively. 100 percent has been contributed for all years.

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, 2012.

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 to the State, upon which state foundation funding is calculated. The conclusion of this review could result in state funding being adjusted. The review of fiscal year 2012 resulted in a net additional payment due the Academy of \$2,479.

C. ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

10. PURCHASED SERVICE EXPENSES

For the period ended June 30, 2012, purchased service expenses were payments for services rendered by various vendors, as follows:

Salaries	\$ 931,609
Fringe Benefits	378,386
The Leona Group, LLC.	303,645
Legal	2,278
Buckeye Community Hope Foundation	53,608
Garbage Removal/Cleaning	4,532
Repairs and Maintenance	6,126
Building lease agreements	304,000
Other rentals and leases	11,072
Communication	11,957
Advertising	25,794
Contracted food services	73,156
Pupil transportation	43,267
Other Professional Services	136,902
	<u>136,902</u>
Total Purchased Services	<u><u>\$ 2,286,332</u></u>

11. OPERATING LEASES

The Academy has entered into a lease for the period July 1, 2009 through June 30, 2014 with MFB Hamilton Properties, Ltd.. Payments made totaled \$300,000 for the fiscal period.

The following is a schedule of the future minimum payments required under the operating leases as of June 30, 2012.

<u>Fiscal Tear Ending</u>	<u>Facility Lease</u>
2013	\$ 340,000
2014	357,360
	<u>357,360</u>
Total minimum lease payments	<u><u>\$ 697,360</u></u>

12. NOTES PAYABLE

Debt Activity During 2012 was as follows:

	<u>Balance at 06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 06/30/12</u>
Note Payable - RBS Citizens NA Bank	\$ -	\$ 200,000	\$ (200,000)	\$ -
Promissory Note	-	67,847	-	67,847
	<u>\$ -</u>	<u>\$ 267,847</u>	<u>\$ (200,000)</u>	<u>\$ 67,847</u>

The Academy entered into a loan agreement with RBS Citizens NA Bank on September 7, 2011 with a maturity date of June 30, 2012. This agreement provided the Academy with \$200,000 for operations of the Academy. The annual rate of interest shall be a floating rate equal to the Prime Rate, as determined by the Registered Owner. In addition, the Academy received a short-term loan from the management company during fiscal year 2012 in the amount of \$47,800 which was paid back during fiscal year 2012.

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

12. NOTES PAYABLE (continued)

The Academy entered into a loan agreement with The Leona Group, LLC on June 30, 2011 with a maturity date of June 30, 2014. This agreement provided the Academy with \$67,847 for operations of the Academy. The annual rate of interest is 4%. The loan agreement contains a provision to prepay the note prior to maturity based on the audited fund balance as of fiscal year end. Since the current and non-current portions cannot be determined, the entire balance is recorded as a current liability.

13. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT

The Academy entered into a ten year, two month contract, effective May 8, 2009 through June 30, 2019, 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 gross revenue. The amount paid to TLG for fiscal period 2012 totaled \$303,645. 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;
- F. advances of cash when necessary to meet short term cash flow needs; and
- G. 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 salaries of The Leona Group, LLC. employees working at the Academy, and other costs related to providing educational and administrative services. All expenses billed to the Academy are considered direct expenses.

For the year ended June 30, 2012, those expenses are as follows:

<u>Expenses</u>	<u>2012</u>
Salaries and Wages	\$ 931,609
Employee Benefits	378,386
Professional and Technical Service	28,499
Communications	1,502
Advertising	168
Contracted Craft or Trade Services	1,386
Other Supplies	4,230
Other Direct Costs	<u>15,169</u>
Total expenses	<u><u>\$ 1,360,949</u></u>

**ACHIEVE CAREER PREPARATORY ACADEMY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

13. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT (continued)

At June 30, 2012, the Academy had payables to The Leona Group, LLC in the amount of \$65,510. These amounts are recorded on the statement of net assets as contracts payable. The following is a schedule of payables to The Leona Group, LLC.:

	<u>Amount</u>
Management Fee	\$ 26,867
Payroll	15,161
Miscellaneous	23,482
Total Expenses	<u><u>\$ 65,510</u></u>

14. SUBSEQUENT EVENT

The Academy entered into a loan agreement with RBS Citizens NA Bank on September 14, 2012 with a maturity date of June 30, 2013. This agreement provided the Academy with \$150,000 for operations of the Academy. The annual rate of interest shall be a floating rate equal to the Prime Rate, as determined by the Registered Owner.

SUPPLEMENTARY DATA

ACHIEVE CAREER PREPARATORY ACADEMY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Child Nutrition Grant Cluster				
(D) (C) School Breakfast Program	10.553	2012	\$ 13,149	\$ 13,149
(D) (C) National School Lunch Program	10.555	2012	64,432	64,432
Total U.S. Department of Agriculture and Child Nutrition Grant Cluste			<u>77,581</u>	<u>77,581</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION				
Title I Grant Cluster:				
(E) Title I Grants to Local Educational Agencies	84.010	2011	67,385	18,410
(E) Title I Grants to Local Educational Agencies	84.010	2012	229,252	289,652
Total Title I Grants to Local Educational Agencies:			<u>296,637</u>	<u>308,062</u>
(E) ARRA - Title I Grants to Local Educational Agencies, Recovery Ac	84.389	2011	39,683	36,817
Total Title I Grant Cluste			<u>336,320</u>	<u>344,879</u>
Special Education_Grants to States	84.027	2011	2,648	213
Special Education_Grants to States	84.027	2012	68,504	85,412
Total Special Education_Grants to States			<u>71,152</u>	<u>85,625</u>
(F) Charter Schools	84.282	2011	2,836	-
Charter Schools	84.282	2012	79,823	114,736
Total Charter Schools			<u>82,659</u>	<u>114,736</u>
Educational Technology State Grants	84.318	2011	776	858
Educational Technology State Grants	84.318	2012	-	675
Total Educational Technology State Grant:			<u>776</u>	<u>1,533</u>
Improving Teacher Quality State Grants	84.367	2011	558	-
Improving Teacher Quality State Grants	84.367	2012	7,592	8,227
Total Improving Teacher Quality State Grants:			<u>8,150</u>	<u>8,227</u>
ARRA - Race to the Top, Recovery Act	84.395A	2011	2,389	360
ARRA - Race to the Top, Recovery Act	84.395A	2012	39,483	57,699
Total ARRA - Race to the Top, Recovery Ac			<u>41,872</u>	<u>58,059</u>
Education Jobs Fund	84.410	2012	95,757	107,313
Total U.S. Department of Education			<u>636,686</u>	<u>720,372</u>
Total Federal Financial Assistance			<u>\$ 714,267</u>	<u>\$ 797,953</u>

NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS

- (A) OAKS did not assign pass-through numbers for fiscal year 2012.
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of breakfast and lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) Included as part of "Child Nutrition Grant Cluster" in determining major programs.
- (E) Included as part of "Title I Grant Cluster" when determining major programs
- (F) The Academy was required to repay \$1,111 to the Ohio Department of Education.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Achieve Career Preparatory Academy
301 Collingwood Boulevard
Toledo, Ohio 43602

To the Board of Directors:

We have audited the financial statements of the Achieve Career Preparatory Academy, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. 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 Achieve Career Preparatory Academy's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Achieve Career Preparatory Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Achieve Career Preparatory Academy's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Achieve Career Preparatory Academy's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of reasonably assuring whether the Achieve Career Preparatory 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*.

Board of Directors
Achieve Career Preparatory Academy

We intend this report solely for the information and use of management and the Board of Directors of the Achieve Career Preparatory Academy, the sponsor, federal awarding agencies and pass-through entities, and others within the Achieve Career Preparatory Academy. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 28, 2012



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Achieve Career Preparatory Academy
301 Collingwood Boulevard
Toledo, Ohio 43602

To the Board of Directors:

Compliance

We have audited the compliance of the Achieve Career Preparatory Academy with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Achieve Career Preparatory Academy's major federal programs for the fiscal year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the Achieve Career Preparatory Academy's major federal programs. The Achieve Career Preparatory 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 Achieve Career Preparatory 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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 Achieve Career Preparatory 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 Achieve Career Preparatory Academy's compliance with those requirements.

In our opinion, the Achieve Career Preparatory Academy complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2012.

Internal Control Over Compliance

The Achieve Career Preparatory 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 Achieve Career Preparatory Academy's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Achieve Career Preparatory Academy's internal control over compliance.

Board of Directors
Achieve Career Preparatory Academy

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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.

We intend this report solely for the information and use of the management and the Board of Directors of the Achieve Career Preparatory Academy, the sponsor, federal awarding agencies and pass-through entities, and others within the Achieve Career Preparatory Academy. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 28, 2012

**ACHIEVE CAREER PREPARATORY ACADEMY
LUCAS COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grant Cluster: Title I Grants to Local Educational Agencies, CFDA #84.010 and ARRA - Title I Grants to Local Educational Agencies, Recovery Act, CFDA #84.389; Education Jobs Fund, CFDA #84.410
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

ACHIEVE CAREER PREPARATORY ACADEMY

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
MARCH 12, 2013**