CLEVELAND ACADEMY OF SCHOLARSHIP, TECHNOLOGY AND LEADERSHIP ENTERPRISE

CUYAHOGA COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

YEAR AUDITED UNDER GAGAS: 2010

CAUDILL & ASSOCIATES, CPA
725 5th Street
Portsmouth, OH 45662
P: 740.353.5171 | F: 740.353.3749
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Dave Yost • Auditor of State

Board of Directors
Cleveland Academy of Scholarship, Technology and Leadership Enterprise
1729 Superior Avenue
Cleveland, Ohio 44114

We have reviewed the *Independent Auditor's Report* of the Cleveland Academy of Scholarship, Technology and Leadership Enterprise, Cuyahoga County, prepared by Caudill & Associates, CPAs, for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

May 3, 2011

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CLEVELAND ACADEMY OF SCHOLARSHIP,
TECHNOLOGY AND LEADERSHIP ENTERPRISE

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Member American Institute of Certified Public Accountants
Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Cleveland Academy of Scholarship, Technology and Leadership Enterprise
Cuyahoga County
1729 Superior Avenue
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the accompanying financial statements of the business-type activities of Cleveland Academy of Scholarship, Technology and Leadership, Cuyahoga County, Ohio (the School), as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Cleveland Academy of Scholarship, Technology and Leadership Enterprise, Cuyahoga County, Ohio, as of June 30, 2010, and the respective changes in financial position and cash flows, thereof and 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 28, 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.

Board of Directors
Cleveland Academy of Scholarship, Technology and Leadership Enterprise

Independent Auditor's Report (Continued)

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

Caudill & Associates, CPA

Caudill & Associates, CPA

February 28, 2011

CLEVELAND ACADEMY OF SCHOLARSHIP, TECHNOLOGY AND LEADERSHIP ENTERPRISE

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The management's discussion and analysis of the Cleveland Academy of Scholarship, Technology and Leadership's (the "School") financial performance provides an overall review of the School's financial activities for the fiscal year ending 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 notes to the basic financial statements and financial statements to enhance their understanding of the School's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, the net assets increased $552,583 from fiscal year 2009's restated deficit balance of $308,878.

- The School had operating revenues of $2,014,150 and operating expenses of $2,033,119 during fiscal year 2010. The School also had $573,318 in non-operating revenues and $1,766 in non-operating expenses during fiscal year 2010.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the School's financial activities. The *statement of net assets* and *statement of revenues, expenses and changes in net assets* provide information about the activities of the School, including all short-term and long-term financial resources and obligations. The *statement of cash flows* provides information about how the School finances and meets the cash flow needs of its operations.

Reporting the School's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2010?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the School as a whole, the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report. The statement of cash flows can be found on page 9.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 10-20 of this report.

The table below provides a summary of the School's net assets at June 30, 2010 and June 30, 2009.

Net Assets

	2010	Restated 2009
Assets		
Current assets	$ 269,363	$ 30,864
Capital assets, net	38,956	59,440
Total assets	308,319	90,304
Liabilities		
Current liabilities	64,614	399,182
Total liabilities	64,614	399,182
Net Assets		
Invested in capital assets	38,956	53,400
Restricted	127,947	-
Unrestricted	76,802	(362,278)
Total net assets	$ 243,705	$ (308,878)

Assets

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the School's assets exceeded liabilities by $243,705, an increase of $552,583 over fiscal year 2009. Of this total, $76,802 is unrestricted.

Current assets increased as a result of $117,520 in cash and cash equivalents and $130,515 in additional intergovernmental receivables at June 30, 2010. At fiscal year-end, capital assets represented 12.63 percent of total assets. Capital assets consisted of furniture, fixtures and equipment. Capital assets are used to provide services to the students and are not available for future spending.

Liabilities

Current liabilities decreased by $334,568 from fiscal year 2009 to 2010, which is due primarily from the $353,440 accounts payable reported in fiscal year 2009. This decrease is due to the timing of when invoices were paid in fiscal year 2010 compared to fiscal year 2009.

The School's net assets at June 30, 2009 have been restated as described in Note 3.B to the basic financial statements.

The table below shows the changes in net assets for the fiscal year 2010 and fiscal year 2009.

Change in Net Assets

	2010	Restated 2009
Operating Revenues:		
State foundation	$ 2,011,424	$ 2,063,131
Other revenues	2,726	-
Total operating revenue	2,014,150	2,063,131
Operating Expenses:		
Salaries and wages	866,402	974,360
Fringe benefits	251,609	359,151
Purchased services	834,743	858,786
Materials and supplies	40,667	72,328
Other	19,214	490,873
Depreciation	20,484	69,152
Total operating expenses	2,033,119	2,824,650
Non-operating revenues (expenses):		
Federal and state grants	562,357	399,018
Interest income	59	162
Contributions and donations	10,902	12,233
Interest expense	(1,766)	-
Total non-operating revenues	571,552	411,413
Change in net assets	552,583	(350,106)
Net assets (deficit) at the beginning of the year	(308,878)	41,228
Net assets (deficit) at the end of the year	$ 243,705	$ (308,878)

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. The School received Federal grant monies through the American Recovery and Reinvestment Act (ARRA) which resulted in an increase in Federal and State grant revenue during fiscal year 2010.

Capital Assets

At June 30, 2010, the School had $38,956 invested in furniture, fixtures and equipment. The capital asset balances at June 30, 2009 have been restated as described in Note 3.B. See Note 6 in the notes to the basic financial statements for more detail on capital assets.

Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2010	Restated 2009
Furniture, fixtures and equipment	$ 38,956	$ 59,440
Total capital assets	$ 38,956	$ 59,440

Debt Administration

The School does not have any outstanding long-term debt at June 30, 2010.

Current Financial Related Activities

The School is sponsored by Educational Resource Consultants of Ohio. The School relies primarily on the State Foundation funds and federal and state operating grants.

In order to continually provide learning opportunities to the Schools students, the School will apply resources to best meet the needs of its students. It is the intent of the School to apply for State and Federal funds that are made available to finance its operations.

Contacting the School's Financial Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Mark Paprocki, Treasurer, 1739 Superior Avenue, Cleveland, Ohio 44114.

CLEVELAND ACADEMY OF SCHOLARSHIP, TECHNOLOGY AND LEADERSHIP ENTERPRISE
STATEMENT OF NET ASSETS
JUNE 30, 2010

Assets:	
Current Assets:	
Cash and Cash Equivalents	$ 117,520
Receivables:	
Accounts	1,112
Intergovernmental	146,896
Prepayments	3,835
Total Current Assets	269,363
Non-Current Assets:	
Depreciable Capital Assets, Net	38,956
Total Assets	308,319
Liabilities:	
Current Liabilities:	
Accounts Payable	20,510
Pension Obligation Payable	5,374
Intergovernmental Payable	4,633
Judgment Payable	26,766
Unearned Revenue	7,331
Total Liabilities	64,614
Net Assets:	
Invested in Capital Assets	38,956
Restricted for Federal Programs	121,819
Restricted for Other Purposes	6,128
Unrestricted	76,802
Total Net Assets	$ 243,705

See the accompanying notes to the basic financial statements

CLEVELAND ACADEMY OF SCHOLARSHIP, TECHNOLOGY AND LEADERSHIP ENTERPRISE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Operating Revenues:	
State Foundation	$ 2,011,424
Other Revenues	2,726
Total Operating Revenues	2,014,150
Operating Expenses:	
Salaries and Wages	866,402
Fringe Benefits	251,609
Purchased Services	834,743
Materials and Supplies	40,667
Other	19,214
Depreciation	20,484
Total Operating Expenses	2,033,119
Operating Loss	(18,969)
Non-Operating Revenues/(Expenses):	
Federal and State Grants	562,357
Interest Income	59
Contributions and Donations	10,902
Interest Expense	(1,766)
Total Nonoperating Revenues/(Expenses)	571,552
Change in Net Assets	552,583
Net Assets (Deficit) at Beginning of Year - Restated	(308,878)
Net Assets at End of Year	$ 243,705

See the accompanying notes to the basic financial statements

CLEVELAND ACADEMY OF SCHOLARSHIP, TECHNOLOGY AND LEADERSHIP ENTERPRISE
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Increase/(Decrease) in Cash and Cash Equivalents:	
Cash Flows Provided by Operating Activities:	
Cash Received from Other Operations	$ 2,726
Cash Received from State Foundation	2,021,242
Cash Payments for Personal Services	(1,156,576)
Cash Payments for Contractual Services	(1,119,939)
Cash Payments for Materials and Supplies	(66,582)
Cash Payments for Other Expenses	(19,214)
Net Cash Used for Operating Activities	(338,343)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Grants and Subsidies	432,185
Cash Received from Contributions and Donations	10,902
Interest and Fiscal Charges on Judgment Payable	(1,766)
Net Cash Provided by Noncapital Financing Activities	441,321
Cash Flows from Investing Activities:	
Interest Received	59
Net Cash Provided by Investing Activities	59
Net Increase in Cash and Cash Equivalents	103,037
Cash and Cash Equivalents at Beginning of Year	14,483
Cash and Cash Equivalents at End of Year	$ 117,520
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	$ (18,969)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	20,484
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,112)
Decrease in Intergovernmental Receivable	6,988
Increase in Prepayments	(3,835)
Decrease in Accounts Payable	(332,930)
Decrease in Accrued Wages and Benefits	(43,635)
Increase in Intergovernmental Payable	2,526
Increase in Pension Obligation Payable	5,374
Increase in Judgment Payable	26,766
Total Adjustments	(319,374)
Net Cash Used in Operating Activities	$ (338,343)

See the accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

The Cleveland Academy of Scholarship, Technology and Leadership Enterprise (the "School") is an Ohio Public Benefit Corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702.01(P) to address the needs of students in grades 9 through 12. The School, 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 School may sue and be sued, acquire facilities as needed and contract for any services necessary for the operation of the School.

The School may qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code and an application is in review. Management is not aware of any course of action or series of events which could adversely affect the School's application for tax-exempt status.

The School was approved for operation under contract with Educational Resource Consultants of Ohio (the Sponsor) commencing October 4, 2004 and ending June 30, 2009. The sponsorship contract was renewed during fiscal year 2010 for a one year period through June 30, 2010. The Sponsor is responsible for evaluating the performance of the Schools 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 Governing 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 primary government of the School consists of one fund, several departments and the Board. School programs include general operations and student related activities of the School. The School is associated with the Metropolitan Dayton Educational Cooperative Association (MDECA), which is defined as a jointly governed organization. MDECA is a computer consortium of area schools sharing computer resources (see Note 11 for detail).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with accounting principles generally accepted in the United States of America (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) guidance 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 guidance issued after November 30, 1989. The more significant of the School's policies are described below.

A. Basis of Presentation

The School's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. 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 net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the School are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how the School finances meet its cash flow needs.

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

C. Basis of Accounting

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

Revenues resulting from exchange transaction, in which each party gives and receives essentially equal value, is recorded when the exchange takes place.

Revenues resulting from non-exchange transactions, in which the School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the School on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its Sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School.

E. Cash and Cash Equivalents

All monies received by the School are maintained in demand deposit accounts. All funds of the School are maintained in these accounts. Total cash for all funds is presented as "Cash and Cash Equivalents" on the accompanying statement of net assets.

F. 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 maintains a capitalization threshold of $400. The School does not possess any infrastructure. Per the policy at the School, no depreciation is taken in the year of acquisition. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	40 years
Furniture, Fixtures and Equipment	5 - 8 years
Vehicles	10 years

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

G. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to service already rendered and it is probable that the School will compensate the employees for the benefits through paid time off or some other means. The School records a liability for accumulated unused vacation time when earned for all eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School's termination policy. The School records a liability for accumulated unused sick leave for all employees with ten years of current service for all positions (including certified and non-certified staff). Since the School has not been in operation for 10 years, there is no sick leave benefits liability to report as of June 30, 2010.

H. 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the School, these revenues are primarily foundation payments from the State. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

J. Intergovernmental Revenue

The School currently participates in the State Foundation Program and the State Special Education Program. Revenues received from these programs are recognized as operating revenues in the accompanying financial statements. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the School. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the School. 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 review for fiscal year 2010 showed an underpayment in the amount of $6,563. This amount has been reported as an intergovernmental receivable on the statement of net assets.

The remaining grants and entitlements received by the School are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met.

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

K. Accrued Liabilities

The School has recognized certain expenses due, but unpaid as of June 30, 2010. These expenses are reported as accrued liabilities in the accompanying financial statements.

L. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in the statement of net assets. These items are reported as assets on the statement of net assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

M. Estimates

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

NOTE 3 - ACCOUNTABILITY

A. Change in Accounting Principles

For fiscal year 2010, the School has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the School.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the School.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the School.

B. Restatement of Net Assets

The School has presented a prior period adjustment to its capital assets due to errors and omissions reported in the prior year (see Note 6 for detail). The restatement decreased capital assets, net of depreciation by $99,270. As a result of the restatement, deficit net assets of $209,608 previously reported at June 30, 2009 decreased to deficit net assets of $308,878 at July 1, 2009.

NOTE 4 - DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2010, the carrying amount of all School deposits was $117,520. As of June 30, 2010, the entire bank balance of $144,613 was covered by the Federal Deposit Insurance Corporation.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2010, consisted of intergovernmental receivables arising from grants and entitlements receivable. All receivables are considered collectible in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivable:	Amount
SERS refund	$ 2,830
ODE refund	6,563
Federal food reimbursement program	6,128
Title VI-B	5,038
Title I	126,337
Total intergovernmental receivables	$ 146,896

NOTE 6 - CAPITAL ASSETS

Capital assets at June 30, 2009 have been restated as described in Note 3.B:

	Balance 6/30/09	Adjustments	Restated Balance 06/30/09
Capital assets, being depreciated:			
Furniture, fixtures and equipment	$ 466,691	$ (352,891)	$ 113,800
Total capital assets being depreciated	466,691	(352,891)	113,800
Less: accumulated depreciation			
Furniture, fixtures and equipment	(307,981)	253,621	(54,360)
Total accumulated depreciation	(307,981)	253,621	(54,360)
Capital assets, net	$ 158,710	$ (99,270)	$ 59,440

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

	Restated Balance 6/30/09	Additions	Deductions	Balance 06/30/10
Capital assets, being depreciated:				
Furniture, fixtures and equipment	$ 113,800	$ -	$ -	$ 113,800
Total capital assets being depreciated	113,800	-	-	113,800
Less: accumulated depreciation				
Furniture, fixtures and equipment	(54,360)	(20,484)	-	(74,844)
Total accumulated depreciation	(54,360)	(20,484)	-	(74,844)
Capital assets, net	$ 59,440	$ (20,484)	$ -	$ 38,956

NOTE 7 - PURCHASED SERVICES

For fiscal year ended June 30, 2010, purchased services expenses were as follows:

Professional and technical services	$ 156,546
Property services	600
Travel and meetings	12,494
Communications	44,430
Utilities	91,981
Transportation	1,450
Other	527,242
Total	$ 834,743

NOTE 8 - 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. Buildings and contents are covered under Westfield Insurance Company with $1,000 deductible. Electronic data processing equipment is covered under Westfield Insurance Company with a $1,000 deductible. The School carries liability insurance with Westfield Insurance Company of $1,000,000 single occurrence and $2,000,000 aggregate.

There have been no significant reductions in insurance coverage from the last fiscal year. Settled claims have not exceeded insurance coverage for the past three fiscal years.

B. Workers' Compensation

The School pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying annual gross payroll by a factor calculated by the State.

NOTE 9 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining sick leave components are derived from State Laws. Teachers, administrators and classified employees earn sick leave at the rate of one and one-forth days per month. Sick leave may be accumulated up to a maximum of 120 days. Upon retirement, payment is made for one-fourth of the total accumulated and unused, up to a maximum of 120 days for employees.

B. Medical

The School offers medical insurance through American Trust Company to full-time employees. The contribution to the monthly premium for medical insurance shall be 20% paid by the staff member and 80% paid by the Board. Monthly premiums for the medical insurance are the following for fiscal year 2010:

Single:	$275 per month
Enrollee plus spouse	$509 per month
Enrollee plus children	$408 per month
Family	$890 per month

NOTE 10 - OPERATING LEASES

The School subleases two office facilities from Superior Lofts, LLC for school space located at 1729 Superior Avenue, Cleveland, Ohio 44114.

The term of the lease began September 1, 2006 and continues through August 31, 2020. The lease payment is $30,000 per month. Tenant is responsible for all repairs to the building.

The following is a schedule of future minimum payments required under the above operating lease as of June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Amount
2011	$ 360,000
2012	360,000
2013	360,000
2014	360,000
2015	360,000
2016-2020	1,500,000
Total	$ 3,300,000

NOTE 11 - JOINTLY GOVERNED ORGANIZATION

The School is a participant in MDECA, which is a computer consortium. MDECA is an association of public school districts within the boundaries of Montgomery, Miami, and Darke Counties and the Cites of Dayton, Troy, and Greenville. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The Governing Board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Miami County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School paid MDECA $7,561 for services provided during the fiscal year. Financial information is available from Jerry C. Woodyard, Executive Director, at 225 Linwood Street, Dayton, Ohio 45405.

NOTE 12 - FISCAL SERVICES CONTRACT

The School entered into a service contract with Charter School Specialists, LLC (CSS), for a period of twelve months, commencing on July 1, 2009, and ending on June 30, 2010, to provide fiscal/payroll, data, and Comprehensive Continuous Planning consulting services. The School paid CSS $54,848 in service fees for fiscal year 2010.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources.*

NOTE 13 - PENSION PLANS - (Continued)

A. School Employees Retirement System

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were $34,338, $34,068 and $28,334, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

B. State Teachers Retirement System of Ohio

Plan Description - The School 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 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 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 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 fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent 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, 2009 and 2008 were $80,293, $196,512 and $115,550, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

NOTE 14 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The School participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was $96.40 and SERS' reimbursement to retirees was $45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care 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 2010, 0.46 percent of covered payroll was allocated to health care. 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. Statues provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was $35,800.

Active members do not contribute to the postemployment benefit plans. The 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 School's contributions for health care (including surcharge) for the fiscal years ended June 30, 2010, 2009, and 2008 were $6,610, $15,591 and $12,930, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School's contribution for Medicare Part B for the fiscal years ended June 30, 2010, 2009, 2008 were $2,042, $2,811, and $2,042; 100 percent has been contributed for fiscal years 2010, 2009, and 2008.

Plan Description - The School contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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.

NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)

A. School Employees Retirement System

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were $6,176, $15,116 and $8,888 respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

NOTE 15 - CONTINGENCIES

A. Grants

The School receives significant financial assistance from numerous 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 operating fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the School at June 30, 2010.

B. Litigation

A suit was filed in the Court of Common Pleas, Cuyahoga County, Ohio on December 17, 2008, which involved a lease dispute between the School and North Coast Real Estate Management, LTD. Verdict was found for the Plaintiff, North Coast Real Estate Management, LTD on September 11, 2009 in the amount of $65,000, with payments at $4,000 per month at 5% interest beginning September 25, 2009. During fiscal year 2010 the School made principal and interest payments of $38,234 and $1,766, respectively. The remaining principal of $26,766 will be paid in fiscal year 2011 and has been reported as a judgment payable on the statement of net assets at June 30, 2010.

A suit was filed in the Court of Common Pleas, Cuyahoga County, Ohio on May 12, 2010, which claims a breach of contract, breach of fiduciary duty and fraud against Comprehensive Consulting Services. The case is still pending. The effect of this suit, if any, on the School is not presently determinable.

NOTE 16 – COMPLIANCE

Contrary to Ohio Rev. Code Section 117.38 the School's fiscal year 2009 report was not filed with the Auditor of State on time, and no notice of availability of the financial report was published.

NOTE 17 – SUBSEQUENT EVENTS

The judgment payable in the amount of $26,766 was paid in full to North Coast Real Estate Management, LTD on July 25, 2010.

NOTE 18 - INTERNAL REVENUE SERVICE AND OHIO DEPARTMENT OF TAXATION EXAMINATION

In 2010, the Internal Revenue Service notified Cleveland Academy of Scholarship, Technology and Leadership Enterprise (the "School") of payroll related reporting deficiencies for the calendar years of 2006 and 2007 that subject the School to penalties and interest, totaling $68,853 and 76,781, respectively. In addition, the Ohio Department of Taxation completed an examination of payroll tax returns and other payroll related documents of the School, notifying it of unpaid payroll taxes with interest and penalties for the examination period of 2006 through 2009 of approximately $80,216.

The School has engaged a Certified Public Accountant and is contesting the proposed tax deficiencies and related penalties and interest with the respective tax authorities. The School is confident that upon the final resolution of the issues, the proposed deficiencies will be substantially reduced.

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

Cleveland Academy of Scholarship, Technology and Leadership Enterprise
Cuyahoga County
1729 Superior Avenue
Cleveland, Ohio 44114

To the Board of Directors:

We have audited the financial statements of the business-type activities of Cleveland Academy of Scholarship, Technology and Leadership Enterprise, Cuyahoga County, (the School) as of and for the year ended June 30, 2010, and have issued our report thereon dated February 28, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 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 timely corrected. We consider finding 2010-002 described in the accompanying schedule of findings and responses be a material weakness.

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 one instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is disclosed in the accompanying schedule of findings and responses as item 2010-001.

The School's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the School's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Board of Directors, the Community School's sponsor, the Ohio Auditor of State and the Ohio Department of Education. We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA

February 28, 2011

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

Finding No. 2010-001

Noncompliance Citation – Failure to file report in accordance with ORC Section 117.38

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and the schedules used to make these management decisions. The Ohio Revised Code Section 117.38 mandates that GAAP-basis entities must file their reports with the Auditor of State within 150 days of the entity's end of the year.

The School's fiscal year 2010 report was not filed with the Auditor of State on time, and no notice of availability of the financial report was published.

The School should ensure that its financial reports are timely filed with the Auditor of State. In addition, the School should ensure that notice of availability of the financial reports are published in the newspapers are required by the Ohio Revised Code.

Client Response:

The GAAP report was filed late. A letter was sent to the Auditor of State requesting an extension so that the FY09 audit report (which was released in December 2010) could be reviewed prior to completing the FY10 statements. This request was denied.

Finding No. 2010-002

Material Weakness – Prior Period Restatement of Net Assets

Statement on Auditing Standards No. 115 states, "Internal control is a process-effected by those charged with governance, management, and other personnel-designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. Internal control over the safe-guarding of assets against unauthorized acquisition, use, or disposition may include controls related to financial reporting and operations objectives.

The School has presented a prior period adjustment to its capital assets due to errors and omissions reported in the prior year. The restatement decreased capital assets, net of depreciation by $99,270. As a result of the restatement, deficit net assets of $209,608 previously reported at June 30, 2009 decreased to deficit net assets of $308,878 at July 1, 2009.

The School should develop and implement control procedures to ensure the timely and accurate reporting of capital assets.

Client Response:

The School now has a fixed asset listing which includes the equipment purchased. Prior to FY10 there are no records we could find on how the fixed assets were determined.

CLEVELAND ACADEMY OF SCHOLARSHIP,
TECHNOLOGY AND LEADERSHIP ENTERPRISE
JUNE 30, 2010

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-001	Failure to file report in accordance with ORC 117.38	No	Re-issued as finding 2010-001
2009-002	Failure to file five year projection in accordance with ORC 3314.03(A)(11)(d)	Yes	Finding no longer valid
2009-003	Failure to provide minutes in accordance with ORC 121.22	Yes	Finding no longer valid
2009-004	Failure to provide documentation for student listing	Yes	Finding no longer valid
2009-005	Failure to properly withhold a state income tax and failure to make payment of un-deposited taxes each quarter in accordance with ORC 5747.06 and 5747.07	Yes	Finding no longer valid
2009-006	Failure to remit withholdings in accordance with the Internal Revenue Code	Yes	Finding no longer valid
2009-007	Failure to provide documentation of coverage under the Bureau of Workers' Compensation in accordance with ORC 4123.25	Yes	Finding no longer valid
2009-008	Significant deficiency – Failure to obtain and maintain employee contracts	Yes	Finding no longer valid
2009-009	Material Weakness – Failure to maintain adequate supporting documentation in accordance with ORC 149.41	Yes	Finding no longer valid
2009-010	Significant deficiency – Excessive overdraft charges	Yes	Finding no longer valid
2009-011	Significant deficiency – Cash controls	Yes	Finding no longer valid
2009-012	Significant deficiency – Segregation of duties	Yes	Finding no longer valid
2009-013	Material weakness – Failure to maintain a capital asset listing in accordance with Ohio Admin. Code Section 117-2-02(D)(4)(c)	Yes	Finding no longer valid

CLEVELAND ACADEMY OF SCHOLARSHIP,
TECHNOLOGY AND LEADERSHIP ENTERPRISE
JUNE 30, 2010

SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2009-014	Material weakness – Failure to properly post receipts and disbursements	Yes	Finding no longer valid
2009-015	Material weakness – Bank reconciliation discrepancy	Yes	Finding no longer valid
2009-016	Significant deficiency – Going concern	Yes	Finding no longer valid

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Cleveland Academy of Scholarship, Technology and Leadership Enterprise
Cuyahoga County
1729 Superior Avenue
Cleveland, Ohio 44114

To the Board of Directors:

Ohio Revised Code Section 117.53 states that "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 were engaged to perform the procedures enumerated below, solely to assist the Board in evaluating whether Cleveland Academy of Scholarship, Technology and Leadership Enterprise, Cuyahoga County, (the School) has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was engaged to be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We did not note the date the anti-harassment policy was adopted.

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

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

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

    3) A procedure for reporting prohibited incidents;

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

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

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

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

3. We read the policy, noting it did not include the following requirements from Ohio Revised Code Section 3313.666(B):

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

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

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

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

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

Caudill & Associates, CPA

Caudill & Associates, CPA

February 28, 2011

Dave Yost • Auditor of State

CLEVELAND ACADEMY OF SCHOLARSHIP, TECHNOLOGY AND LEADERSHIP ENTERPRISE

CUYAHOGA 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
MAY 17, 2011