Eagle Academy
Lucas County

Financial Report

June 30, 2013

Dave Yost • Auditor of State

Board of Directors
Eagle Academy
2014 Consaul Street
Toledo, Ohio 43605

We have reviewed the *Independent Auditor's Report* of the Eagle Academy, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2012 through June 30, 2013. 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 Eagle Academy is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

February 11, 2014

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Eagle Academy

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Independent Auditor's Report

To the Board of Directors
Eagle Academy

Report on the Financial Statements

We have audited the accompanying basic financial statements of Eagle Academy (the "Academy") as of and for the year ended June 30, 2013 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Eagle Academy as of June 30, 2013 and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Eagle Academy

Emphasis of Matter

As described in Note 2 to the financial statements, the Academy adopted the provisions of GASB Statement Nos. 63 and 65 as of July 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental 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 assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of Eagle Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eagle Academy's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 13, 2013

The management's discussion and analysis of Eagle Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- In total, net position increased $17,759, which represents a 5 percent increase in the net position from 2012.
- Total assets decreased $87,741, which represents a 10 percent decrease from 2012.
- Liabilities decreased $105,500, which represents a 19 percent decrease from 2012. This decrease was due to a decrease in trade accounts payable, contracts payable, and capital lease payable.

Using this Financial Report

This report consists of three parts: the management's discussion and analysis, the financial statements, and notes to those statements. The financial statements include a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows.

Statement of Net Position

The statement of net position answers the question, "How did we do financially during 2013?" This statement includes all assets and liabilities, both financial and capital and short term and long term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private sector companies. This basis of accounting takes into account all revenue and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's net position for fiscal years 2013 and 2012:

Table 1	Governmental Activities	
	June 30, 2013	June 30, 2012
Assets		
Current assets	$ 550,647	$ 621,532
Capital assets - Net	264,856	279,312
Noncurrent assets	14,800	17,200
Total assets	830,303	918,044
Liabilities		
Current liabilities	392,300	467,473
Noncurrent liabilities	71,331	101,658
Total liabilities	463,631	569,131
Net Position		
Net investment in capital assets	223,267	209,392
Unrestricted	143,405	139,521
Total net position	**$ 366,672**	**$ 348,913**

Total assets decreased $87,741. Cash decreased by $221,621, from $431,976 in 2012 to $210,364 in 2013, which is a result of the decrease in liabilities that is described below. Intergovernmental receivables increased $165,921, from $148,562 in 2012 to $314,483 in 2013, due to the timing of federal funds being received by the Academy. Additionally, noncurrent assets and capital assets decreased at June 30, 2013.

Total liabilities decreased by $105,500. Current liabilities decreased by $75,173 at June 30, 2013, which was primarily due to the Academy's ability to pay down balances during the year. Noncurrent liabilities decreased by $30,327, due to the Academy continuing to pay down on the capital lease as disclosed in Note 6.

Table 2 shows the changes in net position for fiscal years 2013 and 2012, as well as a listing of revenue and expenses.

Table 2	Governmental Activities	
	Year Ended June 30	
	2013	2012
Operating Revenue		
Foundation payments	$ 3,542,923	$ 2,981,463
Poverty-based assistance	492,550	457,427
Federal grants - Unrestricted	-	122,212
Other	26,038	19,799
Nonoperating Revenue		
Federal grants	969,197	720,782
State grants	204,937	112,934
Total revenue	5,235,645	4,414,617
Operating Expenses		
Salaries	2,004,868	1,676,095
Fringe benefits	763,217	614,786
Purchased services	2,155,938	1,799,670
Materials and supplies	155,578	152,659
Depreciation (unallocated)	116,405	93,380
Other expenses	16,207	15,104
Nonoperating Expenses		
Interest	4,717	4,994
Loss on disposal of fixed assets	956	-
Total expenses	5,217,886	4,356,688
Increase in Net Position	**$ 17,759**	**$ 57,929**

Revenue increased $821,028 from $4,141,617 in 2012 to $5,235,645 in 2013. This increase is due to the pupil count which grew from 450 in 2012 to 522 in 2013 and the increase in federal dollars for special education, Title I, and child nutrition. Expenses increased $861,198 in 2013, which is due to the increase in the pupil account that the Academy experienced which included additional teachers, supplies, and materials.

Capital Assets

At the end of fiscal year 2013, the Academy had $264,856 invested in furniture, fixtures, and equipment (net of depreciation), which represents a decrease of $14,456 from 2012. Table 3 shows capital assets (net of depreciation) for fiscal years 2013 and 2012:

Table 3

	June 30, 2013	June 30, 2012
Furniture, fixtures, and equipment	**$ 264,856**	**$ 279,312**

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

Current Financial Issues and Economic Factors

Eagle Academy was formed in 2001 under a contract with the Ohio Council of Community Schools. During the 2012-2013 school year, there were 522 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments (including poverty-based assistance) for fiscal year 2013 totaled $4,035,473.

The state foundation revenue is determined based on the student count and the foundation allowance per pupil. Approximately 77 percent of revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue. The impact on the Academy of the State's projected revenue is not known.

Contacting the Academy's Financial Management

This 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 Eagle Academy, at 2125 University Park Dr., Okemos, Michigan 48864 or by email at don.ash@leonagroup.com.

Statement of Net Position
June 30, 2013

Assets	
Current assets:	
Cash (Note 3)	$ 210,364
Accounts receivable	2,822
Intergovernmental receivable (Note 4)	311,661
Prepaid expenses	25,800
Total current assets	550,647
Noncurrent assets:	
Depreciable capital assets - Net (Note 5)	264,856
Other assets (Note 12)	14,800
Total noncurrent assets	279,656
Total assets	830,303
Liabilities	
Current liabilities:	
Accounts payable	64,083
Contracts payable (Note 13)	326,064
Intergovernmental payable	2,153
Total current liabilities	392,300
Noncurrent liabilities:	
Accrued rent (Note 12)	29,742
Capital lease payable (Note 6)	41,589
Total noncurrent liabilities	71,331
Total liabilities	463,631
Net Position	
Net investment in capital assets	223,267
Unrestricted	143,405
Total net position	**$ 366,672**

Eagle Academy

Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2013

Operating Revenue	
Foundation payments	$ 3,542,923
Poverty-based assistance	492,550
Other revenue	26,038
Total operating revenue	4,061,511
Operating Expenses	
Salaries	2,004,868
Fringe benefits	763,217
Purchased services (Note 11)	2,155,938
Materials and supplies	155,578
Depreciation (Note 5)	116,405
Other	16,207
Total operating expenses	5,212,213
Operating Loss	(1,150,702)
Nonoperating Revenue (Expense)	
Federal grants	969,197
State grants	204,937
Interest	(4,717)
Loss on disposal of fixed assets	(956)
Total nonoperating revenue	1,168,461
Change in Net Position	17,759
Net Position - Beginning of year	348,913
Net Position - End of year	**$ 366,672**

The Notes to Financial Statements are an
Integral Part of this Statement.

Statement of Cash Flows
Year Ended June 30, 2013

Cash Flows from Operating Activities	
Received from foundation payments	$ 3,518,815
Received from poverty-based assistance	492,550
Received from other operating revenue	23,216
Payments to suppliers for goods and services	(2,383,701)
Payments to employees for services	(1,982,361)
Payments for employee benefits	(763,217)
Net cash used in operating activities	(1,094,698)
Cash Flows from Noncapital Financing Activities	
Payments of rent	(1,996)
Federal grants received	806,098
State grants received	204,937
Net cash provided by noncapital financing activities	1,009,039
Cash Flows from Capital and Related Financing Activities	
Payments on capital lease payable	(28,331)
Interest payments	(4,717)
Purchase of property and equipment	(102,905)
Net cash used in capital and related financing activities	(135,953)
Net Decrease in Cash	(221,612)
Cash - Beginning of year	431,976
Cash - End of year	**$ 210,364**

Statement of Cash Flows (Continued)
Year Ended June 30, 2013

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (1,150,702)
Adjustments to reconcile operating loss to net cash from operating activities:	
Depreciation	116,405
Changes in assets and liabilities:	
Decrease in prepaid expenses	15,194
Increase in receivables	(2,822)
Decrease in noncurrent assets	2,400
Decrease in accounts payable	(42,872)
Decrease in intergovernmental payable	(24,108)
Decrease in contracts payable	(8,193)
Total adjustments	56,004
Net cash used in operating activities	**$ (1,094,698)**

Note 1 - Description of the Academy and Reporting Entity

Eagle Academy (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades kindergarten through tenth. 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 entered into a contract with Buckeye Community Hope Foundation (the "Sponsor") to sponsor the Academy for a three-year contract beginning July 1, 2012 and ending June 30, 2015. 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 total Sponsor fees paid to the Buckeye Community Hope Foundation for the fiscal year ended June 30, 2013 were approximately $126,000.

The Academy operates under the direction of a five-member board of directors, which is also the governing board for one other The Leona Group, LLC-managed school. The board of directors 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 of directors controls the Academy's instructional/support facility staffed by 22 certified full-time teaching personnel who provide services to 522 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 the Academy. 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 (see Note 13).

Note 2 - Summary of Significant Accounting Policies

The financial statements of Eagle Academy 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.

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

The Academy's basic financial statements consist of a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows.

Enterprise Fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

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 position. The statement of revenue, expenses, and changes in net position presents increases (i.e., revenue) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Nonexchange 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.

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 contract between the Academy and the Sponsor. The contract between the Academy and the Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

Accounts Receivable - Receivables at June 30, 2013 consisted of intergovernmental receivables and immaterial miscellaneous receivables. All receivables are considered collectible in full and will be received within one year.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

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, equipment, land, and leasehold improvements, or any one item costing under $1,000 alone but purchased in a group for over $2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are charged to expense when incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining term of the operating lease. Depreciation is computed using the straight-line method over the following useful lives:

Furniture, fixtures, and equipment	3-7 years

Net Position - Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The Academy has no debt related to capital assets.

Operating Revenue and Expenses - Operating revenue is that revenue that is generated directly from the primary activities. For the Academy, this revenue is primarily foundation payments. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the Academy. Revenue and expenses not meeting this definition are reported as nonoperating.

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

Intergovernmental Revenue - The Academy currently participates in the State Foundation Program and the Poverty-based Assistance (PBA) Program. Revenue received from these programs is recognized as operating revenue in the accounting period in which all eligibility requirements have been met.

Tax Status - The Academy is tax exempt under §501(c)(3) of the Internal Revenue Code.

Accounting Change - Effective July 1, 2012, the Academy implemented the provisions of Governmental Accounting Standards Board No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. This statement did not have a significant impact on the Academy's financial statements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Effective July 1, 2012, the Academy implemented the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

Also effective July 1, 2012, the Academy implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

Note 3 - Deposits

The Academy has designated one bank for the deposit of its funds.

The Academy's deposits consist solely of a checking account at a local bank; therefore, the Academy has not adopted a formal investment policy. The Academy's cash is subject to custodial credit risk.

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 credit risk are used for the Academy's deposits. At year end, the Academy's deposit balance of $281,346 had $31,346 of bank deposits that were uninsured and uncollateralized. The Academy believes that due to the dollar amounts of cash deposits and limits of FDIC insurance, it is sometimes impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Intergovernmental Receivables

A summary of the principal items of intergovernmental receivables is as follows:

Title I	$ 242,132
Title II - A	1,862
Title I SW	23,765
IDEA	21,466
Race to the Top	3,441
Fruit and Vegetable Grant	2,131
Other	16,864
Total intergovernmental receivables	$ 311,661

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Business-type activity - Capital assets being depreciated - Furniture, fixtures, and equipment	$ 510,563	$ 102,905	$ (2,363)	$ 611,105
Less accumulated depreciation	231,251	116,405	(1,407)	346,249
Total capital assets being depreciated - Net	$ 279,312	$ (13,500)	$ (956)	$ 264,856

Note 6 - Capital Lease

The Academy has entered into a lease agreement as lessee for financing the purchase of computer equipment. The lease agreement qualifies as a capital lease for accounting purposes and therefore has been recorded at the present value of the future minimum lease payments as of the inception date. The lease is secured by the computer equipment. The future minimum lease obligations and the net present value are as follows:

Note 6 - Capital Lease (Continued)

2014		$ 33,048
2015		11,016
	Total minimum lease payments	44,064
	Less amount representing interest	2,475
	Present value of minimum lease payments	$ 41,589

Note 7 - Risk Management

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 2013, the Academy contracted with Indiana Insurance for general liability, property insurance, and school leader errors and omissions insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past four fiscal years. Coverages are as follows:

Educational errors and omissions:	
Per occurrence	$ 1,000,000
Total per year	2,000,000
Retention	5,000
General liability:	
Per occurrence	1,000,000
Total per year	2,000,000
Vehicle	1,000,000
Umbrella liability:	
Per occurrence	8,000,000
Total per year	8,000,000
Retention	10,000

Workers' Compensation - The Academy pays the State Workers' 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.

Note 8 - Defined Benefit Pension Plans

School Employees' Retirement System

Plan Description

The Academy contributes to the School Employees' Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplemental information. That report can be obtained on SERS' website at www.ohsers.org under "*Employers/Audit Resources*."

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent 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's 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 the fiscal year ended June 30, 2013, the allocation to pension and death benefits is 13.1 percent. The remaining 0.9 percent of the 14 percent 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, 2013, 2012, and 2011 were $63,040, $51,283, and $35,801, respectively; 77 percent was contributed for fiscal year 2013, 100 percent was contributed for fiscal year 2012, and 84 percent was contributed for fiscal year 2011.

State Teachers Retirement System

Plan Description

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. 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 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications.*"

Note 8 - Defined Benefit Pension Plans (Continued)

New members have a choice of three retirement plans: a defined benefit plan (DB), a defined contribution plan (DC), or 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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. The combined plan offers features of both the DC plan and the DB plan. In the combined plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB plan. The DB portion of the combined plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or combined plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy

For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were $191,351, $156,084, and $97,339, respectively; 89 percent has been contributed for fiscal year 2013, 66 percent for fiscal year 2012, and 90 percent for fiscal year 2011.

Note 9 - Postemployment Benefits

School Employees' Retirement System

Plan Description

The Academy participates in two cost-sharing multiple-employer defined benefit OPEB plans administered by the School Employees Retirement System for classified retirees and their beneficiaries: the healthcare plan and a Medicare Part B plan. The healthcare plan includes hospitalization and physicians' fees through several types of plans including HMOs, PPOs, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the system based on authority granted by state statute. The financial reports of SERS's health care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS's website at www.ohsers.org under "*Employers/Audit Resources*."

Funding Policy

State statute permits SERS to fund the healthcare benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the retirement board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For the 2013 fiscal year, the surcharge was $6,107.

Active employee members do not contribute to the Health Care Fund. Retirees and their beneficiaries are required to pay a healthcare premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $770, $2,221, and $4,335, respectively; 77 percent was contributed for fiscal year 2013, 100 percent was contributed for fiscal year 2012, and 84 percent was contributed for fiscal year 2011.

Note 9 - Postemployment Benefits (Continued)

The retirement board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were $3,561, $3,029, and $2,304, respectively; 77 percent has been contributed for fiscal year 2013, 100 percent has been contributed for fiscal year 2012, and 84 percent has been contributed for fiscal year 2011.

State Teachers Retirement System

Plan Description

The Academy contributes to the cost-sharing multiple-employer defined benefit health plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Ohio law authorizes STRS to offer this plan. 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 Revised Code Chapter 3307 authorizes STRS Ohio to offer the plan and gives the retirement board authority over how much, if any, of the healthcare 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 postemployment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $14,719, $12,006, and $7,488, respectively; 89 percent has been contributed for fiscal year 2013, 66 percent for fiscal year 2012, and 90 percent for fiscal year 2011.

Note 10 - Contingencies

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 Academy. 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, 2013.

Note 10 - Contingencies (Continued)

State Foundation Funding - The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The Academy does not anticipate any significant adjustments to State funding for fiscal year 2013 as a result of the reviews which have yet to be completed.

Note 11 - Purchased Service Expenses

For the year ended June 30, 2013, purchased service expenses were payments for services rendered by various vendors, as follows:

Repairs and maintenance	$ 21,981
Legal	35,892
Insurance	26,115
Advertising	16,793
Dues and fees	52,247
Buckeye Community Hope Foundation	135,933
The Leona Group, LLC (Note 13)	642,975
Cleaning services	7,133
Utility	62,703
Other professional services	825,329
Other rentals and leases	18,833
Building lease agreements (Note 12)	310,004
Total purchased services	$ 2,155,938

Note 12 - Operating Leases

In May 2010, the Academy entered into a lease agreement with Toledo St. Stephen Parish for a school facility with minimum required rental payments of $11,000 per month over the period from July 1, 2010 through June 30, 2012 and $10,500 per month over the period from July 1, 2012 through June 30, 2015. Cash payments under the lease agreement totaled $126,000; however, the Academy recognized straight-line rent expense in connection with the lease of $128,400 for the fiscal year ended June 30, 2013. The statement of net position includes noncurrent other assets of $4,800, which represents the cumulative difference between the straight-line expense and the expense based on the contract to date payments.

Note 12 - Operating Leases (Continued)

In May 2011, the Academy entered into a lease agreement with Toledo St. Thomas Aquinas Parish for an additional school facility, rectory, gymnasium, and parking lot, with minimum required rental payments of $15,000 per month over the period from August 1, 2011 through July 31, 2016. The minimum annual rental payments are subject to an annual increase of 2 percent following June 30 of each year of the lease term. Cash payments under the lease agreement totaled $183,600; however, the Academy recognized straight-line rent expense in connection with the lease of $181,604 for the fiscal year ended June 30, 2013. In addition, the statement of net position includes noncurrent other liabilities of $29,742, which represents the cumulative difference between straight-line expense and the expense based on the contract-to-date payments.

The following is a schedule of the future minimum payments required under the facility operating leases as of June 30, 2013:

Fiscal Years Ending June 30		Amount
2014		$ 313,272
2015		317,017
2016		194,838
2017		16,561
	Total minimum lease payments	$ 841,688

Note 13 - Management Agreement

The Academy entered into a five-year contract, effective from July 1, 2006 through June 30, 2012, with The Leona Group, LLC for educational management services for all of the management, operation, administration, and education at the Academy. The contract automatically renewed for an additional three-year term through June 30, 2015. In exchange for its services, TLG receives a capitation fee of 12 percent of the per-pupil expenditures and a year-end fee of 50 percent of the audited financial statement excess of revenue over expenses, if any. The Academy incurred management fees totaling $642,975 for the year ended June 30, 2013. At June 30, 2013, contracts payable include approximately $59,000 for the payment of management fees and approximately $267,000 for reimbursement of subcontracted employees and other operating costs.

Note 13 - Management Agreement (Continued)

Terms of the contracts require TLG to provide the following:

- Implementation and administration of the educational program
- Management of all personnel functions, including professional development
- Operation of the school building and the installation of technology integral to school design
- All aspects of the business administration of the Academy
- The provision of food service for the Academy
- Any other function necessary or expedient for the administration of the Academy

The Academy may terminate this agreement with cause prior to the end of the term in the event that The Leona Group, LLC should fail to remedy a material breach within a period reasonable under the circumstances, but not less than 60 days after notice from the Academy.

The Leona Group, LLC may terminate this agreement with cause prior to the end of the specified term in the event the Academy fails to remedy a material breach within a period reasonable under the circumstances, but not less than 60 days after notice from The Leona Group, LLC.

In the event this agreement is terminated by either party prior to the end of the specified term, the termination will not become effective until the end of the school year following the notice of termination and The Leona Group, LLC shall provide the Academy reasonable assistance for up to 90 days to assist in the transition to a regular school program.

For the year ended June 30, 2013, The Leona Group, LLC incurred the following expenses on behalf of the Academy:

Direct expenses:	
Salaries	$ 2,004,868
Fringe benefits	763,217
Professional and technical services	49,192
Other direct costs	25,869
Total expenses	$ 2,843,146

Note 14 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

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Eagle Academy

Federal Awards
Supplemental Information
June 30, 2013

Contents

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Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
Eagle Academy

We have audited the basic financial statements of Eagle Academy (the "Academy") as of and for the year ended June 30, 2013 and have issued our report thereon dated December 13, 2013, which contained an unmodified opinion on those basic financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. We have not performed any procedures with respect to the audited basic financial statements subsequent to December 13, 2013.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

East Lansing, Michigan
December 13, 2013

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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*

Independent Auditor's Report

To Management and the Board of Directors
Eagle Academy

We have audited, 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, the basic financial statements of Eagle Academy (the "Academy"), which comprise the basic statement of financial position as of June 30, 2013 and the related basic statements of revenue, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the basic financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered Eagle Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To Management and the Board of Directors
Eagle Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eagle Academy's basic financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

East Lansing, Michigan
December 13, 2013

plante moran

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Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Eagle Academy

Report on Compliance for the Major Federal Program

We have audited Eagle Academy's (the "Academy") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2013. Eagle Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Eagle Academy's major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Eagle Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Eagle Academy's compliance.

Opinion on the Major Federal Program

In our opinion, Eagle Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

To the Board of Directors
Eagle Academy

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-l33 and which is described in the accompanying schedule of findings and questioned costs as Finding 2013-001. Our opinion on the major federal program is not modified with respect to this matter.

Eagle Academy's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Eagle Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Tha management of Eagle Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Eagle Academy's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2013-001 to be a material weakness.

Eagle Academy's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Eagle Academy's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

To the Board of Directors
Eagle Academy

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

East Lansing, Michigan
December 13, 2013

Eagle Academy

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued Revenue at July 1, 2012	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2013
Clusters:						
Child Nutrition Cluster - U.S. Department of Agriculture -						
Passed through the Ohio Department of Education -						
Cash assistance:						
National School Breakfast Program	10.553	$ 62,059	$ 7,979	$ 70,038	$ 62,059	$ -
National School Lunch Program	10.555	194,731	20,970	215,701	194,731	-
Total Child Nutrition Cluster		256,790	28,949	285,739	256,790	-
Special Education Cluster - U.S. Department of Education -						
Passed through the Ohio Department of Education -						
IDEA, Part B	84.027	142,427	14,072	135,033	142,427	21,466
Title I, Part A Cluster - U.S. Department of Education -						
Passed through the Ohio Department of Education:						
Title I, Part A	84.010	548,160	68,514	293,490	467,109	242,133
School Improvement Sub A, Title I	84.010	55,000	-	13,338	37,104	23,766
Total Title I, Part A Cluster		603,160	68,514	306,828	504,213	265,899
Education Technology State Grants Cluster -						
U.S. Department of Education -						
Passed through the Ohio Department of Education -						
Education Technology State Grants (Enhancing Education through Technology Program)	84.318	2,484	800	800	-	-
Total clusters		1,004,861	112,335	728,400	903,430	287,365

See Note to Schedule of Expenditures of Federal Awards.

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued Revenue at July 1, 2012	Federal Funds/ Payments In-kind Received	Expenditures	Accrued Revenue at June 30, 2013
Other federal awards:						
U.S. Department of Education - Passed through the						
Ohio Department of Education:						
Improving Teacher Quality	84.367	$ 9,970	$ 3,003	$ 5,767	$ 4,626	$ 1,862
Education Jobs Fund	84.410	132,073	25,098	25,098	-	-
ARRA - Race to the Top	84.395	52,400	4,156	48,896	48,180	3,440
U.S. Department of Agriculture - Passed through the						
Ohio Department of Education -						
Fresh Fruit and Vegetable Program	10.582	12,961	2,077	12,907	12,961	2,131
Total noncluster programs passed through the Ohio Department of Education		207,404	34,334	92,668	65,767	7,433
Total federal awards		**$ 1,212,265**	**$ 146,669**	**$ 821,068**	**$ 969,197**	**$ 294,798**

See Note to Schedule of Expenditures of Federal Awards.

Note - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eagle Academy under programs of the federal government for the year ended June 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Eagle Academy, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Eagle Academy. Pass-through entity identifying numbers are presented where available.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	X	Yes		No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?		Yes	X	None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	X	Yes		No

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee?	X	Yes		No

Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2013

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2013-001	**Program Name** - CFDA # 84.010 - Title I
	Pass-through Entity - Ohio Department of Education
	Finding Type - Material weakness and material noncompliance with laws and regulations
	Criteria - The Academy is required to ensure that each paraprofessional who is hired by the Academy and who works in a program supported with Title I, Part A funds meets specific qualification requirements as required by 34 CFR Section 200.58.
	Condition - The Academy employed two paraprofessionals that were charged to the Title I program that were required to be highly qualified during the year; however, documentation of these individuals' highly qualified status was not maintained.
	Questioned Costs - $15,404
	Context - The Academy hired two individuals whose time charged to the Title I program totaled $15,404. During the audit, the Academy could not locate proof of the employees' highly qualified status. The Academy believes these employees were highly qualified; however, the employees have since resigned from their positions and documentation of their highly qualified status could not be obtained.
	Cause and Effect - Documentation of the individuals' highly qualified status was not maintained; therefore, there are questioned expenditures charged to the Title I program.
	Recommendation - The Academy should implement a policy to ensure that highly qualified documentation is maintained for all individuals that perform duties that are funded by Title I grant monies.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2013-001 (Continued)	**Views of Responsible Officials and Planned Corrective Actions** - The Academy will review the criteria for a position prior to hiring a candidate, including standards necessary to meet highly qualified status. Requisitions and human resources action forms will be completed prior to hiring, documentation will be gathered, and background checks will be completed. The highly qualified documentation located on the ODE website will be reviewed and completed for each potential staff member and stored in a secure personnel file at the Academy.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2013

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2012-01	None	The Academy expended Title I, Part A grant funds during the year, but did not record revenue and the related accounts receivable for the amount expended and earned as of June 30, 2012.	Corrected	N/A

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Independent Accountant's Report on Applying Agreed-upon Procedure

To the Board of Directors
Eagle Academy
Lucas County
2014 Consaul Street
Toledo, OH 43605

Dear Board Members:

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

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

1. We noted the board amended its anti-harassment policy at its meeting on April 19, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act."

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

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

Plante & Moran, PLLC

December 13, 2013
East Lansing, Michigan

Dave Yost • Auditor of State

EAGLE ACADEMY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 25, 2014

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