Northpointe Academy
Lucas County

Financial Report

June 30, 2011

Dave Yost • Auditor of State

Board of Directors
Northpointe Academy
3248 Warsaw Street
Toledo, Ohio 43608

We have reviewed the *Independent Auditor's Report* of the Northpointe Academy, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2010 through June 30, 2011. 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 Northpointe Academy is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

March 22, 2012

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Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

We have audited the accompanying basic financial statements of Northpointe Academy (the "Academy") as of and for the year ended June 30, 2011 as listed in the table of contents. These basic financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2011 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.

The management's discussion and analysis (identified in the table of contents) is not a required part of the basic financial statements, but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the supplemental information. We did not audit the information and express no opinion on it.

To the Board of Directors
Northpointe Academy

In accordance with *Government Auditing Standards,* we have also issued our report under separate cover dated December 6, 2011 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Plante & Moran, PLLC

December 6, 2011

The discussion and analysis of Northpointe Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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

Financial Highlights

- In total, net deficit decreased $112,900, which represents a 59 percent decrease from 2010. This decrease was due primarily to higher enrollment and the increased revenue associated with it.
- Total assets increased $301,889, which represents a 263 percent increase from 2010. This was primarily due to higher cash balances.
- Liabilities increased $188,989, which represents a 62 percent increase from 2010. This increase was due primarily to an increase in contracts payable.

Using this Financial Report

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

Statement of Net Deficit

The statement of net deficit answers the question, "How did we do financially during 2011?" This statement includes all assets and liabilities, both financial and capital and short term and long term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private sector companies. This basis of accounting takes into account all revenue and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's net deficit for fiscal years 2011 and 2010:

Table 1	Governmental Activities	
	June 30	
	2011	2010
Assets		
Current assets	$ 358,896	$ 110,003
Capital assets - Net	57,921	4,925
Total assets	416,817	114,928
Liabilities - Current liabilities	494,557	305,568
Net Assets (Deficit)		
Invested in capital assets	57,921	4,925
Unrestricted	(135,661)	(195,565)
Total net deficit	**$ (77,740)**	**$ (190,640)**

Total assets increased $301,889. This was primarily due to an increase in the cash balance. Cash increased by $191,536 from 2010 to 2011. Intergovernmental receivables increased by $12,105 from 2010 to 2011, which was due to the timing of the receipt of grant funding. Capital assets, net of depreciation, increased by $52,996 from 2010 to 2011 primarily due to the purchase of furniture, fixtures, and equipment.

Table 2 shows the changes in net deficit for fiscal years 2010 and 2011, as well as a listing of revenue and expenses.

Table 2	Governmental Activities	
	Year Ended June 30	
	2011	2010
Operating Revenue		
Foundation payments	$ 1,687,212	$ 638,646
Poverty-based assistance	290,702	19,326
Other	1,119	27,749
Nonoperating Revenue		
Federal grants	730,437	288,526
State grants	5,574	3,433
Total revenue	2,715,044	977,680
Operating Expenses		
Salaries	994,140	325,150
Fringe benefits	345,677	111,706
Purchased services	1,086,681	475,017
Materials and supplies	151,335	100,592
Depreciation (unallocated)	5,912	27,960
Other expenses	7,084	11,795
Nonoperating Expenses		
Taxes	-	33,574
Interest	6,390	3,202
Loss on disposal of fixed assets	4,925	43,574
Total expenses	2,602,144	1,132,570
Change in Net Deficit	**$ 112,900**	**$ (154,890)**

Net deficit decreased by $112,900. There was an increase in revenue of $1,737,364 and an increase in expenses of $1,469,574 from 2010. Of the increase in revenue, the foundation payments increased by $1,048,566 and federal grant revenue increased by $441,911. The increase in revenue was due to the Academy moving to a new location for the 2010-2011 school year and dramatically increasing its student enrollment. Community schools receive no support from tax revenue.

The expense for salaries increased by $668,990 and the expense for fringe benefits increased by $233,971 from 2010; this was primarily due to added staff and increased benefits cost. The expense for purchased services increased by $611,664 from 2010 due to the dramatic increase in student enrollment. Depreciation expense decreased by $22,048.

Capital Assets

At the end of fiscal year 2011, the Academy had $57,921 invested in furniture, fixtures, and equipment and buildings and improvements (net of depreciation), which represented an increase of $52,996 from 2010. Table 3 shows capital assets (net of depreciation) for fiscal years 2011 and 2010:

Table 3	2011	2010
Furniture, fixtures, and equipment	$ 55,572	$ -
Vehicles	-	4,925
Leasehold improvements	2,349	-
Total capital assets	**$ 57,921**	**$ 4,925**

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

Current Financial Issues and Economic Factors

Great Lakes Environmental Academy was formed in 2007 under a contract with the Ohio Council of Community Schools. Effective June 9, 2010, the Academy changed its name to Northpointe Academy. During the 2010-2011 school year, there were 284 students enrolled in the Academy. The Academy receives most of its finances from state sources. Foundation payments (including poverty-based assistance) for fiscal year 2011 totaled $1,977,914.

The state foundation revenue is determined based on the student count and the foundation allowance per pupil. Approximately 73 percent of revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Since the Academy's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue. The impact on the Academy of the State's projected revenue is not known.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the funds it receives. If you have questions about this report or need additional information, contact Don Ash, fiscal officer of Northpointe Academy, at 4660 S. Hagadorn Road, Suite 500, East Lansing, Michigan 48823 or by email at don.ash@leonagroup.com.

Statement of Net Deficit
June 30, 2011

Assets	
Current assets:	
Cash (Note 3)	$ 194,694
Intergovernmental receivables (Note 4)	146,638
Deposits	7,158
Prepaid expenses	10,406
Total current assets	358,896
Noncurrent assets - Depreciable capital assets - Net (Note 5)	57,921
Total assets	416,817
Liabilities - Current	
Accounts payable	58,823
Contracts payable (Note 12)	435,734
Total current liabilities	494,557
Net Assets (Deficit)	
Invested in capital assets	57,921
Unrestricted	(135,661)
Total net deficit	**$ (77,740)**

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

Northpointe Academy

Statement of Revenue, Expenses, and Changes in Net Deficit
Year Ended June 30, 2011

Operating Revenue	
Foundation payments	$ 1,687,212
Poverty-based assistance	290,702
Other revenue	1,119
Total operating revenue	1,979,033
Operating Expenses	
Salaries	994,140
Fringe benefits	345,677
Purchased services (Note 10)	1,086,681
Materials and supplies	151,335
Depreciation	5,912
Other	7,084
Total operating expenses	2,590,829
Operating Loss	(611,796)
Nonoperating Revenue (Expenses)	
Federal grants	730,437
State grants	5,574
Loss on disposal of fixed assets	(4,925)
Interest	(6,390)
Total nonoperating revenue - Net	724,696
Change in Net Deficit	112,900
Net Deficit - Beginning of year	(190,640)
Net Deficit - End of year	**$ (77,740)**

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

Statement of Cash Flows
Year Ended June 30, 2011

Cash Flows from Operating Activities	
Received from foundation payments	$ 1,687,212
Received from poverty-based assistance	290,702
Received from other operating revenue	1,119
Payments to suppliers for goods and services	(1,213,282)
Payments to employees for services	(821,430)
Payments for employee benefits	(345,677)
Net cash used in operating activities	(401,356)
Cash Flows from Noncapital Financing Activities	
Proceeds from state aid note	450,000
Interest expense	(6,390)
Payments on state aid note	(450,000)
Federal grants received	657,541
State grants received	5,574
Net cash provided by noncapital financing activities	656,725
Cash Flows from Capital and Related Financing Activities -	
Payments for capital acquisitions	(63,833)
Net Increase in Cash	191,536
Cash - Beginning of year	3,158
Cash - End of year	**$ 194,694**

Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	$	(611,796)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation		5,912
Changes in assets and liabilities:		
Decrease in prepaids and deposits		5,303
Increase in accounts payable		26,515
Increase in contracts payable		172,710
Total adjustments		210,440
Net cash used in operating activities	**$**	**(401,356)**

Note 1 - Description of the School and Reporting Entity

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

On March 14, 2007, the Academy was approved for operation under contract with The Ohio Council of Community Schools (the "Sponsor") for a period of five years through June 30, 2012. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The total sponsor fees paid to the Ohio Council of Community Schools for the fiscal year ended June 30, 2011 totaled $59,223.

The Academy operates under the direction of a five-member board of directors, which also is the governing board for another The Leona Group, LLC-managed school. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by 18 certified full-time teaching personnel who provide services to 284 students.

The governing board has entered into a management contract with The Leona Group, LLC (TLG), a for-profit limited liability corporation, for management services and operation of the Academy. TLG operates the Academy's instructional/support facility, is the employer of record for all personnel, and supervises and implements the curriculum. In exchange for its services, TLG receives a capitation fee and year-end fee (see Note 12).

Note 2 - Summary of Significant Accounting Policies

The financial statements of Northpointe Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy 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 Academy has also elected to follow private sector guidance issued after November 30, 1989 for its business-type activities. The more significant of the Academy's accounting policies are described below.

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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Enterprise fund reporting focuses on the determination of the change in net assets (deficit), financial position, and cash flows.

Measurement Focus - Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net deficit. The statement of revenue, expenses, and changes in net deficit presents increases (i.e., revenue) and decreases (i.e., expenses) in total net assets. The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its enterprise activities.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

Expenses are recognized at the time they are incurred.

Budgetary Process - Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705 unless specifically provided in the contract between the Academy and the Sponsor. The contract between the Academy and the Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast, which is to be updated on an annual basis.

Intergovernmental Receivables - Receivables at June 30, 2011 consisted of intergovernmental receivables. All receivables are considered collectible in full and will be received within one year.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which the services are consumed.

Capital Assets - Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of $1,000 for furniture and equipment, land, and buildings, or any one item costing under $1,000 alone but purchased in a group for over $2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend the life of the asset are charged to expense when incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

All reported capital assets except land are depreciated. Improvements are depreciated over the lesser of their useful life or the term of the lease. Depreciation is computed using the straight-line method over the following useful lives:

Furniture, fixtures, and equipment	3-7 years
Vehicles	8 years
Leasehold improvements	6 years

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

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

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

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

Tax Status - The Academy has applied for exemption from taxes under §501(c)(3) of the Internal Revenue Code.

Note 3 - Deposits

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial risk are used for the Academy's deposits. The Academy believes that due to the dollar amounts of cash deposits and limits of FDIC insurance, it may be impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the Academy's deposit balance of $214,650 had no bank deposits (checking account) that were uninsured or uncollateralized.

Note 4 - Intergovernmental Receivables

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

Title I	$	60,416
Title II-A		2,206
Race to the Top		625
Child Nutrition		22,600
State Aid Adjustment		60,791
Total intergovernmental receivables	$	146,638

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2011 is as follows:

	Balance July 1, 2010	Additions	Disposals and Adjustments	Balance June 30, 2011
Business-type Activity				
Capital assets being depreciated:				
Furniture, fixtures, and equipment	$ -	$ 60,611	$ -	$ 60,611
Vehicles	7,750	-	(7,750)	-
Leasehold improvements	-	3,222	-	3,222
Total capital assets being depreciated	7,750	63,833	(7,750)	63,833
Less accumulated depreciation:				
Furniture, fixtures, and equipment	-	5,039	-	5,039
Vehicles	2,825	-	(2,825)	-
Buildings and improvements	-	873	-	873
Total accumulated depreciation	2,825	5,912	(2,825)	5,912
Total capital assets being depreciated - Net	$ 4,925	$ 57,921	$ (4,925)	$ 57,921

During the year ended June 30, 2011, the Academy transferred a bus with a net book value of $4,925 to Wildwood Environmental Academy, which operates under a shared board with the Academy.

Note 6 - Risk Management

Property and Liability - The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Academy contracted with Willis North America, Inc. for general liability, property insurance, and educational errors and omissions insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Note 6 - Risk Management (Continued)

Coverages are as follows:

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

Workers' Compensation - The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

Note 7 - Defined Benefit Pension Plans

School Employees' Retirement System

Plan Description - The Academy contributes to the School Employees' Retirement System (SERS), a cost-sharing, multiple-employer pension plan. SERS provides retirement and disability 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 may be obtained by writing to the School Employees' Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - For the fiscal year ended June 30, 2011, plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund healthcare benefits. For fiscal year 2011, 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 Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were $30,597, $7,788, and $4,558, respectively; 73 percent has been contributed for fiscal year 2011 and 100 percent has been contributed for fiscal years 2010 and 2009.

Note 7 - Defined Benefit Pension Plans (Continued)

State Teachers Retirement System

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans: a defined benefit plan (DBP), a defined contribution plan (DCP), and a combined plan (CP). The DBP 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 DCP 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 CP offers features of both the DCP and the DBP. In the CP, 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 DBP. The DBP portion of the CP payment is payable to a member on or after age 60; the DCP 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 DBP or CP member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DCP who become disabled are entitled only to their account balance. If a member of the DCP dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Note 7 - Defined Benefit Pension Plans (Continued)

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were $77,288, $23,657, and $23,699, respectively; 75 percent has been contributed for fiscal year 2011 and 100 percent has been contributed for fiscal years 2010 and 2009. Contributions to the DCP and CP for fiscal year 2011 were $77,288 made by the Academy and $59,452 made by the plan members.

Note 8 - Postemployment Benefits

School Employees' Retirement System

Plan Description - The Academy participates in two cost-sharing, multiple-employer defined benefit OPEB plans administered by the School Employees' Retirement System for noncertificated retirees and their beneficiaries, a healthcare plan, and a Medicare Part B plan. The healthcare plan includes hospitalization and physicians' fees through several types of plans including HMOs, PPOs, and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the system based on authority granted by state statute. The financial reports of 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.

Funding Policy - State statute permits SERS to fund the healthcare benefits through employer contributions. Each fiscal 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 401(h). For 2011, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was $181.

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

The Academy's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $1,101, $280, and $2,086, respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

Note 8 - Postemployment Benefits (Continued)

The retirement board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2011, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were $1,820, $463, and $376, respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

State Teachers Retirement System

Plan Description - The Academy contributes to the cost-sharing, multiple-employer defined benefit health plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. 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 gives the retirement board authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. Active employee members do not contribute to the plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were $5,945, $1,820, and $1,823, respectively; 100 percent has been contributed for fiscal years 2011, 2010, and 2009.

Note 9 - Contingencies

Grants - The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2011.

Note 10 - Purchased Service Expenses

For the year ended June 30, 2011, purchased service expenses were payments for services rendered by various vendors as follows:

Repairs and maintenance	$	17,999
Legal		60
Insurance		18,905
Advertising		10,768
Ohio Council of Community Schools		59,223
The Leona Group, LLC (Note 12)		438,704
Cleaning services		6,713
Other rentals and leases		4,893
Utility		44,198
Dues and fees		43,660
Other professional services		321,558
Building lease agreements		120,000
Total purchased services	$	1,086,681

Note 11 - Operating Leases

The Academy entered into a lease for the period from July 1, 2010 through June 30, 2011 with Hess Family, Ltd. Payments made under the lease totaled $108,522 for the fiscal year.

On July 1, 2011, the Academy assumed the lease agreement of Paul Laurence Dunbar Academy. The lease period is from July 1, 2011 through July 6, 2013, with renewal options, for use of the main building, gymnasium, and grounds as a school facility.

The following is a schedule of the future minimum payments required under the operating lease as of June 30, 2011:

Fiscal Years Ending June 30		Amount
2012	$	120,000
2013		120,000
Total minimum lease payments	$	240,000

Note 12 - Management Agreement

The Academy entered into a contract, effective July 1, 2008 through June 30, 2012, with The Leona Group, LLC (TLG) for educational management services for all of the management, operation, administration, and education at the Academy. In exchange for its services, TLG receives a capitation fee of 12 percent of revenue and a year-end fee of 50 percent of the audited financial statement excess of revenue over expenses, if any. The Academy incurred a management fee totaling $438,704 for the year ended June 30, 2011. At June 30, 2011, contracts payable includes approximately $153,000 for reimbursement of subcontracted employees and other operating costs and $282,936 for management fees. Terms of the contracts require TLG to provide the following:

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

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

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

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

Note 12 - Management Agreement (Continued)

For the year ended June 30, 2011, The Leona Group, LLC incurred the following expenses on behalf of the Academy:

Direct expenses:	
Salaries	$ 994,141
Fringe benefits	345,675
Professional and technical services	353,055
Other direct costs	28,562
Total expenses	$ 1,721,433

Note 13 - Related Party Transactions

Pupil transportation services are provided by Wildwood Environmental Academy, a community school operated under a shared board with the Academy. During the year ended June 30, 2011, the Academy paid Wildwood Environmental Academy $72,838 for transportation services.

Note 14 - State Aid Note

During the fiscal year, the Academy borrowed $450,000 in a state aid note. The note bore interest at a floating annual interest rate equal to the prime rate, adjusted monthly. The effective rate was 3.25 percent at June 30, 2011 and the note was paid in full on June 30, 2011.

Note 15 - Management Plans

The Academy's student enrollment for the 2009-2010 school year was substantially below the level necessary for the Academy to function financially without financial assistance from the management company, causing a deficit in net assets.

The Academy has increased enrollment dramatically for the 2010-2011 school year and should not require assistance from the management company. The Academy has substantially reduced the net deficit and has stable enrollment at the increased level for the 2011-2012 school year.

Note 16 - Upcoming Accounting Pronouncements

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, was issued by the GASB in June 2011 and will be effective for the Academy's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet.

Northpointe Academy

Federal Awards
Supplemental Information
June 30, 2011

Northpointe Academy

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

We have audited the basic financial statements of Northpointe Academy (the "Academy") as of and for the year ended June 30, 2011 and have issued our report thereon dated December 6, 2011. Those basic financial statements are the responsibility of the management of Northpointe Academy. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Northpointe Academy taken as a whole. The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The information in these schedules has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Plante & Moran, PLLC

December 6, 2011

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

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

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

We have audited the financial statements of Northpointe Academy as of and for the year ended June 30, 2011 and have issued our report thereon dated December 6, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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 to be material weaknesses, as defined above.

To the Board of Directors
Northpointe Academy

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the board of directors, others within the Academy, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 6, 2011

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

Compliance

We have audited the compliance of Northpointe Academy with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The major federal programs of Northpointe Academy are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northpointe Academy's management. Our responsibility is to express an opinion on Northpointe Academy'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 contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northpointe Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Northpointe Academy's compliance with those requirements.

As described in Finding 2011-01 in the accompanying schedule of findings and questioned costs, Northpointe Academy did not comply with requirements regarding the highly qualified status of employees charged to the grant that are applicable to its Title I, Part A cluster. Compliance with such requirements is necessary, in our opinion, for Northpointe Academy to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Northpointe Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

To the Board of Directors
Northpointe Academy

Internal Control Over Compliance

The management of Northpointe Academy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northpointe Academy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2011-01 to be a material weakness.

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

This report is intended solely for the information and use of management, the board of directors, others within the Academy, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

December 6, 2011

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2010	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters:						
Child Nutrition Cluster - U.S. Department of Agriculture -						
Passed through the Ohio Department of Education:						
National School Breakfast Program	10.553	$ 42,145	$ 461	$ 36,270	$ 42,145	$ 6,336
National School Lunch Program	10.555	120,748	1,630	106,114	120,748	16,264
Total Child Nutrition Cluster		162,893	2,091	142,384	162,893	22,600
Special Education Cluster - U.S. Department of Education -						
Passed through the Ohio Department of Education -						
Special Education - Grants to States (IDEA, Part B):						
ARRA - IDEA, Part B	84.391	22,640	2,115	2,115	-	-
IDEA, Part B:	84.027					
2009-10		20,748	2,075	2,075	-	-
2010-11		22,955	-	22,955	22,955	-
Total Special Education Cluster		66,343	4,190	27,145	22,955	-
Title I, Part A Cluster - U.S. Department of Education -						
Passed through the Ohio Department of Education:						
Title I, Part A:	84.010					
2009-10		81,688	23,679	33,002	9,323	-
2010-11		291,654	-	205,782	266,198	60,416
ARRA - Title I Grants to Educational Agencies - Recovery Act:	84.389					
2009-10		37,494	11,013	11,013	-	-
2010-11		7,608	-	7,608	7,608	-
Total Title I, Part A Cluster		418,444	34,692	257,405	283,129	60,416

See Note to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2010	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Clusters (Continued):						
Education Technology State Grants Cluster -						
U.S. Department of Education - Passed through the Ohio Department of Education - Education Technology State Grants (Enhancing Education through Technology Program):	84.318					
2009-10		$ 741	$ -	$ 122	$ 122	$ -
2010-11		1,337	-	1,337	1,337	-
Total Education Technology State Grants Cluster		2,078	-	1,459	1,459	-
State Fiscal Stablization Fund Cluster - U.S. Department of Education - Passed through the Ohio Department of Education - ARRA - State Fiscal Stabilization Fund (SFSF) - Education Grants - Recovery Act (Education Stablization Fund)	84.394	163,750	-	163,750	163,750	-
Total clusters		813,508	40,973	592,143	634,186	83,016
Other federal awards:						
U.S. Department of Education:						
Direct Programs - Safe and Drug-Free Schools and Communities - Award number - Q184B070383	84.184B	63,664	-	26,790	26,790	-

See Note to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2011

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2010	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2011
Other federal awards (Continued):						
U.S. Department of Education (Continued):						
Passed through the Ohio Department of Education:						
Improving Teacher Quality:	84.367					
2009-10		$ 3,190	$ 1,172	$ 1,172	$ -	$ -
2010-11		10,770	-	8,564	10,770	2,206
ARRA - Race-to-the-Top Incentive Grants - Recovery Act	84.395	26,380	-	291	916	625
Charter School Grant	84.282	150,000	31,598	89,485	57,887	-
Total noncluster programs passed through the Ohio Department of Education		190,340	32,770	99,512	69,573	2,831
Total federal awards		**$ 1,067,512**	**$ 73,743**	**$ 718,445**	**$ 730,549**	**$ 85,847**

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

Revenue from federal sources - As reported on financial statements	$	730,437
Add federal revenue received in prior years but returned to federal government in current year		112
Federal expenditures per the schedule of expenditures of federal awards	**$**	**730,549**

Note - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northpointe Academy, formerly Great Lakes Environmental Academy, under programs of the federal government for the year ended June 30, 2011. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Qualified for Title I, Part A Cluster; Unqualified for ARRA - State Fiscal Stabilization Fund Cluster

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
	Title I, Part A Cluster:
84.010	Title I, Part A
84.389	ARRA - Title I Grants to Educational Agencies
84.394	ARRA - State Fiscal Stabilization Fund (SFSF) Cluster- Education Grants, Recovery Act (Education Stabilization Fund)

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

Auditee qualified as low-risk auditee? ______ Yes __X__ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

Reference Number	Finding
2011-01	**Program Name** - CFDA # 84.010 - Title I, CFDA# 84.389 - ARRA - Title I Grants to Educational Agencies **Pass-through Entity** - Ohio Department of Education **Finding Type** - Material weakness and material noncompliance with laws and regulations **Criteria** - The Academy is required to ensure that each paraprofessional who is hired by the Academy and who works in a program supported with Title I, Part A funds meets specific qualification requirements as required by 34 CFR Section 200.58. **Condition** - The Academy employed two paraprofessionals that were charged to the Title I program that were not considered highly qualified during the year. **Questioned Costs** - $29,498 **Context** - The Academy hired two individuals that were not considered highly qualified and those individuals were charged to the Title I progam. During the year, the Academy discovered that they were not highly qualified and the employees resigned; however, they were charged to the Title I grant during the school year. **Cause and Effect** - The employees in question were not highly qualified; therefore, there were unallowable expenditures charged to the Title I program. **Recommendation** - The Academy should implement a policy to ensure that only highly qualified individuals are hired to perform duties that are funded by Title I grant monies.

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding
2011-01 (Con't.)	**Views of Responsible Officials and Planned Corrective Actions** - Leona Group and Northpointe Academy already have a written hiring procedure which does include the requirement for all employees to have a background check (both federal and state) and all compliance documentation completed prior to hire. Employment offers do specify that the offer is contingent upon adequate documentation of "highly qualified" status. In one case, the employee's long-term substitute teacher license expired on June 30, 2010. It would be normal procedure at The Leona Group to contact school personnel to obtain updated documentation, but this procedure was not followed. This individual resigned on February 9, 2011 and is no longer employed at the Academy. In the other case, the individual indicated on the hiring paperwork that a master's degree was received, although documentation was not provided to verify such. The school's office staff was notified in April 2011 and August 2011 that the HQ documentation was still outstanding and needed to be completed. The individual was informed during the process of contracting for the 2011-2012 school year that an offer would not be received until the required documentation was provided; no contract/offer was extended and the individual resigned on September 9, 2011.

plante moran

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Independent Accountant's Report on Applying Agreed-upon Procedures

To the Board of Directors
Northpointe Academy
Lucas County
3248 Warsaw St.
Toledo, OH 43608

Dear Board Members:

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

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

1. We noted that the board amended its anti-harassment policy at its meeting on March 25, 2010 to include violence within a dating relationship within its definition of harassment, intimidation, or bullying.

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

Plante & Moran, PLLC

February 6, 2012

Dave Yost • Auditor of State

NORTHPOINTE ACADEMY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 5, 2012

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us