TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Toledo Academy of Learning
Lucas County
c/o Richland Academy, Sponsor
75 North Walnut Street
P.O. Box 1179
Mansfield, Ohio 44901-1179

To the Sponsor:

We have audited the accompanying basic financial statements of the Toledo Academy of Learning, Lucas County (the School) 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 School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toledo Academy of Learning, as of 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2010, on our consideration of the School'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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www.auditor.state.oh.us

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

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

Mary Taylor, CPA
Auditor of State

January 13, 2010

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

The discussion and analysis of Toledo Academy of Learning's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School's financial performance as a whole. Readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

Financial Highlights

Key financial highlights for the Toledo Academy of Learning during fiscal year 2009 are as follows:

- Total net assets of the School increased $254,005 in fiscal year 2009. Ending net assets of the School were ($51,746) compared with ($305,751) at June 30, 2008.
- Total assets decreased by $205,044 from the prior year and total liabilities decreased by $459,049 during this same 12 month period.
- The School's operating loss for fiscal year 2009 was $407,499 compared with an operating loss of $606,514 reported for the prior year. Foundation revenues decreased by $786,033 while operating expenses decreased by $982,890 over those reported for the prior year.

Using this Financial Report

This financial report contains the basic financial statements of the School, as well as the Management's Discussion and Analysis and notes to the basic financial statements. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. As the School reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity, therefore the entity wide and the fund presentations information is the same.

Statement of Net Assets

The statement of net assets answers the question, "How did we do financially during the fiscal year?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and the 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 the cash is received or paid.

This statement reports the School's net assets; however, in evaluating the overall position and financial viability of the School, non-financial information such as the condition of the School's property and potential changes in the laws governing charter schools in the State of Ohio will also need to be evaluated.

Table 1 provides a summary of the School's net assets for fiscal year 2009 compared to those reported for fiscal year 2008 and fiscal year 2007.

Table 1

Net Assets

	2009	2008	2007
Assets:			
Current assets	$ 170,507	$ 282,413	$ 188,203
Noncurrent assets		93,138	87,849
Total Assets	170,507	375,551	276,052
Liabilities			
Current liabilities	222,253	681,302	784,900
Total Liabilities	222,253	681,302	784,900
Net Assets:			
Invested in capital assets	-	81,074	87,849
Restricted	1,454	61,588	9,536
Unrestricted	(53,200)	(448,413)	(606,233)
Total Net Assets	$ (51,746)	$ (305,751)	$ (508,848)

The total assets of the School decreased by $205,044 as numerous assets were sold at the conclusion of the final year of school operations. Total liabilities decreased by $459,049 as continued progress was made in reducing the outstanding debt and the Richland Bank line of credit. The cash and cash equivalents at the end of fiscal year 2009 were $76,772 lower than the cash and cash equivalents balance at the end of fiscal year 2008.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2009 as compared to changes reported for fiscal year 2008 and fiscal year 2007.

	2009	2008	2007
Operating Revenues:			
Foundation payments	$1,937,166	$2,723,199	$2,866,636
Food service revenues			846
Other operating revenues	13,720	11,562	3,756
Non Operating Revenues:			
State and Federal grants	626,688	839,886	880,644
Interest earnings	1,562	4,043	5,695
Rent	65,317		
Contributions	46		
Loss on sale of capital assets	(22,094)		
Total Revenues	2,622,405	3,578,690	3,757,577
Operating Expenses:			
Salaries and Wages	757,591	1,162,869	1,956,731
Fringe benefits	356,729	404,606	661,271
Building rental	333,486	692,753	454,376
Contractual fiscal servcies	115,081	217,953	
Other purchased services	579,633	471,854	822,324
Materials and supplies	151,148	316,378	278,769
Depreciation	36,660	52,599	69,406
Other expenses	28,057	22,263	27,881
Non Operating Expenses:			
Interest and fiscal charges	10,015	34,318	33,728
Total Expenses	2,368,400	3,375,593	4,304,486
Change in Net Assets	254,005	203,097	(546,909)
Net Assets, beginning of year	(305,751)	(508,848)	38,061
Net Assets, end of year	($51,746)	($305,751)	($508,848)

Total revenue decreased $956,285 for fiscal year 2009 compared with the prior fiscal year primarily due to the decreased revenue from lower foundation payments from the Ohio Department of Education directly related to lower student enrollment from the previous fiscal year. Expenses reported for fiscal year 2009 were $1,007,193 lower than expenses reported for fiscal year 2008 due to significant reductions in staff related expenses. (Note: Contracted fiscal services were included in "Other purchased services" in fiscal year 2007.)

Capital Assets

At the end of fiscal year 2009, the School had $0 invested in buildings, leasehold improvements, and furniture, fixtures and equipment. There was a total of $0 in purchases which met the School's capitalization threshold of $500 during the year. See Note 5 of the basic financial statements for additional details.

Debt

During fiscal year 2007, the School entered into a short-term debt agreement with Richland Bank for a line of credit to finance current operations. Draws of $0 and repayments of $211,350 were made to the line of credit during the year. The remaining $91,550 in principal on the line of credit, plus interest, is anticipated to be repaid by the School upon final termination. The line of credit bears a variable interest rate which was 5.25 percent as of June 30, 2009. Interest payments are due monthly.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Toledo Academy of Learning and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Toledo Academy of Learning, 6500 Poe Avenue, Suite 350, Dayton, Ohio 45414.

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2009

Assets	
Current Assets	
Cash and Cash Equivalents	$ 133,625
Intergovernmental Receivable	36,882
Total Assets	170,507
Liabilities	
Current Liabilities	
Accounts Payable	130,503
Notes Payable	91,550
Accrued Expenses	200
Total Liabilities	222,253
Net Assets	
Restricted	1,454
Unrestricted	(53,200)
Total Net Assets	$ (51,746)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

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

Operating Revenues	
Foundation Payments	$ 1,937,166
Other Revenues	13,720
Total Operating Revenues	1,950,886
Operating Expenses	
Salaries	757,591
Fringe Benefits	356,729
Purchased Services	1,028,200
Materials and Supplies	151,148
Depreciation	36,660
Other	28,057
Total Operating Expenses	2,358,385
Operating Loss	(407,499)
Non-Operating Revenues and Expenses	
Operating Grants - Federal and State	626,688
Rental Income	65,317
Contributions and Donations	46
Interest	1,562
Loss on Sale of Capital Assets	(22,094)
Interest and Fiscal Charges	(10,015)
Total Non-Operating Revenues and Expenses	661,504
Change in Net Assets	254,005
Net Assets Beginning of Year	(305,751)
Net Assets End of Year	$ (51,746)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

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

Increase in Cash and Cash Equivalents

Cash Flows from Operating Activities	
Cash Received from Foundation Payments	$ 1,974,024
Cash Received from Other Operating Revenues	13,720
Cash Payments to Suppliers for Goods and Services	(1,300,693)
Cash Payments to Employees for Services and Benefits	(1,220,637)
Cash Payments for Other Operating Uses	(26,466)
Net Cash Used for Operating Activities	(560,052)
Cash Flows from Noncapital Financing Activities	
Federal and State Grants Received	624,964
Rental Income Received	65,317
Contributions Received	46
Payments for Principal on Line of Credit	(211,350)
Payments for Interest and Fiscal Charges on Line of Credit	(11,734)
Net Cash Provided by Noncapital Financing Activities	467,243
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(7,845)
Cash Received From Auction of Capital Assets	22,320
Net Cash Provided by Capital and Related Financing Activities	14,475
Cash Flows from Investing Activities	
Interest	1,562
Net Decrease in Cash and Cash Equivalents	(76,772)
Cash and Cash Equivalents at Beginning of Year	210,397
Cash and Cash Equivalents at End of Year	$ 133,625

(Continued)

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

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

Reconciliation of Operating Loss to Net Cash Used for Operating Activities		
Operating Loss	$	(407,499)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities		
Depreciation		36,660
Changes in Assets and Liabilities		
Decrease in Intergovernmental Receivable		36,858
Decrease in Security Deposit		12,064
Decrease in Accounts Payable		(79,070)
Decrease in Accrued Wages and Benefits		(124,367)
Decrease in Intergovernmental Payable		(34,698)
Total Adjustments		(152,553)
Net Cash Used for Operating Activities	$	(560,052)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Toledo Academy of Learning (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The School's objective is to bridge the gap between families, educators, and the community to form a supportive network dedicated to fostering excellence and innovation in education. The development program is offered for students in kindergarten through grade eighth who are average, at risk, special needs, or gifted. The School, which is part of the State's education program, is independent of any school district and is non sectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

Richland Academy of the Arts has served as the School's Sponsor since July 1, 2006. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a seven-member Board of Trustees (the Board). The 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 Board controls the School's instructional/support facility staffed by 11 non-certified and 22 certificated full time teaching personnel who provide services to 243 students.

The School ceased operations on June 30, 2009. See Note 15.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. 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 difference between total assets and liabilities are defined as net assets. The statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. 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 Rev. Code Section 5705, except under Ohio Revised Code Section 5705.391 the Academy must prepare a five year spending plan and submit it to the Ohio Superintendent of Public Instruction.

D. Cash and Cash Equivalents

All monies received by the School are maintained in demand deposit accounts. For internal accounting purposes, the School segregates its cash into separate funds.

For the purposes of the statement of cash flows and for the presentation on the statement of net assets, investments with original maturities of three month or less at the time they are purchased by the School are considered to be cash equivalents.

During the year ended 2009, the School had only deposits.

E. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School does not possess any infrastructure. The School maintains a capitalization threshold of $500. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets. Depreciation of furniture and equipment, as well as leasehold improvements is computed using the straight-line method over estimated useful lives of five years.

F. Estimates

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

G. Intergovernmental Revenues

The School is a participant in the State Foundation Program. The foundation funding is recognized as operating revenues in the accounting period in which they are earned, essentially the same as the fiscal year. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements of the grants have been met.

Intergovernmental revenues associated with the Foundation Program totaled $1,937,166 and revenues associated with specific education grants from the state and federal governments totaled $626,688 during fiscal year 2009.

H. Operating and Non-Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly by the School's primary mission. For the School, operating revenues include revenues paid through the State Foundation Program. Operating expenses are necessary costs incurred to support the School's primary mission, including salaries, benefits, purchased services, materials and supplies and depreciation.

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, interest earnings, if any, and payments made to the School by other instructional entities for use of the School's instructional staff comprise the non-operating revenues of the School. Interest and fiscal charges on outstanding obligations, as well as gain or loss on capital asset disposals, if any, comprise the non-operating expenses.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net assets relating to expenses, which are due but unpaid as of June 30, 2009.

J. Federal Tax Exemption Status

The School is a non-profit organization that has been determined by the Internal Revenue Service to be exempt from federal income taxes as a tax-exempt organization under Section 501 (c)(3) of the Internal Revenue Code.

K. Security Deposit

The School terminated their lease for the use of the building for the administration and instruction of the School. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. The amount, totaling $12,064, was forfeited.

L. 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 related debt. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net assets of the School at year-end represent unspent federal and state grant resources for specific instructional program. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 3 – DEPOSITS

Custodial credit risk is the risk that in the event of bank failure, the School will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

The School had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred and five percent of the deposits being secure.

At June 30, 2009, the carrying amount of the School's deposits was $133,625 and the bank balance was $186,071. All of the bank deposits were collateralized under FDIC. Although all statutory requirements for the deposit of public money had been followed, non-compliance with federal requirements could potentially subject the School to a successful claim by the FDIC.

NOTE 4 – INTERGOVERNMENTAL RECEIVABLES

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2009 is as follows:

Grants Receivables	Amount
Federal Grants	
Title I	$ 16,729
Title I SI	2,000
Title IIA	6,897
Title IV	91
Title V	97
IDEA-B	2,169
21st Century	8,899
Total Receivables	$ 36,882

NOTE 5 - CAPITAL ASSETS

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

	Balance 06/30/08	Additions	Deletions	Balance 06/30/09
Capital Assets:				
Furniture and Equipment	$ 493,719		$ 493,719	
Leasehold Improvements	127,370		127,370	
Total Capital Assets	621,089		621,089	
Less Accumulated Depreciation:				
Furniture and Equipment	413,086	36,219	449,305	
Leasehold Improvements	126,929	441	127,370	
Total Accumulated Depreciation	540,015	36,660	576,675	
Total Capital Assets Being Depreciated, Net	$ 81,074	$ (36,660)	$ 44,414	

NOTE 6 – NOTES PAYABLE

During fiscal year 2007, the School entered into a short-term debt agreement with Richland Bank for a line of credit to finance current operations. Draws of $0 and repayments of $211,350 were made to the line of credit during the year. The remaining $91,550 in principal on the line of credit, plus interest, is anticipated to be repaid by the School upon final termination. The line of credit bears a variable interest rate which was 5.25 percent as of June 30, 2009. Interest payments are due monthly.

NOTE 7 – OPERATING LEASES

As of June 30, 2009 the School ceased operations and all operating leases were ended.

NOTE 8 – DEFINED BENEFIT PENSION PLANS

A. School Employee Retirement System

Plan Description

The School 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 by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – (Continued)

Funding Policy
Plan members are required to contribute 10% of their annual covered salary and the School 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, 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2009, 2008, and 2007 were $38,115, $39,180 and $69,606, respectively, which equaled the required contributions each year.

B. State Teachers Retirement System

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling toll free (800) 227-7877, or by visiting STRS Ohio web-site at www.strsoh.org.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of $1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to $2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

For the fiscal year ended June 30, 2009 (the latest information currently available), plan members were required to contribute the statutory maximum of 10 percent of their annual covered salaries. The School 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% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – (Continued)

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were $60,558, $102,213, and $166,140 respectively; 100 percent has been contributed for all fiscal years.

NOTE 9 - POSTEMPLOYMENT BENEFITS

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis. By Ohio law, health care benefits are not guaranteed.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefits recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2009, the STRS Board allocated employer contributions equal to 1 percent of covered payroll was allocated to post employment health care for the prior three years. For the School, the STRS amounts allocated to post-employment health care for the fiscal years ended June 30, 2009, 2008, and 2007 was $4,658, $7,863, and $12,780 respectively.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent *Comprehensive Annual Financial Report* by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

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

A. Medicare Part B Plan

Medicare Part B Plan
The Medicare 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 premium for calendar year 2009 was $96.40, 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 2009, the actuarially required allocation is .75%. The School contributions for the years ended June 30, 2009 and 2008 were $3,145 and $2,664, respectively, which equaled the required contributions each year.

NOTE 9 - POSTEMPLOYMENT BENEFITS – (Continued)

B. Health Care Plan

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, 2009, the health care allocation is 4.16%. 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 2009, 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 school contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were $32,654, $13,008 and $22,500, respectively.

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 by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

NOTE 10 – RESTRICTED NET ASSETS

At June 30, 2009 the School reported restricted net assets totaling $1,454. The nature of the net asset restrictions are as follows:

Federal specific educational program grants	$1,454

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The School 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. For the year ended June 30, 2009, the School contracted with Cincinnati Insurance Company for its insurance coverage as follows:

Commercial Property ($1,000 deductible)	$2,160,000
Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	$3,000,000
Commercial General Liability Personal & Advertising Injury	$1,000,000
Teacher's Professional Liability per Occurrence	$1,000,000
Teacher's Professional Liability Aggregate)	$3,000,000

The School owns no real estate, but leased facilities located at 301 Collingwood Boulevard and 3001 Hill Avenue in Toledo, Ohio (see Note 7). Settlements have not exceeded coverage in any of the past three fiscal years. Coverage has not been significantly reduced from the prior year.

B. Workers' Compensation

The School 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 determined by the State.

C. Employee Medical, Dental, Vision, Prescription and Life Benefits

The School has contracted with private carriers to provide employee medical, dental, vision, prescription, and life insurance to its full time employees who work 40 or more hours per week.

NOTE 12 - CONTINGENCIES

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at June 30, 2009.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and FTE calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The School did not incur any material adjustments to state funding for fiscal year 2009 as a result of such review.

NOTE 13 – FISCAL AGENT

The School is a party to a fiscal services agreement with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company. The Agreement's term is for a twelve month period beginning July 1st and may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A School Resource Center will perform the following functions for the School:

1. Standard Treasurer Services, including general ledger entries, basic record keeping required documents for state and federal governments, and basic accounting reports to Director and Board.

2. Basic Financial Management Services, including all of the functions in Standard Treasurer Services Package plus Financial Management Support Services, ongoing budgeting, accounting, purchasing, financial reporting, cash flow analysis, and resource call support.

The total fee paid for these services during fiscal year 2009 was $115,081.

NOTE 14 – PURCHASED SERVICES

During the fiscal year ended June 30, 2009, other purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	$	293,276
Contractual Fiscal Services		115,081
Property Services		111,632
Building Rent		333,486
Travel Mileage/Meeting Expense		40,771
Communications		3,738
Utilities		31,811
Pupil Transportation Services		49,144
Other Purchased Services		49,261
Total Purchased Services	$	1,028,200

NOTE 15 – OPERATIONS TERMINATED JUNE 30, 2009

On June 30, 2009, the School ceased operations. All fixed capital assets were auctioned off prior to June 30, 2009. Cash and equivalent at June 30, 2009 will be used to satisfy liabilities of the School.

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
Passed Through the Ohio Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	$ 40,047	$ 40,047
National School Lunch Program	10.555	93,131	93,131
Total United States Department of Agriculture		133,178	133,178
UNITED STATES DEPARTMENT OF EDUCATION			
Passed Through the Ohio Department of Education			
Special Education_Grants to States	84.027	94,156	101,027
Title I Grants to Local Educational Agencies	84.010	234,939	312,202
Safe and Drug-Free Schools and Communities_State Grants	84.186	2,824	3,525
Twenty-First Century Community Learning Centers	84.287	73,925	103,363
State Grants for Innovative Programs	84.298	400	497
Education Technology State Grants	84.318	2,636	2,878
Improving Teacher Quality State Grants	84.367	11,725	22,879
School Improvement Grants	84.377	58,546	57,000
Passed Through Vanderbilt University and Through the Ohio Department of Education and Through the Ohio Commission on Dispute Resolution and Conflict Management			
Education Research, Development and Dissemination	84.305	500	283
Total United States Department of Education		479,651	603,654
Total Federal Financial Assistance		**$ 612,829**	**$ 736,832**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

TOLEDO ACADEMY OF LEARNING
LUCAS COUNTY

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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*

Toledo Academy of Learning
Lucas County
c/o Richland Academy, Sponsor
75 North Walnut Street
P.O. Box 1179
Mansfield, Ohio 44901-1179

To the Sponsor:

We have audited the basic financial statements of the Toledo Academy of Learning, Lucas County, (the School) as of and for the year ended June 30, 2009, and have issued our report thereon dated January 13, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School'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 School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School'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 School'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 School'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 School'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.

Compliance and Other Matters

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 13, 2010

Mary Taylor, CPA
Auditor of State

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

Toledo Academy of Learning
Lucas County
c/o Richland Academy, Sponsor
75 North Walnut Street
P.O. Box 1179
Mansfield, Ohio 44901-1179

To the Sponsor:

Compliance

We have audited the compliance of Toledo Academy of Learning, Lucas County, (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal program. The School'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 School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School'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 School's compliance with those requirements.

In our opinion, the Toledo Academy of Learning complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Internal Control Over Compliance

The School'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 School's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 13, 2010

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Mary Taylor, CPA
Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Toledo Academy of Learning
Lucas County
c/o Richland Academy, Sponsor
75 North Walnut Street
P.O. Box 1179
Mansfield, Ohio 44901-1179

To the Sponsor:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on February 28, 2008.

2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):

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

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

    (3) A procedure for reporting prohibited incidents;

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

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

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

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

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

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

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

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 13, 2010

Mary Taylor, CPA
Auditor of State

TOLEDO ACADEMY OF LEARNING

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
FEBRUARY 18, 2010