COLUMBUS BILINGUAL ACADEMY
FRANKIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2010

Dave Yost · Auditor of State

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Columbus Bilingual Academy
Franklin County
35 Midland Avenue
Columbus, Ohio 43223

To the Board of Directors:

We have audited the accompanying basic financial statements of the Columbus Bilingual Academy, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Columbus Bilingual Academy, Franklin County, Ohio, as of June 30, 2010, and the changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the financial statements, the School has suffered recurring losses from operations and has experienced losses from operations and a net asset deficiency. Note 15 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of the uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 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.

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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.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The federal awards receipt and expenditure schedule provides additional information required by the 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. The federal awards receipt and expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost

Dave Yost
Auditor of State

January 20, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD ENDED JUNE 30, 2010
(UNAUDITED)

The discussion and analysis of Columbus Bilingual Academy's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

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

Financial Highlights

Key financial highlights for the Columbus Bilingual Academy during the period ended June 30, 2010 are as follows:

- Total net assets of the School decreased $2,415 in fiscal year 2010. Ending net assets of the School were ($159,545) compared with ($157,130) at June 30, 2009.
- Total assets decreased $15,838 from the prior year audit and total liabilities decreased by $13,423 from the prior year audit.
- The School's operating loss for fiscal year 2010 was $600,626 compared with an operating loss of $367,198 reported for the prior fiscal year.

Using this Financial Report

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

Statement of Net Assets

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

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

Table 1 provides a summary of the School's net assets for June 30, 2010 compared to those reported for fiscal year 2009.

Table 1

Net Assets

	2010	2009
Assets:		
Current Assets	$ 47,790	$ 8,808
Non-Current Assets	86,535	141,355
Total Assets	134,325	150,163
Liabilities		
Current liabilities	293,871	307,293
Total Liabilities	293,871	307,293
Net Assets:		
Invested in capital assets	86,535	141,355
Restricted	1,468	4,187
Unrestricted	(247,548)	(302,672)
Total Net Assets	$ (159,545)	$ (157,130)

The total assets of the School decreased by $15,838, which represents a 10.5 percent decrease, from total assets reported for fiscal year 2009. There was an increase of $27,199 in Intergovernmental Receivables mainly due to an increase in new grants received during fiscal year 2010. The Net Capital Assets decreased $54,820 from last year due to a combination of the sale of a science cart and depreciation.

Total liabilities of the School decreased $13,423 over those reported in fiscal year 2009, mainly due to the payoff of Loans Payable for services supplied by Mangen and Associates and Line of Credit Payable to Fifth Third Bank. The loans and line of credit were needed for operations. See Note 13.

The total net assets reported for fiscal year 2010 decreased by $2,415. Unrestricted net assets increased by $55,124 to $(247,548). Restricted net assets decreased by $2,719. Net assets invested in capital assets, net of related debt, decreased by $54,820.

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

Table 2
Change in Net Assets

	2010	2009
Operating Revenues:		
Foundation Payments	$ 1,102,702	$ 333,294
Food Service Revenues	-	28
Non Operating Revenues(Expenses):		
State and Federal Grants	623,515	74,577
Interest and Fiscal Charges	-	-
Gain(Loss) on Sale of Assets	(34,024)	-
Loans	-	88,933
Contributions	-	77,818
Other Non-Operating Revenues	8,720	-
Total Revenues	$ 1,700,913	$ 574,650
Operating Expenses:		
Salaries & Wages	$ 609,634	$ 299,275
Fringe Benefits	139,883	70,580
Building Rental	30,000	28,996
Contracted Fiscal Services	251,231	128,880
Other Purchased Services	479,066	99,833
Materials and Supplies	149,183	16,789
Depreciation	37,994	36,452
Other Expenses	6,337	56,465
Total Expenses	$ 1,703,328	$ 737,270
Change in Net Assets	$ (2,415)	$ (162,620)
Net Assets, Beginning of Year	(157,130)	5,490
Net Assets, End of Year	$ (159,545)	$ (157,130)

Total revenue increased $1,126,263 for fiscal year 2010 compared with the prior fiscal year, as a result of the increased enrollment from 51 to 164 FTE's. There were asset sales of $40,350 made by the school.

Expenses reported for fiscal year 2010 were $966,058 more than the expenses reported for fiscal year 2009 due to an increase in staff and related expenses to support the increase in enrollment.

Capital Assets

At the end of June 30, 2010, the School had $86,535 invested in furniture and equipment. There were $63,174 in new purchases which met the School's capitalization threshold of $500 during the year. See Note 5 of the basic financial statements for additional details.

Debt

During FY07, the School entered into a short-term debt agreement with Fifth Third Bank for a line of credit. At June 30, 2010 the School paid off this line of credit.

During FY10, the School borrowed and repaid $95,000 from Mangen & Associates (0% interest loan) for operating expenses.

Budgetary

Unlike other public school located in the State of Ohio, community school are not required to follow the budgetary provisions set forth in the Ohio Review Code Chapter 5705 unless specifically provided in the School's contract with its Sponsor. The School does provide an annual budget in addition to five-year forecasts in October and May of each fiscal year according to its Sponsor agreement.

Current Financial Issues

The future financial stability of the School is not without challenges. However, the significant increase in student enrollment and the 21st Century Grant award of $200,000 for the 2010 fiscal year has dramatically improved the financial health projections for the School. There will continue to be other challenges outside of the School's control (i.e. - the economy, the state budget). Since the primary source of funding is the state foundation program, an economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the School.

Contacting the School

This financial report is designed to provide a general overview of the finances of the Columbus Bilingual Academy and to show the School's accountability for the monies it receives to all vested and interested parties, as well as meeting the annual reporting requirements of the State of Ohio. Any questions about the information contained within this report or requests for additional financial information should be directed to the Treasurer of Columbus Bilingual Academy, 35 Midland Avenue, Columbus, Ohio 43223. Phone 614-324-1492.

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2010

ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$	9,702
Intergovernmental Receivables		32,462
Accounts Receivable		5,626
Total Current Assets		47,790
NON-CURRENT ASSETS		
Capital Assets (Net of Accumulated Depreciation)		86,535
TOTAL ASSETS	$	134,325
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable		216,608
Accrued Wages Payable		60,175
Intergovernmental Payable		10,107
Unearned Revenue		6,981
Total Current Liabilities		293,871
TOTAL LIABILITIES		293,871
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		86,535
Restricted		1,468
Unrestricted		(247,548)
TOTAL NET ASSETS	$	(159,545)

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

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

OPERATING REVENUES:	
Foundation payments	$ 1,102,702
Total operating revenues	1,102,702
OPERATING EXPENSES	
Salaries & Wages	609,634
Fringe Benefits	139,883
Building Rental	30,000
Contracted Fiscal Services	251,231
Other Purchased Services	479,066
Materials and Supplies	149,183
Depreciation	37,994
Other Expenses	6,337
Total operating expenses	1,703,328
Operating loss	(600,626)
NON-OPERATING REVENUES(EXPENSES)	
State and Federal Grant Revenue	623,515
Gain(Loss) on Sale of Assets	(34,024)
Other Non-Operating Revenues	8,720
Total non-operating revenues(expenses)	598,211
Change in net assets	(2,415)
Deficit Net assets as beginning of year	(157,130)
Deficit Net assets at end of year	$ (159,545)

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED JUNE 30, 2010

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	
Cash Flows from Operating Activities	
Cash Received from State of Ohio	$ 1,102,702
Cash Payments to Employees for Services and Benefits	(720,277)
Cash Payments to Suppliers for Goods and Services	(845,013)
Other Operating Expenses	(7,763)
Net Cash Used by Operating Activities	(470,351)
Cash Flows from Noncapital Financing Activities	
Federal and State Grants	603,297
Loans	95,000
Sale of Assets	40,350
M&A Loan Principal Payments	(207,685)
Other Non-Operating Expenses	8,721
Net Cash Provided by Noncapital Financing Activities	539,683
Cash Flows from Capital and Related Financing Activities	
Cash Payments for Capital Acquisitions	$ (63,174)
Net Increase In Cash And Cash Equivalents	6,158
Cash And Cash Equivalents, Beginning Of Year	3,544
Cash And Cash Equivalents, End Of Year	9,702
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities	
Operating Loss	(600,626)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	37,994
Changes in Assets and Liabilities:	
Increase(Decrease) in Other Accrued Expenses	(2,542)
Increase(Decrease) in Accounts Payable	63,042
(Decrease)Increase in Accrued Wages and Benefits	30,800
(Decrease)Increase in Intergovernmental Payable	981
Total Adjustments	130,275
Net Cash Used by Operating Activities	$ (470,351)

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1. Description of the School and Reporting Entity:

Columbus Bilingual Academy (the School), is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in grades K through 8. The School, which is part of the State's education program, is independent of any school district and is non sectarian in its programs, admission policies, employment practices, and all other operations. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School had one fiscal service provider during the 2010 fiscal year, Mangen & Associates School Resource Center. Douglas Mangen served as the Certified Treasurer during the entire 2010 fiscal period. The Educational Resource Consultants of Ohio (ERCO) was the School's sponsor in fiscal year 2010. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The School operates under the direction of a six-member Board of Trustees (the Board). The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board controlled the School's instructional/support facility staffed by 1 non-certified and 12 certificated full time teaching personnel who provide services to 164 students during the 2009-2010 school year.

The School entered into a service agreement with Mangen & Associates to provide certain financial and accounting services, including performing all duties required of the Treasurer of the School. See Note 11.

2. Summary of Significant Accounting Policies:

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

A. Basis of Presentation

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

2. Summary of Significant Accounting Policies: (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The difference between total assets and liabilities are defined as net assets. The statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

C. Budgetary Process

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the Schools contract with its Sponsor. The contract between the School and its Sponsor does prescribe an annual budget requirement in addition to preparing a five-year forecast which is to be updated on an annual basis.

D. Cash and Cash Equivalents

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

E. Capital Assets

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

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

Description	Estimate Life
Technology Equipment	3 years
Furniture, Fixtures, and Equipment	5 years

2. Summary of Significant Accounting Policies: (Continued)

F. Estimates

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

G. Intergovernmental Revenues

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

H. Operating and Non-Operating Revenues and Expenses

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

Non-operating revenues and expenses are those that are not generated directly by the School's primary mission. Various federal and state grants, contributions received from Mangen and Associates, and payments made to the School by other instructional entities for use of the School's instructional staff comprise the non-operating revenues of the School.

I. Accrued Liabilities Payable

The School has recognized certain liabilities on its statement of net assets relating to expenses, which are due but unpaid as of June 30, 2010, including:

Wages payable –salary payments made after year-end to instructional and support staff for services rendered prior to the end of June, but whose payroll continues into the summer months based on the fiscal year 2010 contract.

Accounts payable – payments due for services or goods that were rendered or received during fiscal year 2010. The accounts payable as of June 30, 2010 were $216,608, of which $207,738 represents related party transactions as the amount the School owes Mangen & Associates for services rendered.

J. Federal Tax Exemption Status

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

2. Summary of Significant Accounting Policies: (Continued)

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation less any outstanding capital related debt. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Economic Dependency

The School receives nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

3. Deposits:

At June 30, 2010, the carrying amount of the School's deposits was $9,702 and the bank balance was $25,142. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, the School's bank balance was covered by the Federal Deposit Insurance Corporation.

4. Intergovernmental Receivables:

All intergovernmental receivables are considered collectible in full due to the stable condition of State programs. A summary of the principal items of receivables at June 30, 2010 is as follows:

Grants Receivables	Amount
Federal Grants	$32,462
Total	$32,462

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

	Balance			Balance
	6/30/09	Additions	Deletions	6/30/10
Capital Assets:				
Furniture and Equipment	$357,103	$63,174	$(100,000)	320,277
Total Assets	357,103	63,174	(100,000)	320,277
Depreciation:				
Furniture and Equipment	$(215,748)	$(37,994)	$ 20,000	$(233,742)
Accumulated Depreciation	(215,748)	(37,994)	20,000	(233,742)
Net Capital Assets	$ 141,355			$ 86,535

6. Risk Management:

A. Property and Liability

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. For the year ended June 30, 2010, the School contracted with Philadelphia Insurance for its insurance coverage as follows:

General Liability aggregate	$1,000,000

There was no significant reduction in coverage from the prior-year. Settlement amounts have not exceeded coverage amounts in each of the past three years.

B. Workers' Compensation

The School pays the State Worker's Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is determined by the State.

C. Employee Insurance Benefits

The School utilizes Superior Dental, Anthem Blue Cross/Blue Shield and VSP to provide dental, health, life, vision, accidental death and dismemberment insurance benefits to School employees.

7. Defined Benefit Pension Plans:

A. School Employees Retirement System

The School contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statue per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the School is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78%. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds.

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7. <u>Defined Benefit Pension Plans</u>: (Continued)

A. School Employees Retirement System (Continued)

The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were $9,311, $14,411, and $9,450 respectively; 100 percent has been contributed for all fiscal years.

B. State Teachers Retirement System

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

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

For the fiscal year ended June 30, 2010, plan members were required to contribute the statutory maximum of 10.0 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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7. Defined Benefit Pension Plans: (Continued)

B. State Teachers Retirement System (Continued)

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008, were $69,753, $46,596, and $38,379 respectively; 100 percent has been contributed for all fiscal years. Contributions to the DC and Combined Plans for fiscal year 2010 were $57,516 made by the School District and $53,547 made by the plan members.

8. Post-employment Benefits

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and give the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's required contributions for health care for the fiscal years ended June 30, 2010, 2009 and 2008 were $5,366, $3,584 and $2,952 respectively; 100 percent has been contributed for fiscal year 2010.

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

Funding Policy – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2010 was $96.40 for most participants, but could be as high as $353.60 per month depending on their income. SERS' reimbursement to retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation is .76%. The School's contributions for the years ended June 30, 2010, 2009 and 2008 were $676, $1,038 and $643, respectively, which equaled the required contributions each year.

8. Post-employment Benefits (Continued)

Funding Policy – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at $35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care for the years ended June 30, 2010, 2009 and 2008 were $6,518, $6,576 and $9,072, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

9. Restricted Net Assets:

At June 30, 2010 the School reported restricted net assets totaling $1,468. The nature of the net asset restrictions are as follows:

State specific educational program grants	$ 1,023
Federal specific educational program grants	445
Total	$ 1,468

10. Contingencies:

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts, which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such disallowed claims will not have a material adverse effect on the financial position of the School at June 30, 2010.

11. Contracted Fiscal Services:

The School entered into a contract with Mangen & Associates (M&A), which is an education finance consulting company, to provide basic treasurer and financial/operations management services for the fiscal year 2010. The Agreement may be terminated by either party, with or without cause, by giving the other party ninety days written notice to terminate. The Agreement provides that M&A will perform basic treasurer services, financial management services and basic CSADM/EMIS/DASL services. The total fee paid for these services during fiscal year 2010 was $251,231.

12. Other Purchased Services:

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

Professional and Technical Services	$395,967
Utilities	38,527
Property Services	25,359
Travel Mileage/Meeting Expenses	4,364
Communications	14,849
Total Purchased Services	$479,066

13. Short-Term Debt:

During FY07, the School entered into a short-term debt agreement with Fifth Third Bank for a line of credit. At June 30, 2009 the School owed $36,797 on this line of credit. During FY10, the School paid off this line of credit and did not draw down any additional funds from this line of credit. The School had loans payable of $75,888 borrowed $95,000 from Mangen & Associates for operating expenses during the year and paid off both loan balances as of June 30, 2010. The M&A loan was a no-interest loan with no minimum payment requirements.

14. Operating Leases:

The School entered into a new lease agreement for a building August 10, 2009 with Catholic Diocese of Columbus. The lease is scheduled to expire July 31, 2010. Monthly rent is $2,500. Lease payments made to the Catholic Diocese of Columbus totaled $30,000 for the fiscal year ending June 30, 2010.

15. Management Plan:

The School has suffered recurring operating losses and has a net asset deficiency. The current financial plan is to use the positive operating margin in fiscal year 2011 to fully pay off the M&A outstanding payables, which as of January 20, 2011, the amount is $339,826. All other obligations will remain current. The School's Board of Directors has adopted a balanced budget for the fiscal year ending June 30, 2011 which includes full payment of all outstanding loans and a payment plan for payment of M&A outstanding invoices/payables noted above. The School's future financial objective include building an unencumbered cash reserve equal to three months of average operating expenses during the 2011 fiscal year to meet ongoing cash flow requirements without the need for an outside line of credit or any philanthropic contributions. The School’s fund balance at January 31, 2011 was $47,858.

16. Subsequent Events:

The School was awarded a $200,000 21st Century grant and started receiving draw downs on July 22, 2010 to support the growth of academic intervention and other after-school programs.

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster			
Cash Assistance:			
Breakfast Program	10.553	$ 27,501	$ 27,501
National School Lunch Program	10.555	76,600	76,600
Total Child Nutrition Cluster		104,101	104,101
Food Service Equipment	10.579	14,870	14,870
Total U.S. Department of Agriculture		**118,971**	**118,971**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education:			
Title I Grants to Local Educational Agencies	84.010	113,005	107,317
ARRA - Title I Grants to Local Educational Agencies	84.389	53,931	65,205
Total Title I Grants Cluster		166,936	172,522
Special Education Grants to States	84.027	9,844	17,870
ARRA - Special Education Grants to States	84.391	7,224	12,973
Total Special Education Grants to States Cluster		17,068	30,843
Safe and Drug-Free Schools and Communities State Grants for Innovative Programs	84.186	32	-
State Grants for Innovative Programs	84.298	-	176
Limited English Proficient	84.365	14,855	12,157
ARRA - State Fiscal Stabilization Fund	84.394	75,644	75,644
21st Century Grant	84.287	200,000	200,000
Education Technology State Grants	84.318	465	1,434
Improving Teacher Quality State Grants	84.367	5,551	5,551
Total U.S. Department of Education		480,551	498,327
Total		**$ 599,522**	**$ 617,298**

The accompanying notes are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

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

Columbus Bilingual Academy
Franklin County
35 Midland Avenue
Columbus, Ohio 43223

To the Board of Directors:

We have audited the basic financial statements of the Columbus Bilingual Academy, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 20, 2011, wherein we noted the School experienced certain financial difficulties. 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 opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

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We did note certain matters not requiring inclusion in this report that we reported to the School's management in a separate letter dated January 20, 2011.

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

Dave Yost

Dave Yost
Auditor of State

January 20, 2011

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

Columbus Bilingual Academy
Franklin County
35 Midland Avenue
Columbus, Ohio 43223

To the Board of Directors:

Compliance

We have audited the compliance of Columbus Bilingual Academy, Franklin County, Ohio (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the School's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the Columbus Bilingual Academy, Franklin County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

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Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated January 20, 2011.

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

Dave Yost

Dave Yost
Auditor of State

January 20, 2011

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unqualified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA 84.287 – 21st Century CFDA 84.010 and 84.389 – Title I Part A Cluster
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

COLUMBUS BILINGUAL ACADEMY
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2009-001	Financial Statement Presentation	Yes	

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Columbus Bilingual Academy
Franklin County
35 Midland Avenue
Columbus, Ohio 43223

To the Board of Trustees:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on February 23, 2009.

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

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

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

   (3) A procedure for reporting prohibited incidents;

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

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

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

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

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

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

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

   (1) 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.

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 Academy's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost
Auditor of State

January 20, 2011

Dave Yost • Auditor of State

COLUMBUS BILINGUAL ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 8, 2011