

C.M. Grant Leadership Academy
Franklin County
Regular Audit
For the Fiscal Year Ended June 30, 2010



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Dave Yost • Auditor of State

Board of Directors
C.M. Grant Leadership Academy
2030 Leonard Avenue
Columbus, Ohio 43219

We have reviewed the *Independent Auditor's Report* of the C.M. Grant Leadership Academy, Franklin County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2009 through June 30, 2010. 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 C.M. Grant Leadership 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 18, 2011

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C.M. Grant Leadership Academy
Franklin County
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For the Fiscal Year Ended June 30, 2010

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Independent Auditor's Report

Board of Directors
C.M. Grant Leadership Academy
2030 Leonard Avenue
Columbus, OH 43219

We have audited the accompanying basic financial statements of C.M. Grant Leadership Academy, Franklin County, (the Academy) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the 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 C.M. Grant Leadership Academy, Franklin County, as of June 30, 2010, and the changes in its financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying basic financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 15 to the basic financial statements, the Academy's deficit net assets (\$39,884) and operating loss (\$445,160) raise substantial doubt about its ability to continue as a going concern. Note 15 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

C.M. Grant Leadership Academy
Independent Auditor's Report
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The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

December 30, 2010

C.M. Grant Leadership Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

The management's discussion and analysis of C.M. Grant Leadership Academy's financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

The management's discussion and analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standard Board (GASB) in its Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, 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 were (\$39,884) in 2010.
- Total assets were \$409,819 in 2010.
- Liabilities were \$449,703 in 2010.
- The Academy had a change in net assets of \$67,457 from beginning net assets of (\$107,341).

Using this Annual Report

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

Statement of Net Assets

The statement of net assets answers the question, "How did we do financially during 2010?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private sector companies. This basis of accounting takes into the account all revenues and expenses during the year, regardless of when cash is received or paid.

C.M. Grant Leadership Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

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

Table 1

	Governmental Activities	
	June 30	
	2010	2009
Assets		
Current Assets	\$ 252,200	\$ 14,937
Non-Current Assets	100,485	150,000
Capital Assets - Net	57,134	24,594
Total assets	409,819	189,531
Liabilities		
Current Liabilities	288,029	75,872
Non-current Liabilities	161,674	221,000
Total liabilities	449,703	296,872
Net Assets		
Invested in capital assets	57,134	24,594
Unrestricted (Deficit)	(97,018)	(131,935)
Total net assets	\$ (39,884)	\$ (107,341)

Total net assets for the Academy increased \$67,457, due to a number of factors including the increase in intergovernmental receivables, which was partially offset by increases in contracts payable and accounts payable to related party. Intergovernmental receivables increased \$206,602 due to the recognition of a greater amount of awarded Federal funds. Contracts payable increased \$175,552 due to outstanding management company fees. Accounts payable to related parties increased \$45,295 due to pending reimbursements to the management company. Capital assets, net of depreciation, increased \$32,540, due to the purchase of computer and kitchen equipment.

C.M. Grant Leadership Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

Table 2 shows the changes in net assets for fiscal years 2010 and 2009, as well as a listing of revenues and expenses.

Table 2

	Governmental Activities	
	June 30	
	2010	2009
Operating Revenues		
Foundation Payments	\$ 797,057	\$ 366,419
Food Services	0	117
Other Revenues	906	0
Nonoperating Revenues		
Federal Grants	512,980	160,347
State Grants	5,885	3,000
Contributions and Donations	0	67,080
Total revenue	1,316,828	596,963
Operating Expenses		
Purchased Services	1,094,192	555,236
Materials and Supplies	91,099	103,281
Depreciation (unallocated)	16,415	5,938
Other expenses	41,417	15,945
Nonoperating Expenses		
Interest	6,248	7,822
Total expenses	1,249,371	688,222
Increase (Decrease) in Net Assets	\$ 67,457	\$ (91,259)

Net assets increased \$67,457. Foundation payments increased \$430,638 due to increased student count. Federal and State grants increased \$355,518, and total operating expenses increased \$562,723 due to increased costs associated with a higher student count.

Capital Assets

At the end of fiscal year 2010, the Academy had \$57,134 invested in furniture, fixtures, and equipment (net of depreciation). Table 3 shows capital assets (net of depreciation) for the fiscal years 2010 and 2009.

Table 3

	Governmental Activities	
	2010	2009
	Furniture, fixtures and equipment	\$ 57,134

C.M. Grant Leadership Academy
Franklin County
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010

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

Debt

On August 18, 2009, the Academy received a \$150,000 loan from RBS Citizens that was repaid in full during the fiscal year.

On June 30, 2009, the Academy received a \$71,000 note from its management company (The Leona Group). Principal payments of \$9,326 were made during the fiscal year, resulting in an ending balance of \$61,674. \$24,052 of this balance is due within one year. As of June 30, 2010, the Academy had a past due principal balance of \$6,864, which is included in the amount due within one year.

On June 12, 2008, the Academy received a \$150,000 note from its management company (The Leona Group). Principal payments of \$50,000 were made during the fiscal year, resulting in an ending balance of \$100,000. The remaining balance is due on or before June 12, 2013.

The Academy further received short-term loans from their management company (The Leona Group) throughout fiscal year 2010 totaling \$79,970, of which \$28,000 was outstanding at fiscal year end. The short-term loans have no terms as to repayment.

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

Current Financial Issues

C.M. Grant Leadership Academy was formed in 2007 under a contract with the St. Aloysius Orphanage. During the 2009-2010 school year there were 118 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2010 amounted to \$797,057.

Contacting the School's Financial Management

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

C.M. Grant Leadership Academy
Franklin County
Statement of Net Assets
June 30, 2010

Assets

Current Assets:

Cash and Cash Equivalents	\$10,309
Intergovernmental Receivables	219,555
Prepaid Items	22,336
<i>Total Current Assets</i>	252,200

Non-Current Assets:

Security Deposit	100,485
Capital Assets:	
Depreciable Capital Assets, Net	57,134
<i>Total Non-Current Assets</i>	157,619

<i>Total Assets</i>	409,819
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Liabilities

Current Liabilities:

Accounts Payable	35,360
Accounts Payable - Related Party	47,553
Intergovernmental Payable	90
Short Term Notes Payable - Related Party	28,000
Contracts Payable	175,552
Accrued Interest Payable	1,474
<i>Total Current Liabilities</i>	288,029

Non-Current Liabilities:

Due Within One Year	24,052
Due In More Than One Year	137,622
<i>Total Non-Current Liabilities</i>	161,674

<i>Total Liabilities</i>	449,703
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Net Assets

Invested in Capital Assets	57,134
Unrestricted (Deficit)	(97,018)
<i>Total Net Assets</i>	(\$39,884)

See accompanying notes to the basic financial statements.

C.M. Grant Leadership Academy
Franklin County
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2010

Operating Revenues	
Foundation Payments	\$797,057
Other Revenues	906
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<i>Total Operating Revenues</i>	<i>797,963</i>
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Operating Expenses	
Purchased Services (Note 10)	1,094,192
Materials and Supplies	91,099
Depreciation	16,415
Other	41,417
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<i>Total Operating Expenses</i>	<i>1,243,123</i>
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<i>Operating Loss</i>	<i>(445,160)</i>
	<hr/>
Non-Operating Revenues and Expenses	
Federal Grants	512,980
State Grants	5,885
Interest and Fiscal Charges	(6,248)
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<i>Total Non-Operating Revenues and Expenses</i>	<i>512,617</i>
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<i>Change in Net Assets</i>	<i>67,457</i>
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<i>Net Assets Beginning of Year</i>	<i>(107,341)</i>
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<i>Net Assets End of Year</i>	<i>(\$39,884)</i>
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See accompanying notes to the basic financial statements.

C.M. Grant Leadership Academy
Franklin County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2010

Increase in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from State of Ohio	\$755,042
Cash Received from Other Operating Revenues	906
Refunds of Deposits	49,515
Cash Payments to Suppliers for Goods and Services	(1,035,177)

<i>Net Cash Used for Operating Activities</i>	(229,714)
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Cash Flows from Noncapital Financing Activities:

Federal Grants Received	348,393
State Grants Received	5,885
Proceeds of Short Term Loans	79,970
Repayment of Short-Term Loans	(82,262)
Proceeds from Notes	150,000
Principal Payments	(209,326)
Interest Payments	(4,774)

<i>Net Cash Provided by Noncapital Financing Activities</i>	287,886
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Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	(48,955)
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<i>Net Cash Used for Capital and Related Financing Activities</i>	(48,955)
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<i>Net Increase in Cash and Cash Equivalents</i>	9,217
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<i>Cash and Cash Equivalents at Beginning of Year</i>	1,092
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<i>Cash and Cash Equivalents at End of Year</i>	\$10,309
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(Continued)

C.M. Grant Leadership Academy
Franklin County
Statement of Cash Flows
(Continued)
For the Fiscal Year Ended June 30, 2010

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

Operating Loss (\$445,160)

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

Depreciation	16,415
Changes in Assets and Liabilities:	
(Increase)/Decrease in Intergovernmental Receivable	(42,015)
(Increase)/Decrease in Prepaid Items	(21,444)
(Increase)/Decrease in Deposits	49,515
Increase/(Decrease) in Accounts Payable	5,402
Increase/(Decrease) in Accounts Payable - Related Parties	45,295
Increase/(Decrease) in Intergovernmental Payable	(13,274)
Increase/(Decrease) in Contracts Payable	175,552

Total Adjustments 215,446

Net Cash Used by Operating Activities (\$229,714)

See accompanying notes to the basic financial statements.

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

C.M. Grant Leadership Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's mission is to provide an atmosphere where students will develop a thirst for learning, creative expression and awareness of new horizons. As a family of learners, students and staff exhibit depth of understanding, acceptance of others, personal integrity and responsibility, and a willingness to exercise leadership in their educational and social interactions. Staff, students and their families are committed to facing the challenges of the new century, believing that there is no problem too complex nor goal too lofty that cannot be mastered. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the Academy.

The Academy was approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period commencing April 16, 2007 and ending June 30, 2010. On March 17, 2010, the Board approved the renewal of the sponsorship contract for a three-year period through the school year ending June 30, 2013. 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 seven non-certified personnel and eleven certificated teachers who provide services to 118 students.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

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 total net assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

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

E. Cash and Cash Equivalents

Cash received by the Academy is reflected as "Cash and Cash Equivalents" on the Statement of Net Assets. The Academy had no investments during the fiscal year ended June 30, 2010.

F. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of \$1,000 for furniture and equipment, land, and buildings, or any one item costing under \$1,000 alone but purchased in a group for over \$2,500. 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 are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Furniture, Fixtures and Equipment	7 years
EDP Equipment and Software	3 years
Non-EDP Equipment	6 years

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Operating Revenues and Expenses

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

H. Estimates

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

I. Security Deposit

The Academy entered into a lease for the use of the building for the administration and instruction of the Academy. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. This amount, totaling \$150,000 less a \$50,000 refund, is held by the lessor. (See Note 11)

3. DEPOSITS

The Academy has designated one bank for the deposit of its funds. The Academy's deposits consist solely of checking and/or savings accounts at local banks; therefore, the Academy has not adopted a formal investment policy. The Academy's cash is not subject to custodial credit risk. At June 30, 2010, the bank and carrying balances of the Academy's deposits were \$10,309, respectively. The entire bank balance was covered by federal deposit insurance.

Custodial Credit Risk of Bank Deposits

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

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

4. RECEIVABLES

Receivables at June 30, 2010 consisted primarily of intergovernmental grants. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of intergovernmental receivables follows:

Title I	\$70,301
Title I ARRA	88,323
Title IIa	5,503
Title IIc	1,078
Title IV	628
Special Ed	1,903
Charter School Grant	1,638
Child Nutrition - Breakfast	2,652
Child Nutrition - Lunch	5,514
ODE - School Foundation	42,015
Total	<u><u>\$219,555</u></u>

5. CAPITAL ASSETS

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

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Business-Type Activities				
Capital Assets Being Depreciated				
Furniture, Fixtures, and Equipment	\$13,115	\$12,000	\$0	\$25,115
EDP Equipment and Software	15,486	29,481	0	44,967
Non-EDP Equipment	1,931	7,474	0	9,405
Total Capital Assets				
Being Depreciated	30,532	48,955	0	79,487
Less Accumulated Depreciation:				
Furniture, Fixtures, and Equipment	(1,438)	(2,577)	0	(4,015)
EDP Equipment and Software	(4,143)	(12,505)	0	(16,648)
Non-EDP Equipment	(357)	(1,333)	0	(1,690)
Total Accumulated Depreciation	<u>(5,938)</u>	<u>(16,415)</u>	<u>0</u>	<u>(22,353)</u>
Total Capital Assets				
Being Depreciated, Net	<u><u>\$24,594</u></u>	<u><u>\$32,540</u></u>	<u><u>\$0</u></u>	<u><u>\$57,134</u></u>

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

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 2010, the Academy contracted with Willis of Arizona, Inc. for general liability, property insurance and educational errors and omissions insurance.

Coverage is as follows:

Educator's Legal Liability:	
Part 1, D&O Liability	\$1,000,000
Part 2, Employment Practices	1,000,000
Aggregate, All Parts	2,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Personal & ADV Injury	1,000,000
Automobile - Hired and Not Owned CSL	1,000,000
Property:	
BPP	150,000
BI	1,000,000
Umbrella	7,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

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

Plan Description – The Academy contributes to the School Employees Retirement System (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 may 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.

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

7. DEFINED BENEFIT PENSION PLANS (continued)

Funding Policy – 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, 2010, the allocation to pension and death benefits is 12.78%. The remaining 1.22% 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, 2010 and 2009 were \$14,547 and \$2,551, respectively; 100 percent has been contributed for fiscal years 2010 and 2009.

B. State Teachers Retirement System of Ohio

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple employer public employee retirement plan.

STRS Ohio is a statewide retirement plan for licenses teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

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 percent 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.

DB Plan Benefits – Plan benefits are established under Chapter 3007 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowances, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

7. DEFINED BENEFIT PENSION PLANS (continued)

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. 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. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who becomes disabled are entitled only to their account balance. If a member dies before retirement benefits, begin, the member's designated beneficiary is entitled to receive the member's account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of tow months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. 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.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10% of covered payroll for members and 14% for employers. The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010 and 2009 were \$34,239 and \$18,433, respectively; 100 percent has been contributed for fiscal years 2010 and 2009. Member and employer contributions actually made for DC and Combined Plan participants will be provided upon written request.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2009 Comprehensive Annual Financial Report can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, Ohio 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

8. POSTEMPLOYMENT BENEFITS

A. School Employee Retirement System

Postemployment Benefits – 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.

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 monthly premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 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 2010, the actuarially required allocation is .76%. The Academy contributions for the years ended June 30, 2010 and 2009 were \$865 and \$210, respectively; 100 percent has been contributed for fiscal years 2010 and 2009.

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, 2010, the health care allocation is .46%. 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 2010, 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 contributions assigned to health care for the years ended June 30, 2010 and 2009 were \$524 and \$1,167, 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.

8. POSTEMPLOYMENT BENEFITS (continued)

B. State Teachers Retirement System

Plan Description – STRS Ohio administers a pension plan that is comprised of: a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2010 and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law. The Academy's contributions for health care for the fiscal years ended June 30, 2010 and 2009 were \$2,634 and \$1,418, respectively; 100 percent has been contributed for fiscal years 2010 and 2009.

9. CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2010.

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. A review conducted by the Ohio Department of Education (ODE) resulted in a payment of \$42,015 due to the Academy for underpayments of Formula Aid and Poverty Based Assistance Aid. This amount has been reported in the financial statements as an intergovernmental receivable.

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

10. PURCHASED SERVICE EXPENSES

For the period ended June 30, 2010, purchased service expenses were payments for services rendered by various vendors, as follows:

Salaries	\$413,768
Fringe Benefits	92,174
Repairs and maintenance	15,911
Legal	1,880
Advertising	14,736
Gas, Electricity and Water	12,287
The Leona Group, LLC.	225,477
St. Aloysius	22,651
Cleaning Services	21,654
Communications	12,594
Food Services	64,057
Other rentals and leases	4,514
Building lease agreements	125,377
Other Professional and Technical Services	<u>67,112</u>
Total Purchased Services	<u><u>\$1,094,192</u></u>

11. OPERATING LEASES

The Academy has entered into a lease for the period August 11, 2008 through July 31, 2013 with Millworks, PTR, LLC. Payments to Millworks totaled \$87,000 for the fiscal period. The Academy has the option to extend the lease for one additional five-year term. The annual base rent for the extended term shall be one hundred two percent of the rent due during the immediately prior year. The lease required a security deposit of \$150,000 that was made on the Academy's behalf by its management company (The Leona Group). An amendment was signed on June 1, 2009 providing for a release of \$50,000 of the security deposit in the form of prepaid rent over 10 months during the fiscal year. An amendment was entered into on October 14, 2009 providing for an additional \$690 rent per month upon the installation of an HVAC unit in the building.

The following is a schedule of the future minimum payments required under the operating leases as of June 30, 2010.

Fiscal Year Ending June 30,	<u>Facility Lease</u>
2011	\$156,613
2012	176,613
2013	196,613
2014	16,523
Total minimum lease payments	<u><u>\$546,362</u></u>

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

12. NOTES PAYABLE

Debt activity during 2010 was as follows:

	Balance at 7/1/09	Additions	Reductions	Balance at 6/30/10	Due Within One Year
Note Payable – The Leona Group 1	\$150,000	\$0	\$50,000	\$100,000	\$0
Note Payable – The Leona Group 2	71,000	0	9,326	61,674	24,052
Note Payable – RBS Citizens	0	150,000	150,000	0	0
Total	\$221,000	\$150,000	\$209,326	\$161,674	\$24,052

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

The Academy entered into a working capital note with The Leona Group for \$71,000 on June 30, 2009. The note was used to pay for general operating expenses of the Academy. The note has an interest rate of 6%, required principal and interest payments totaling \$1,667 per month, and a maturity date of June 30, 2013. During fiscal year 2010, the Academy fell behind in making its required monthly payments, in the amount of \$8,337, which includes \$6,864 in principal.

The Academy entered into a loan with RBS Citizens for \$150,000 on August 18, 2009. The note was used to pay for general operations of the Academy. The note had a floating interest rate equal to the Prime rate and was paid in full as of June 30, 2010.

Principal and interest amounts due within each of the next three years on note payable obligations outstanding at June 30, 2010 are as follows:

Year Ended June 30	Note Payable TLG 1		Note Payable TLG 2		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$24,052	\$4,295	\$0	\$0	\$24,052	\$4,295
2012	18,248	1,761	0	0	18,248	1,761
2013	19,374	635	100,000	16,500	119,374	17,135
Total	\$61,674	\$6,691	\$100,000	\$16,500	\$161,674	\$23,191

13. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT

The Academy entered into a five-year contract, effective March 14, 2007 through June 30, 2012, with The Leona Group, LLC (TLG) for educational management services for all of the management, operation, administration, and education at the Academy. In exchange for its services, TLG receives a capitation fee of 12% of the per pupil expenditures and a Year-End fee of 50% of the audited financial statement excess of revenues over expenses, if any. The Academy incurred capitation fees of \$225,477 for the fiscal year.

Terms of the management contract requires 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;

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

13. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT (continued)

- D. all aspects of the business administration of the Academy;
- E. the provision of food service for the Academy; and
- F. any other function necessary or expedient for the administration of the Academy.

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

Expenses	2010
Salaries and Wages	\$413,768
Employee Benefits	92,174
Advertising	1,529
Professional and Technical Service	15,450
Travel	2,055
Communications	1,212
Contracted Craft or Trade Services	786
Other Supplies	2,275
Other Direct Costs	1,500
Total Expenses	\$530,749

At June 30, 2010, the Academy had a balance due to The Leona Group, LLC in the amount of \$251,105. This consists of outstanding Management Fees, short-term loans, and pending reimbursements. The following is a schedule of payables to The Leona Group, LLC:

	Amount
Short Term Loans Payable	\$28,000
Accounts Payable - Related Party	47,553
Management Fees	175,552
Total Expenses	\$251,105

The Leona Group also incurred and paid on behalf of the Academy, the promissory notes described in Note 12.

14. SUBSEQUENT EVENT

The Academy entered into a loan agreement with Citizens Bank on August 9, 2010 with a maturity date of June 30, 2011. This agreement provided the Academy with \$300,000 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.

C.M. Grant Leadership Academy
Franklin County
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010

15. MANAGEMENT'S PLAN

At June 30, 2010, the Academy had an operating loss of \$445,160. Also, at June 30, 2010, the Academy had negative net assets of \$39,884. The Academy ended the year with a positive cash fund balance of \$10,309. The Academy has significant recurring operating losses and loans to cover operating activities. During the 2010 school year, the Academy has consistently met or exceeded enrollment goals and continues to increase student enrollment. The Academy plans to increase student enrollment, continue to apply for private grants and use fundraising efforts to reduce outstanding loans and cover operating losses. As of November 30, 2010 (the latest information available), the Academy had a positive cash position of \$465 and a student enrolment of 158. The Academy's Board meets regularly to monitor fiscal and academic issues and provides guidance and support where appropriate.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Directors
C.M. Grant Leadership Academy
2030 Leonard Avenue
Columbus, OH 43219

We have audited the financial statements of C.M. Grant Leadership Academy, Franklin County, (the Academy) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 30, 2010, wherein we noted matters which raise substantial doubt about the Academy's ability to continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. This item is identified as Finding 2010-1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Academy in a separate letter dated December 30, 2010.

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

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



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

December 30, 2010

C.M. Grant Leadership Academy
Schedule of Audit Findings and Responses
For the Fiscal Year Ended June 30, 2010

Findings Related to the Financial Statements Required to be Reported in Accordance With GAGAS

FINDING NUMBER 2010-1

Material Weakness – Financial Reporting

Sound financial reporting is the responsibility of the Academy’s management company and Board of Directors and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Academy utilizes the Great Plains accounting system and currently has monitoring controls over daily transactions entered into the system. Accrual information is prepared by the management company, along with the financial statements.

The following audit adjustments and reclassifications were made to the financial statements:

- Adjustment to intergovernmental receivable and revenue.
- Reclassification of Accrued Wages Payable and STRS-SERS Payable to accounts payable.
- Reclassification of Contracts Payable to Short Term Notes Payable – Related Party and Accounts Payable Related Party.

Lack or failure of controls over the posting of financial transactions and financial reporting can result in errors or irregularities that may go undetected and decrease the reliability of financial data throughout the year.

The Academy should continue to develop and enhance policies and procedures to further enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Academy and thereby increases the reliability of the financial data throughout the year.

Client Response:

The Academy will perform year-end analysis of all receivables and payables to ensure transactions are recorded at the proper amounts and in the proper periods.

Independent Accountant’s Report on Applying Agreed-Upon Procedures

Board of Directors
C.M. Grant Leadership Academy
2030 Leonard Avenue
Columbus, OH 43219

Ohio Revised 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 the Board, solely to assist the Board in evaluating whether C.M. Grant Leadership Academy (the Academy) has adopted an anti-harassment policy in accordance with Ohio Revised 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 on April 21, 2010.
2. We read the policy, noting it included the following requirements from Ohio Revised Code Section 3313.666(B)
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Revised 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 Academy's administration semiannually provide the president of the Academy's board a written summary of all reported incidents and post the summary on its web site, if the Academy 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 of Directors and the Academy's sponsor, St. Aloysius Orphanage, and is not intended to be and should not be used by anyone other than these specified parties.



Natalie Millhuff-Stang, CPA
President/Owner
Millhuff-Stang, CPA, Inc.

December 30, 2010

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Dave Yost • Auditor of State

C.M. GRANT LEADERSHIP ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 3, 2011**