Eagle Academy
Lucas County

Financial Report

June 30, 2012

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

We have reviewed the *Independent Auditor's Report* of the Eagle Academy, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

February 28, 2013

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Eagle Academy

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Independent Auditor's Report

To the Board of Directors
Eagle Academy

We have audited the accompanying basic financial statements of Eagle Academy (the "Academy") as of and for the year ended June 30, 2012, 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, 2012 and the respective 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.

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

To the Board of Directors
Eagle Academy

In accordance with *Government Auditing Standards,* we have also issued our report under separate cover dated December 12, 2012 on our consideration of the Academy's internal control over financial reporting and 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 opinions on 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 read in conjunction with this report in considering the results of our audit.

Plante & Moran, PLLC

December 12, 2012

The management's discussion and analysis of Eagle Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2012. 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 assets increased $57,929, which represents a 20 percent increase in the net assets from 2011.
- Total assets increased $286,875, which represents a 45 percent increase from 2011. This was due primarily to significant capital asset additions in 2012.
- Liabilities increased $228,946, which represents a 67 percent increase from 2011. This increase was due to an increase in trade accounts payable and a new capital lease payable.

Using this Financial Report

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

Statement of Net Assets

The statement of net assets answers the question "How did we do financially during 2012?" 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 assets for fiscal years 2012 and 2011:

Table 1	Governmental Activities	
	June 30, 2012	June 30, 2011
Assets		
Current assets	$ 621,532	$ 527,305
Capital assets - Net	279,312	90,264
Noncurrent assets	17,200	13,600
Total assets	918,044	631,169
Liabilities		
Current liabilities	467,473	325,051
Noncurrent liabilities	101,658	15,134
Total liabilities	569,131	340,185
Net Assets		
Invested in capital assets - Net of related debt	209,392	90,264
Unrestricted	139,521	200,720
Total net assets	**$ 348,913**	**$ 290,984**

Total assets increased $286,875. This was due primarily to an increase in net capital assets. Net capital assets increased by $189,048.

Table 2 shows the changes in net assets for fiscal years 2012 and 2011, as well as a listing of revenue and expenses.

Table 2	Governmental Activities	
	Year Ended	
	2012	2011
Operating Revenue		
Foundation payments	$ 2,981,463	$ 1,758,848
Poverty-based assistance	457,427	359,048
Federal grants - Unrestricted	122,212	180,380
Other	19,799	21,952
Nonoperating Revenue		
Federal grants	720,782	631,918
State grants	112,934	8,314
Total revenue	4,414,617	2,960,460
Operating Expenses		
Salaries	1,676,095	1,115,725
Fringe benefits	614,786	450,265
Purchased services	1,799,670	1,116,566
Materials and supplies	152,659	106,590
Depreciation (unallocated)	93,380	38,470
Other expenses	15,104	18,152
Nonoperating Expenses - Interest	4,994	-
Total expenses	4,356,688	2,845,768
Increase in Net Assets	**$ 57,929**	**$ 114,692**

Net assets increased $57,929. There was an increase in revenue of $1,454,157 and an increase in expenses of $1,510,920 from 2011. Of the increase in revenue, state foundation payments increased by $1,222,615. Community schools receive no support from tax revenue. The expense for salaries and benefits increased $724,891. Purchased services increased $683,104. Materials and supplies expense increased $46,069 from 2011.

Capital Assets

At the end of fiscal year 2012, the Academy had $279,312 invested in furniture, fixtures, and equipment (net of depreciation), which represents an increase of $189,048 from 2011. Table 3 shows capital assets (net of depreciation) for fiscal years 2012 and 2011:

Table 3

	June 30, 2012	June 30, 2011
Furniture, fixtures, and equipment	**$ 279,312**	**$ 90,264**

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

Current Financial Issues and Economic Factors

Eagle Academy was formed in 2001 under a contract with the Ohio Council of Community Schools. During the 2011-2012 school year, there were 450 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments (including poverty-based assistance) for fiscal year 2012 totaled $3,438,890.

The state foundation revenue is determined based on the student count and the foundation allowance per pupil. Approximately 78 percent of revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Since the Academy's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue. The impact on the Academy of the State's projected revenue is not known.

Contacting the Academy's Financial Management

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

Eagle Academy

Statement of Net Assets
June 30, 2012

Assets	
Current assets:	
Cash (Note 3)	$ 431,976
Intergovernmental receivable (Note 4)	148,562
Prepaid expenses	40,994
Total current assets	621,532
Noncurrent assets:	
Depreciable capital assets - Net (Note 5)	279,312
Other assets (Note 12)	17,200
Total noncurrent assets	296,512
Total assets	918,044
Liabilities	
Current liabilities:	
Accounts payable	106,955
Contracts payable (Note 13)	334,257
Intergovernmental payable	26,261
Total current liabilities	467,473
Noncurrent liabilities:	
Accrued rent (Note 12)	31,738
Capital lease payable (Note 6)	69,920
Total noncurrent liabilities	101,658
Total liabilities	569,131
Net Assets	
Invested in capital assets - Net of related debt	209,392
Unrestricted	139,521
Total net assets	**$ 348,913**

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

Eagle Academy

Statement of Revenue, Expenses, and Changes in Net Assets
Year Ended June 30, 2012

Operating Revenue	
Foundation payments	$ 2,981,463
Poverty-based assistance	457,427
Federal grants - Unrestricted	122,212
Other revenue	19,799
Total operating revenue	3,580,901
Operating Expenses	
Salaries	1,676,095
Fringe benefits	614,786
Purchased services (Note 11)	1,799,670
Materials and supplies	152,659
Depreciation (Note 5)	93,380
Other	15,104
Total operating expenses	4,351,694
Operating Loss	(770,793)
Nonoperating Revenue (Expense)	
Federal grants	720,782
State grants	112,934
Interest	(4,994)
Total nonoperating revenue	828,722
Change in Net Assets	57,929
Net Assets - Beginning of year	290,984
Net Assets - End of year	**$ 348,913**

Eagle Academy

Statement of Cash Flows
Year Ended June 30, 2012

Cash Flows from Operating Activities	
Received from foundation payments	$ 3,007,724
Received from poverty-based assistance	457,427
Received from federal grants	97,114
Received from other operating revenue	29,031
Payments to suppliers for goods and services	(1,949,684)
Payments to employees for services	(1,603,697)
Payments for employee benefits	(614,786)
Net cash used in operating activities	(576,871)
Cash Flows from Noncapital Financing Activities	
Payments on capital lease payable	(17,038)
Interest payments	(4,994)
Payments of rent	16,604
Federal grants received	695,232
State grants received	112,934
Net cash provided by noncapital financing activities	802,738
Cash Flows from Investing Activities - Purchase of property and equipment	(195,470)
Net Increase in Cash	30,397
Cash - Beginning of year	401,579
Cash - End of year	**$ 431,976**

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

Statement of Cash Flows (Continued)
Year Ended June 30, 2012

Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(770,793)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation		93,380
Changes in assets and liabilities:		
Increase in prepaid expenses		(22,414)
Increase in intergovernmental receivables		(25,098)
Decrease in receivables		9,232
Increase in noncurrent assets		(3,600)
Increase in accounts payable		57,516
Increase in intergovernmental payable		26,261
Increase in contracts payable		58,645
Total adjustments		193,922
Net cash used in operating activities	**$**	**(576,871)**

Note 1 - Description of the Academy and Reporting Entity

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

On August 20, 2001, 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, 2006, which was subsequently extended 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, 2012 were approximately $107,000. Subsequent to year end, the Academy entered into a contract with Buckeye Community Hope Foundation to sponsor the Academy for a three-year contract beginning July 1, 2012 and ending June 30, 2015.

The Academy operates under the direction of a five-member board of directors, which is also the governing board for one other The Leona Group, LLC-managed school. The board of directors is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by eight certified full-time teaching personnel who provide services to 450 students.

The governing board has entered into a management contract with The Leona Group, LLC (TLG), a for-profit limited liability corporation, for management services and operation of the Academy. TLG operates the Academy's instructional/support facility, is the employer of record for all personnel, and supervises and implements the curriculum. In exchange for its services, TLG receives a capitation fee and year-end fee (see Note 13).

Note 2 - Summary of Significant Accounting Policies

The financial statements of Eagle Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 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 whereby the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or whereby it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Enterprise Fund reporting focuses on the determination of the change in net assets, 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 assets. The statement of revenue, expenses, and changes in net assets 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 - Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting.

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Expenses are recognized at the time they are incurred.

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

Accounts Receivable - Receivables at June 30, 2012 consisted of intergovernmental receivables and immaterial miscellaneous receivables. All receivables are considered collectible in full and will be received within one year.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond June 30, 2012 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which services are consumed.

Capital Assets - Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of $1,000 for furniture, equipment, land, and leasehold improvements, or any one item costing under $1,000 alone but purchased in a group for over $2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are charged to expense when incurred.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

Furniture, fixtures, and equipment	3-7 years

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

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

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

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

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

Note 3 - Deposits

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

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

Note 3 - Deposits (Continued)

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk are used for the Academy's deposits. At year end, the Academy's deposit balance of $512,434 was fully insured and collateralized. The Academy believes that due to the dollar amounts of cash deposits and limits of FDIC insurance, it is sometimes impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Note 4 - Intergovernmental Receivables

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

Title I	$ 68,514
Title II - A	3,004
Title II - D	800
IDEA	14,072
EdJobs	25,098
Race to the Top	4,156
Child Nutrition	28,948
Fruit and Vegetable Grant	2,077
Other	1,893
Total intergovernmental receivables	$ 148,562

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
Business-type activity - Capital assets being depreciated - Furniture, fixtures, and equipment	$ 231,997	$ 282,428	$ (3,862)	$ 510,563
Less accumulated depreciation	141,733	93,380	(3,862)	231,251
Total capital assets being depreciated - Net	$ 90,264	$ 189,048	$ -	$ 279,312

Note 6 - Capital Lease

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

2013	$ 33,048
2014	33,048
2015	11,016
Total minimum lease payments	77,111
Less amount representing interest	7,191
Present value of minimum lease payments	$ 69,920

Note 7 - Risk Management

Property and Liability - The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the Academy contracted with Indiana Insurance for general liability, property insurance, and school leader errors and omissions insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. Coverages are as follows:

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

Note 7 - Risk Management (Continued)

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

Note 8 - Defined Benefit Pension Plans

School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS's retirement board. The retirement board, acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For the fiscal year ended June 30, 2012, the allocation to pension and death benefits is 12.7 percent. The remaining 1.3 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were $51,283, $35,801, and $23,228, respectively; 100 percent was contributed for fiscal year 2012, 84 percent was contributed for fiscal year 2011, and 100 percent was contributed for fiscal year 2010.

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.

Note 8 - Defined Benefit Pension Plans (Continued)

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 - Chapter 2207 of the Ohio Revised Code provides statutory authority for member and employer contributions. 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. For the fiscal year ended June 30, 2012, 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.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were $156,084, $97,339, and $80,717, respectively; 66 percent has been contributed for fiscal year 2012, 90 percent for fiscal year 2011, and 39 percent for fiscal year 2010. Contributions to the DCP and CP for fiscal year 2012 were $168,090 made by the Academy and $120,065 made by the plan members.

Note 9 - Postemployment Benefits

School Employees' Retirement System

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

Funding Policy - State statute permits SERS to fund the healthcare benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the retirement board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2012, 0.55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For the 2012 fiscal year, the surcharge was $4,583.

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, 2012, 2011, and 2010 were $2,221, $4,335, and $836, respectively; 100 percent was contributed for fiscal year 2012, 84 percent was contributed for fiscal year 2011, and 100 percent was contributed for fiscal year 2010.

The retirement board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were $3,029, $2,304, and $1,381, respectively; 100 percent has been contributed for fiscal year 2012, 84 percent has been contributed for fiscal year 2011, and 100 percent has been contributed for fiscal year 2010.

Note 9 - Postemployment Benefits (Continued)

State Teachers Retirement System

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

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the plan and gives the retirement board authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. Active employee members do not contribute to the plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2012, 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, 2012, 2011, and 2010 were $12,006, $7,488, and $6,209, respectively; 66 percent has been contributed for fiscal year 2012, 90 percent for fiscal year 2011, and 39 percent for fiscal year 2010.

Note 10 - Contingencies

Grants - The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2012.

Note 11 - Purchased Service Expenses

For the year ended June 30, 2012, purchased service expenses were payments for services rendered by various vendors, as follows:

Repairs and maintenance	$ 17,060
Legal	25,347
Insurance	21,138
Advertising	16,126
Dues and fees	21,468
Ohio Council of Community Schools	107,139
The Leona Group, LLC (Note 13)	571,941
Cleaning services	7,227
Utility	59,706
Other professional services	628,150
Other rentals and leases	14,364
Building lease agreements (Note 12)	310,004
Total purchased services	$ 1,799,670

Note 12 - Operating Leases

In May 2010, the Academy entered into a lease agreement with Toledo St. Stephen Parish for a school facility with minimum required rental payments of $11,000 per month over the period from July 1, 2010 through June 30, 2012 and $10,500 per month over the period from July 1, 2012 through June 30, 2015. Cash payments under the lease agreement totaled $132,000; however, the Academy recognized straight-line rent expense in connection with the lease of $128,400 for the fiscal year ended June 30, 2012. In addition, the statement of net assets includes noncurrent other assets of $7,200, which represents the cumulative difference between straight-line expense and the expense based on the contract to date payments.

In May 2011, the Academy entered into a lease agreement with Toledo St. Thomas Aquinas Parish for an additional school facility, rectory, gymnasium, and parking lot, with minimum required rental payments of $15,000 per month over the period from August 1, 2011 through July 31, 2016. The minimum annual rental payments are subject to an annual increase of 2 percent following June 30 of each year of the lease term. Cash payments under the lease agreement totaled $165,000; however, the Academy recognized straight-line rent expense in connection with the lease of $181,604 for the fiscal year ended June 30, 2012. In addition, the statement of net assets includes noncurrent other liabilities of $31,738, which represents the cumulative difference between straight-line expense and the expense based on the contract to date payments.

Note 12 - Operating Leases (Continued)

The following is a schedule of the future minimum payments required under the facility operating leases as of June 30, 2012:

Fiscal Years Ending June 30	Amount
2013	$ 309,600
2014	313,272
2015	317,017
2016	194,838
2017	16,561
Total minimum lease payments	$ 1,151,288

Note 13 - Management Agreement

The Academy entered into a five-year contract, effective from August 21, 2001 through August 20, 2006, with annual renewal options, with The Leona Group, LLC for educational management services for all of the management, operation, administration, and education at the Academy. The Academy entered into a second five-year contract effective from July 1, 2006 through June 30, 2012, which automatically renewed for an additional three-year term through June 30, 2015. In exchange for its services, TLG receives a capitation fee of 12 percent of the per-pupil expenditures and a year-end fee of 50 percent of the audited financial statement excess of revenue over expenses, if any. The Academy incurred management fees totaling $571,941 for the year ended June 30, 2012. At June 30, 2012, contracts payable include approximately $70,000 for the payment of management fees and approximately $264,000 for reimbursement of subcontracted employees and other operating costs.

Terms of the contracts require TLG to provide the following:

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

Note 13 - Management Agreement (Continued)

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

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

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

For the year ended June 30, 2012, The Leona Group, LLC incurred the following expenses on behalf of the Academy:

Direct expenses:	
Salaries	$ 1,676,095
Fringe benefits	614,786
Professional and technical services	568,342
Other direct costs	26,046
Total expenses	$ 2,885,269

Note 14 - 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.

Note 14 - Upcoming Accounting Pronouncements (Continued)

In March 2012, the GASB issued GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, which is required to be implemented for financial statements for periods beginning after December 15, 2012. Statement No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources. Statement No. 65 will be implemented for the Academy as of June 30, 2014.

Eagle Academy

Federal Awards
Supplemental Information
June 30, 2012

Contents

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Independent Auditor's Report

To the Board of Directors
Eagle Academy

We have audited the basic financial statements of Eagle Academy (the "Academy") as of and for the year ended June 30, 2012 and have issued our report thereon dated December 12, 2012, which contained an unqualified opinion on those financial statements. Those basic financial statements are the responsibility of the management of Eagle Academy. Our responsibility is to express an opinion on these basic financial statements based on our audit. We have not performed any procedures with respect to the audited basic financial statements subsequent to December 12, 2012.

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 Eagle Academy taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

December 12, 2012

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

Independent Auditor's Report

To the Board of Directors
Eagle Academy

We have audited the financial statements of Eagle Academy (the "Academy") as of and for the year ended June 30, 2012 and have issued our report thereon dated December 12, 2012. 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

The management of Eagle Academy is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered Eagle 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 Academy'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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2012-01, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Eagle Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Eagle 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*.

Eagle 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 Eagle 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 12, 2012

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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
Eagle Academy

Compliance

We have audited the compliance of Eagle Academy (the "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, 2012. The major federal programs of Eagle 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 Eagle Academy's management. Our responsibility is to express an opinion on Eagle 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 Eagle Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Eagle Academy's compliance with those requirements.

In our opinion, Eagle 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, 2012.

To the Board of Directors
Eagle Academy

Internal Control Over Compliance

The management of Eagle 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 Eagle 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.

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.

Our consideration of internal control over compliance 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 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.

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 12, 2012

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2011	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2012
Clusters:						
Child Nutrition Cluster - U.S. Department of Agriculture -						
Passed through the Ohio Department of Education -						
Cash assistance:						
National School Breakfast Program	10.553	$ 61,776	$ 4,581	$ 58,378	$ 61,776	$ 7,979
National School Lunch Program	10.555	175,749	15,519	170,298	175,749	20,970
Total Child Nutrition Cluster		237,525	20,100	228,676	237,525	28,949
Special Education Cluster - U.S. Department of Education -						
Passed through the Ohio Department of Education - IDEA -						
IDEA, Part B	84.027	61,852	-	52,835	66,907	14,072
Title I, Part A Cluster - U.S. Department of Education -						
Passed through the Ohio Department of Education:						
Title I, Part A	84.010	404,777	52,877	346,537	362,174	68,514
ARRA -Title I	84.389	76,214	6,402	12,222	5,820	-
Total Title I, Part A Cluster		480,991	59,279	358,759	367,994	68,514
Education Technology State Grants Cluster -						
U.S. Department of Education -						
Passed through the Ohio Department of Education -						
Education Technology State Grants (Enhancing						
Education through Technology Program)	84.318	2,484	-	408	1,208	800
Total clusters		782,852	79,379	640,678	673,634	112,335

See Note to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2011	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2012
Other federal awards:						
U.S. Department of Education - Passed through the Ohio Department of Education:						
Improving Teacher Quality	84.367	$ 12,016	$ 1,520	$ 8,765	$ 10,248	$ 3,003
Education Jobs Fund	84.410	132,073	-	97,114	122,212	25,098
ARRA - Race to the Top	84.395	120,763	15,042	33,892	23,006	4,156
U.S. Department of Agriculture - Passed through the Ohio Department of Education - Fresh Fruit and Vegetable Program	10.582	-	1,972	13,789	13,894	2,077
Total noncluster programs passed through the Ohio Department of Education		264,852	18,534	153,560	169,360	34,334
Total federal awards		**$1,047,704**	**$ 97,913**	**$ 794,238**	**$ 842,994**	**$ 146,669**

See Note to Schedule of Expenditures of Federal Awards.

Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Eagle Academy under programs of the federal government for the year ended June 30, 2012. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: 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?	X	Yes	______	None reported
Noncompliance material to financial statements noted?	______	Yes	X	No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______	Yes	X	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: Unqualified

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

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010, 84.389	Title I Cluster
84.410	Education Jobs 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

Reference Number	Finding
2012-01	**Finding Type** - Significant deficiency

Criteria - The Academy is required to record revenue on the financial statements when it is earned.

Condition - The Academy expended Title I, Part A grant funds during the year, but did not record revenue and the related accounts receivable for the amount expended and earned as of June 30, 2012.

Context - To properly record Title I revenue and the related receivable, an audit journal entry was proposed and recorded to increase Title I, Part A grant receivable and revenue by $6,686.

Cause - The Academy did not properly review the federal award expenditures at year end to ensure proper revenue recognition.

Effect - Prior to the adjustment being recorded, revenue and accounts receivable were understated by $6,686.

Recommendation - The Academy should review qualifying grant expenditures in comparison to available federal funding in order to properly record grant revenue in the proper period.

Views of Responsible Officials and Planned Corrective Actions - The Academy is always desirous of recording available revenues properly, but there are occasions where the proper review may have been neglected. The Academy will review all qualifying grant expenditures in comparison to available federal funding at year end to ensure that revenue is recorded properly and in the appropriate period.

Section III - Federal Program Audit Findings

None

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2011-01	N/A	The Academy entered into the Toledo St. Thomas Aquinas Parish lease in May 2011, but did not record any lease expense or liability for rent unpaid under the straight-line lease expense method of accounting. There were no scheduled lease payments for the first two months of the lease.	The Academy is recording rent expenditures under the straight-line lease expense method, ensuring that rent expense is properly recorded. Finding has been fully corrected.	The Academy will review all new lease agreements at year end to ensure that liabilities and expenses are recorded properly and in the appropriate period.

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EAGLE ACADEMY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 12, 2013

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