COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED JUNE 30, 2010

Dave Yost • Auditor of State

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Columbus Collegiate Academy
Franklin County
28 East 7th Avenue
Columbus, Ohio 43201

To the Board of Directors:

We have audited the accompanying financial statements of the Columbus Collegiate Academy, Franklin County, Ohio (the School), 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 School's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Columbus Collegiate Academy, Franklin County, Ohio, as of and for the year ended June 30, 2010, 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 February 9, 2011, 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.

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

Dave Yost
Auditor of State

February 9, 2011

The discussion and analysis of Columbus Collegiate Academy's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2010. 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.

Financial Highlights

Key financial highlights for Columbus Collegiate Academy during fiscal year 2010 are as follows:

- Total net assets of the School increased $86,423 in fiscal year 2010. Ending net assets of the School were $147,482.
- Total assets increased $248,020 from the prior year and total liabilities increased by $161,597 during this same 12 month period.
- The School's operating loss for fiscal year 2010 was $508,122.

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 2010 compared to those reported for fiscal year 2009.

Table 1
Net Assets

	2,010	2,009
Assets:		
Cash	$ 22,367	$ 11,006
Intergovernmental Receivables	195,576	1,662
Accounts Receivable	20	1,620
Capital Assets (Net of Accumulated Depreciation)	93,036	48,691
Total Assets	310,999	62,979
Liabilities:		
Accounts Payable	155,508	1,004
Unearned Revenue	8,009	916
Total Liabilities	163,517	1,920
Net Assets:		
Invested in capital assets, net of related debt	93,036	48,691
Unrestricted	54,446	12,368
Total Net Assets	$ 147,482	$ 61,059

The total assets of the School increased by $248,020 from total assets reported for fiscal year 2009. The current assets at the end of fiscal year 2010 were $203,675 higher than the current assets balance at the end of fiscal year 2009. This dramatic increase is primarily due to the increase of intergovernmental receivables. The intergovernmental receivables number is largely Federal Start-up grant revenue not yet received.

Noncurrent assets increased $44,345 during the 2010 fiscal year. Noncurrent financial assets for the School are comprised of capital assets, net of accumulated depreciation.

Total liabilities of the School increased $161,597 from those reported one year ago. The increase was due to an increase in outstanding payables at the close of the fiscal year and unearned revenue from Federal Grants.

The total net assets reported for fiscal year 2010 were $147,482. Unrestricted net assets ended the year at $54,446 while restricted net assets were $0. Net assets invested in capital assets, net of related debt, were $93,036.

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2010 as compared to changes reported for the fiscal year 2009.

Table 2
Change in Net Assets

	2010	2009
Operating Revenues:		
Foundation Payments	$ 515,206	$ 318,971
Other Operating Revenues	-	3,523
Non Operating Revenues:		
State and Federal Grants	535,669	241,445
Contributions	60,893	174,743
Interest Earnings		401
Total Revenues	**1,111,768**	**739,083**
Operating Expenses:		
Salaries & Wages	422,610	284,339
Fringe Benefits	102,088	68,443
Contracted Fiscal Services	52,200	48,272
Purchased Services	246,563	204,312
Materials and Supplies	171,052	82,764
Depreciation Expense	28,286	13,760
Other Expenses	529	1,533
Non Operating Expenses:		
Interest Expenses	2,017	-
Total Expenses	**1,025,345**	**703,423**
Change in Net Assets	86,423	35,660
Net Assets, beginning of year	61,059	25,399
Net Assets, end of year	$ 147,482	$ 61,059

Total revenue increased $372,685 for fiscal year 2010 compared with the prior fiscal year primarily due to the increased revenue from the Federal Start-up Grant and the Ohio Department of Education. The increased revenue from the Ohio Department of Education is directly related to the increased enrollment by serving grade 6 in fiscal year 2009 to serving grades 6 and 7 in fiscal year 2010.

Expenses reported for fiscal year 2010 were $319,905 higher than expenses reported for fiscal year 2009 primarily due to increases in staff salaries/benefits, purchased services, and materials and supplies, with serving another grade level.

Capital Assets

At the end of fiscal year 2010, the School had $93,036 invested in furniture, fixtures and equipment. There was a total of $72,631 in purchases which met the School's capitalization threshold during the year. See Note 4 of the basic financial statements for additional details.

Debt

The School had no long-term debt activity during the fiscal year.

Currently Known Facts

The School's enrollment averaged 83 students during fiscal year 2010. Based upon current projections, the Columbus Collegiate Academy is expected to increase average student enrollment by approximately 33% during fiscal year 2011.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Columbus Collegiate Academy 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 Columbus Collegiate Academy, 6500 Poe Avenue, Suite 350, Dayton, Ohio 45414.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

Assets:	
Current Assets	
Cash and Cash Equivalents	$ 22,367
Intergovernmental receivables	195,576
Accounts Receivable	20
Total Current Assets	217,963
Non-Current Assets	
Capital Assets (Net of Accumulated Depreciation)	93,036
Total Assets	310,999
Liabilities:	
Current Liabilities	
Accounts Payable	155,508
Unearned Revenue	8,009
Total Current Liabilities	163,517
Total Liabilities	163,517
Net Assets:	
Invested in capital assets, net of related debt	93,036
Unrestricted	54,446
Total Net Assets	$ 147,482

See accompanying notes to the financial statements.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenues:	
Foundation Payments	$ 515,206
Total Operating Revenues	515,206
Operating Expenses:	
Salaries & Wages	422,610
Fringe Benefits	102,088
Contracted Fiscal Services	52,200
Other Purchased Services	246,563
Materials and Supplies	171,052
Depreciation	28,286
Other Expenses	529
Total Operating Expenses	1,023,328
Operating Loss	(508,122)
Non-Operating Revenues and (Expenses)	
Federal Grants	529,153
State Grants	6,516
Contributions	60,893
Interest Expense	(2,017)
Total Non-Operating Revenues	594,545
Change in Net Assets	86,423
Net Assets, beginning of year	61,059
Net Assets, end of year	$ 147,482

See accompanying notes to the financial statements.

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 515,206
Cash Payments to Employees for Services and Benefits	(524,698)
Cash Payments to Suppliers for Goods and Services	(315,840)
Net Cash Provided By/(Used for) Operating Activities	(325,332)
Cash Flows from Noncapital Financing Activities	
Federal and State Grants	348,828
Contributions	57,513
Short Term Loan Proceeds	70,000
Principal Payments on Short Term Loans	(65,000)
Interest Payments on Short Term Loans	(2,017)
Net Cash Provided by/(used for) Noncapital Financing Activities	409,324
Cash Flows from Capital and Related Financing Activities	
Cash Payments for Capital Acquisitions	(72,631)
Net Cash Used for Capital and Related Financing Activities	(72,631)
Net Increase in Cash and Cash Equivalents	11,361
Cash and Cash Equivalents, Beginning of Year	11,006
Cash and Cash Equivalents, End of Year	22,367
Reconciliation of Operating Loss to Net Cash Used for Operating Activities	
Operating Loss	(508,122)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	28,286
Increase in Accounts Payable	154,504
Total Adjustments	182,790
Net Cash Used for Operating Activities	$ (325,332)
Noncash Noncapital Financing Activities:	
Short Term Loan Forgiveness	$ 5,000

See accompanying notes to the financial statements.

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1. Description of the School and Reporting Entity:

Columbus Collegiate Academy (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grade 6 and 7. 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.

The School's had one fiscal service provider during the 2010 fiscal year, Mangen & Associates School Resource Center. Jason Moore served as the Certified Treasurer. The Thomas B. Fordham Foundation was the School's sponsor in fiscal year 2010. 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 five-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 3 non-certified and 7 certificated personnel who provide services to an average of 83 full time students.

The School entered into a service agreement with Mangen & Associates in July 2008 to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. This agreement was renewed in July 2009.

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.

2. Summary of Significant Accounting Policies: (Continued)

B. Measurement Focus and Basis of Accounting

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.

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, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor prescribes preparing a five-year forecast, which is to be updated on an annual basis.

D. Cash and Cash Equivalents

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

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.

Depreciation of furniture and equipment is computed using the straight-line method over estimated useful lives of five years. Improvements to capital assets are depreciated over the remaining useful lives of the related capital assets.

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.

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.

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 and expenses of the School.

I. 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.

J. 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. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The School had no restricted assets at the end of fiscal year 2010.

3. Deposits and Investments:

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.

3. Deposits and Investments: (Continued)

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 105% of the deposits being secure.

At June 30, 2010, the carrying amount of the School's deposits was $22,367 and the bank balance was $54,437. Of the bank deposits, $54,437 was collateralized under FDIC insurance and the remaining $0 was uncollateralized and uninsured. 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.

4. Capital Assets:

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

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Capital Assets:				
Furniture and Equipment	$ 68,801	$ 72,631	$ 0	$141,432
Total Assets	68,801	72,631	0	141,432
Depreciation:				
Furniture and Equipment	$ 20,110	$ 28,286	$ 0	$ 48,396
Accumulated Depreciation	20,110	28,286	0	48,396
Net Capital Assets	$ 48,691			$93,036

5. 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, 2010, the School contracted with Arthur J. Gallagher Risk Management Services, Inc. for its insurance coverage as follows:

General Liability per occurrence ($0 Deductible)	$1,000,000
General Liability aggregate	$2,000,000

Settlement amounts did not exceeded coverage amounts in fiscal year 2010 and 2009.

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

6. Defined Benefit Pension Plans:

A. School Employees Retirement System

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 statue 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 writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the 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, 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 School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010 and 2009 were $5,602 and $4,200 respectively; 100 percent has been contributed for fiscal year 2010.

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 (888) 227-7877, or by visiting STRS Ohio web-site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

6. Defined Benefit Pension Plans: (Continued)

B. State Teachers Retirement System (Continued)

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. Members in the DC Plan who become 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.

For the fiscal year ended June 30, 2010, plan members were required to contribute the statutory maximum of 10.0 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.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010 and 2009 were $57,552 and $36,768 respectively; 100 percent has been contributed for the fiscal year.

7. Post-employment 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 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.

Plan Description – The School contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and give the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's required contributions for health care for the fiscal years ended June 30, 2010 and 2009 were $2,936 and $1,703 respectively; 100 percent has been contributed for fiscal year 2010.

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

7. Post-employment Benefits (Continued)

Funding Policy – 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 School's contributions for the years ended June 30, 2010 and 2009 were $872 and $749, respectively, which equaled the required contributions each year.

Funding Policy – 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' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment 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 School's contributions assigned to health care for the years ended June 30, 2010 and 2009 were $5,618 and $4,824, 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 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, 2010.

B. Full-Time Equivalency Reviews

The Ohio Department of Education reviews of enrollment and full-time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. A review has been conducted for the 2009-2010 school year and the conclusion of this review resulted in state funding for the School being adjusted by an increase of $13,530. This adjustment for FTE does not have a material effect on the financial statements presented and is not included.

9 Contracted Fiscal Services:

The School entered into a contract with Mangen & Associates (M&A) School Resource Center, which is an education finance consulting company, to provide basic treasurer and financial/operations management services for the fiscal year 2010. The Agreement 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 basic treasurer services, financial management services and basic SOES/EMIS/DASL services. The total fee paid for these services during fiscal year 2010 was $52,200.

10 Other Employee Benefits

A. Employee Medical and Dental Benefits

The School has purchased insurance from Anthem Blue Cross Blue Shield and Vision Service Plan – OH to provide employee medical/surgical, dental, life and vision benefits. The School pays 80% of the employee premium.

11 Other Purchased Services:

During the fiscal year ended June 30, 2010, other purchased service expenses for services rendered by various vendors were as follows:

Professional and Technical Services	$ 138,518
Property Services	77,615
Travel Mileage/Meeting Expense	17,504
Communications	1,919
Contracted Craft or Trade Services	1,796
Oper., Maint. & Repair to Plant	587
Dues & Fees	317
Insurance	8,307
Total Purchased Services	$ 246,563

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12. Operating Lease – Lessee Disclosure

The School Leases its facilities from the 7th Avenue Community Baptist Church. The Lease commenced August 1, 2009 and expiring June 30, 2010, with a monthly rental of $7,273 or $80,003 annually. The lease was subsequently renewed for the period of August 1, 2009 through June 30, 2010 at the same monthly rental as the initial agreement (see Note 15)

13. Short-Term Debt – Edwin Boy

The Academy entered into two short term promissory note agreements with Edwin Boy. On July 9, 2009, the Academy received note proceeds in the amount of $50,000 with an interest rate of 5.5%, and on September 11, 2009 the Academy received note proceeds in the amount of $20,000 with an interest rate of 5.5%. These notes were for Academy operating expenses. The Academy paid $65,000 of principal and $2,017 of interest on these loans during the year. Additionally, the loan grantor forgave the remaining $5,000 of principal on the notes as a donation to the Academy. There were no outstanding balances on either loan as of June 30, 2010.

14. Related Party Transaction:

The Academy entered into two promissory notes on July 9, 2009 for $50,000 and September 11, 2009 for $20,000 with Edwin H. Boy, the Academy Director's father. See note terms in Note 13.

15. Subsequent Event

On July 27, 2010, the Academy entered into a short term loan with Mangen and Associates, the Academy's Treasurer, for $50,000. The loan has an interest rate of 0%.

In August 2010, the school renewed their lease with 7th Avenue Community Baptist Church for the period of August 1, 2010 through June 30, 2011. Monthly rental charges are $7,273 or $80,003 annually.

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

Columbus Collegiate Academy
Franklin County
28 East 7th Avenue
Columbus, OH 43201

To the Board of Directors:

We have audited the financial statements of the Columbus Collegiate Academy, Franklin County, Ohio (the School) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 9, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-01 to be a significant deficiency. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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www.auditor.state.oh.us

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 did note a certain matter not requiring inclusion in this report that we reported to the School's management in a separate letter dated February 9, 2011.

We intend this report solely for the information and use of finance committee, Board of Directors, management, and the School's Sponsor (Thomas B. Fordham Foundation). We intend it for no one other than these specified parties.

Dave Yost
Auditor of State

February 9, 2011

COLUMBUS COLLEGIATE ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2010

Finding Number	2010-001

Financial Reporting – Significant Deficiency

Sound financial reporting is the responsibility of the School's Fiscal Agent and Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The School utilizes the MDECA accounting system. At year-end the cash basis information from the accounting system is converted into the financial statements reported under Accounting Principles Generally Accepted in the United States of America. Accrual information is prepared by the Fiscal Agent, along with the financial statements.

The following audit adjustments were made to the financial statements and, where applicable, to the School's accounting records:

1. Reclassification of $2,017 of interest expenses from purchased services to interest expense;
2. Adjustment to the Cash Flow statement to record a gross up of $70,000 of Short Term Loan Proceeds, $65,000 Principal Payment on Short Term Loans, and a reduction of $5,000 of contributions. In addition to a reclassification of $2,017 from Cash Payments to Suppliers for Goods and Services to Interest Payments on Short Term Loans.
3. Adjustment to reduce capital assets as a result of understated depreciation expense of $13,760.

The following immaterial unadjusted difference was noted during our audit but not made to the financial statements:

1. Adjustment to reduce accounts payable and materials and supplies expense for $10,454.

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

We recommend the School develop/enhance its policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the financial activity of the School and thereby increases the reliability of the financial data throughout the year.

We did not receive a response from Officials to the finding reported above.

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COLUMBUS COLLEGIATE 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 10, 2011