IMANI LEARNING ACADEMY
LUCAS COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2008

IMANI LEARNING ACADEMY
LUCAS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Imani Learning Academy
Lucas County
728 Parkside Blvd.
Toledo, Ohio 43607-3858

To the Governing Board:

We have audited the accompanying basic financial statements of the Imani Learning Academy, Lucas County (the Academy), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Imani Learning Academy, as of June 30, 2008, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2009, 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 and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 7, 2009

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED**

The discussion and analysis of the Imani Learning Academy's (the Academy) financial performance provides an overall view of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- Total Assets were $556,016.
- Total Liabilities were $258,517.
- Total Change in Net Assets was $202,200.

Using this Annual Financial Report

This report consists of three parts, the Management's Discussion and Analysis (MD&A), the basic financial statements, and notes to those statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

Reporting the Academy as a Whole

One of the most important questions asked about the Academy is, "As a whole, what is the Academy's financial condition as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities, which appear first in the Academy's financial statements, report information on the Academy as a whole and its activities in a way that helps you answer this question. We prepare these statements to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Academy's net assets – the difference between assets and liabilities, as reported in the statement of net assets – as one way to measure the Academy's financial health or financial position. Over time, increases or decreases in the Academy's net assets – as reported in the Statement of Net Assets – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Academy's operating results. However, the Academy's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the education provided and the safety of the school, to assess the overall health of the Academy.

The Statement of Net Assets and the Statement of Activities report the activities for the Academy, which encompass all of the Academy's services, including instruction, support services, and community services. Unrestricted state aid and state and federal grants finance most of these activities.

Table 1 provides a summary of the Academy's net assets for fiscal year 2008 compared to fiscal year 2007:

Table 1
Net Assets

	2008	2007
Assets		
Current Assets	$566,016	$279,719
Total Assets	566,016	279,719
Liabilities		
Current Liabilities	258,527	174,420
Total Liabilities	258,517	174,420
Net Assets		
Restricted for Grants	58,587	1,056
Unrestricted	248,912	104,243
Total Net Assets	$307,499	$105,299

The Academy's total assets increased $286,297, which represents a 102 percent increase from 2007. The increase was due to an increase in grant revenue. Cash and cash equivalents increased by $146,687, and intergovernmental receivables increased by $125,942, which was the result of Federal grant monies not being received during the fiscal year. Total liabilities increased $84,097 due to unpaid sponsor fees and overpayment of foundation revenue. The Academy's Net Assets increased by $202,200, which represents an increase of 192 percent from 2007.

Table 2 shows the changes in net assets for fiscal year 2008 and fiscal year 2007, as well as a listing of revenues and expenses.

Table 2
Change in Net Assets

	2008	2007
Revenues:		
Operating Revenues:		
Foundation Payments	$861,674	$801,799
Special Education	32,403	62,028
Food Services	5,213	5,112
Classroom Fees	3,751	4,634
Extracurricular Activities	4,165	
Other Operating Revenues	438	521
Non-Operating Revenues:		
Operating Grants – Federal	221,140	114,887
Operating Grants – State	11,687	6,805
Interest	3,364	4,997
Total Revenues	1,143,835	1,000,783

(Continued)

Table 2
Change in Net Assets
(Continued)

	2008	2007
Expenses:		
Operating Expenses:		
Salaries	515,558	562,311
Fringe Benefits	158,709	160,945
Purchased Services	180,573	175,692
Materials and Supplies	56,806	52,425
Capital Outlay	5,783	1,639
Other Expenses	24,206	25,338
Total Expenses	941,635	978,350
Increase in Net Assets	$202,200	$ 22,433

There was an increase in revenues of $143,052 from fiscal year 2007, which was primarily the result of an increase in grant revenue and foundation payments. Expenses decreased $36,715 from fiscal year 2007. The Academy also experienced decreases in both salaries and fringe benefits totaling $48,989. Community schools receive no support from tax levies.

Capital Assets

The Academy's asset capitalization minimum is $5,000. The Academy had no assets above the capitalization threshold.

Current Financial Issues

The Academy was formed beginning July 1, 2005, and is sponsored by Toledo Public Schools. It has grades kindergarten through eighth. The Academy was turned into a community school by petitioning the Ohio Department of Education for a charter. Through the efforts of many individuals, the charter was issued. The Academy officially opened on September 1, 2005.

During the 2007-2008 school year, there were approximately 142 students enrolled in the Academy. Per pupil base formula amount for fiscal year 2008 amounted to $5,565 per student. The Academy's educational facilities are leased from Saint Hyacinth Parish. The Academy receives most of its finances from state aide.

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 money it receives. If you have questions about this report or need additional information contact Mr. Dennis Butler, Treasurer of Imani Learning Academy, 728 Parkside Boulevard, Toledo, Ohio 43607.

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IMANI LEARNING ACADEMY
LUCAS COUNTY

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2008

Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	$404,349
Intergovernmental Receivables	140,198
Prepaid Items	21,469
Total Current Assets	566,016
Liabilities:	
Current Liabilities:	
Accounts Payable	15,503
Accounts Payable to Toledo Public Schools	127,739
Accrued Wages and Benefits	70,911
Due to Students	957
Intergovernmental Payable	43,407
Total Current Liabilities	258,517
Net Assets:	
Restricted	58,587
Unrestricted	248,912
Total Net Assets	$307,499

See accompanying notes to the basic financial statements.

IMANI LEARNING ACADEMY
LUCAS COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating Revenues:	
Foundation Payments	$861,674
Special Education	32,403
Classroom Fees	3,751
Food Service	5,213
Extracurricular Activities	4,165
Other Operating Revenue	438
Total Operating Revenues	907,644
Operating Expenses:	
Salaries	515,558
Fringe Benefits	158,709
Purchased Services	180,573
Materials and Supplies	56,806
Capital Outlay	5,783
Other Operating Expenses	24,206
Total Operating Expenses	941,635
Operating Loss	(33,991)
Non-Operating Revenues:	
Operating Grants - Federal	221,140
Operating Grants - State	11,687
Interest	3,364
Total Non-Operating Revenues and Expenses	236,191
Change in Net Assets	202,200
Net Assets Beginning of Year	105,299
Net Assets End of Year	$307,499

See accompanying notes to the basic financial statements.

IMANI LEARNING ACADEMY
LUCAS COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from State of Ohio	$931,817
Cash Received from Classroom Fees	3,198
Cash Received from Food Services	5,213
Cash Received from Extracurricular Activities	4,165
Cash Received from Other Operating Sources	546
Cash Payments to Suppliers for Goods and Services	(211,831)
Cash Payments to Employees for Services	(520,526)
Cash Payments for Employee Benefits	(173,039)
Net Cash Used for Operating Activities	39,543
Cash Flows from Noncapital Financing Activities:	
Cash Received from Operating Grants - Federal	94,093
Cash Received from Operating Grants - State	9,687
Net Cash Provided by Noncapital Financing Activities	103,780
Cash Flows from Investing Activities:	
Cash Received from Interest on Investments	3,364
Net Increase in Cash and Cash Equivalents	146,687
Cash and Cash Equivalents at Beginning of Year	257,662
Cash and Cash Equivalents at End of Year	$404,349
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	($33,991)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Assets	
Decrease in Intergovernmental Receivable	3,105
Increase in Prepaid	(13,668)
Increase (Decrease) in Liabilities:	
Increase in Accounts Payable	4,578
Increase in Accounts Payable to Toledo Public Schools	65,227
Decrease in Accrued Wages Payable	(5,386)
Decrease in Due to Students	(72)
Increase in Intergovernmental Payable	19,750
Total Adjustments	73,534
Net Cash Used for Operating Activities	$39,543

See accompanying notes to the basic financial statements.

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1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Imani Learning 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 eighth. The Academy 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 sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

The Academy was approved for operation under a contract with the Toledo Public Schools (the Sponsor) for a period of five years commencing September 1, 2005. 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 Academy operates under the direction of a five member Governing Board. The Governing Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Governing Board controls the Academy's one instructional/support facility staffed by 7 non-certified and 13 certificated full time teaching personnel who provide services to 141 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to a governmental nonprofit organization. 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, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Academy's accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

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

Revenues 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.

Revenues resulting from non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are 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 Academy on reimbursement basis.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, except under Ohio Revised Code Section 5705.391, the Academy must prepare a five year spending plan and submit it to the Ohio Superintendent of Public Instruction.

E. Cash and Cash Equivalents

All monies received by the Academy are accounted for by the Academy's Treasurer. All cash received by the Treasurer is maintained in separate bank accounts in the Academy's name.

For the purposes of the statement of cash flows and for presentation on the statement of net assets, investments with original maturities of three months or less at the time they are purchased by the Academy are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items 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 fiscal year in which services are consumed.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditor, grantor, or laws or regulations of other governments. The Academy applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Operating Revenues and Expenses

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

I. Intergovernmental Revenue

The Academy currently participates in the State Foundation Basic Aid Program and the State Special Education Program. Revenues from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements are met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements are met.

Eligibility requirements include timing requirements, which specify the fiscal 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 expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis.

The Academy also participates in programs through the Ohio Department of Education. These include the Ohio Reads and EMIS grants. Revenue received from these programs is recognized as non-operating revenue in the accompanying financial statements.

J. Estimates

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

3. DEPOSITS AND INVESTMENTS

At fiscal year end June 30, 2008, the carrying amount of the Academy's deposits was $404,349 and the bank balance was $421,808. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2008, $200,000 was covered by the Federal Depository Insurance Corporation and $221,808 was exposed to custodial credit risk.

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Academy.

3. DEPOSITS AND INVESTMENTS (Continued)

The Academy had no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secure.

4. RECEIVABLES

Receivables at June 30, 2008, consisted of intergovernmental receivables arising from grants:

Ohio Reads	$ 2,000
Special Education IDEA – B	31,063
Title I	105,284
Title V Innovative Programs	260
Safe and Drug Free Schools	1,300
Title IID	291
Total Intergovernmental Receivables	$140,198

5. RISK MANAGEMENT

A. 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. For the fiscal year ended 2008, the Academy obtained insurance thru broker Martineau, Miller, Frazier Insurance Agency with the following insurance coverage:

Commercial General Liability per Occurrence	$1,000,000
Commercial General Liability Aggregate	4,000,000
Educators Professional Liability	
Per Occurrence	1,000,000
Aggregate	2,000,000
Building at Replacement Cost	2,142,500
Business Personal Property ($1,000 deductible)	108,200
Excess Liability:	
Limits of Liability	5,000,000

There have been no claims filed. For fiscal years ended 2008 and 2007, settlements have not exceeded insurance coverage.

B. Workers' Compensation

The Academy pays directly into the State Worker's Compensation System based on the Academy's payroll. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State.

6. DEFINED BENEFIT PENSION PLANS

A. School Employee 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 includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - 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 health care benefits; for fiscal year 2008, 9.16 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, 2008, 2007 and 2006 were $10,813, $10,101 and $6,271 respectively; 99.8 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. 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 Web site at www.strsoh.org.

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

6. DEFINED BENEFIT PENSION PLANS (Continued)

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

Funding Policy - For the fiscal year ended June 30, 2008, 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were $51,667, $59,779, and $44,625 respectively; 83.59 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

7. POST-EMPLOYMENT BENEFITS

A. School Employee 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 non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's 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 health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 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 2008, this amount was $35,800.

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

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The Academy's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were $5,772, $5,575, and $3,212 respectively; 98.81 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

7. POST-EMPLOYMENT BENEFITS (Continued)

B. 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 health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, 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, 2008, 2007, and 2006 were $4,013, $4,626, and $3,433 respectively; 83.59 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

8. OTHER EMPLOYEE BENEFITS

Policies and procedures are approved by Imani's Board of Education and are applied mainly to insurance benefits.

9. SPONSORSHIP AGREEMENT

The Academy entered into a contract, effective July 1, 2005, through June 30, 2006, renewable each year up to five years, with Toledo Public Schools (TPS) for educational and financial management services. The Academy renewed the prior contract for fiscal year 2008. Sponsorship fees, equal to 3 percent of foundation revenues were $27,955, and management fees, equal to 4 percent of foundation revenues were $37,273. A payable to TPS in the amount of $127,739 was recognized as no payments were made for this fiscal year ($65,227) or last fiscal year ($62,512).

In addition, the Academy pays TPS an annual fee in the subsequent year totaling the lesser of: (a) 100 percent of the amount in excess of $500,000 of the unencumbered general operating fund balance, or (b) the amount of that balance that is in excess of the minimum financial amount required to be eligible to sponsor a community school in the State of Ohio (currently $500,000). For the fiscal year ended June 30, 2008, the Academy's unencumbered general operating fund balance was less than $500,000.

10. PURCHASED SERVICES

For the period July 1, 2007, through June 30, 2008, purchased service expenses were payments for services rendered by various vendors, as follows:

Professional and Technical Services	$ 67,742
Property Services	92,830
Travel Mileage/Meeting Expense	6,618
Communications	5,984
Utilities	6,221
Transportation Services	1,178
Total Purchased Services	$180,573

11. OPERATING LEASE – LESSEE DISCLOSURE

The Academy entered into a lease for the period July 1, 2005, to June 30, 2010 with Toledo St. Hyacinth Parish. The Academy paid the minimum rent during the fiscal year in the amount of $84,000. In addition to the minimum rent, an additional rent is required for utilities, insurance, maintenance personnel reimbursement, copier lease charges, trash service charges, late charges and penalties. Additional rent totaled $5,522.

The lease requires monthly minimum rent payments during the initial lease year in the amount of $60,000, or $600 per student, whichever is greater, up to a maximum of $120,000. Thereafter, the Academy is required to pay minimum rent during each subsequent lease year in an amount to be negotiated by the Academy and Toledo St. Hyacinth Parish. The Academy has the option to terminate this lease.

12. CONTINGENCIES

A. Grants

The Academy receives 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 operating fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of included herein or on the overall financial position of the Academy at June 30, 2008.

B. State Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Schools. These reviews are conducted to ensure the Schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. For fiscal year 2008, the review resulted in a decrease in funding of $34,635. This amount is reflected as an intergovernmental receivable.

Mary Taylor, CPA
Auditor of State

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

Imani Learning Academy
Lucas County
728 Parkside Blvd.
Toledo, Ohio 43607-3858

To the Governing Board:

We have audited the financial statements of the Imani Learning Academy, Lucas County, (the Academy) as of and for the year ended June 30, 2008 and have issued our report thereon dated May 7, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Academy's management in a separate letter dated May 7, 2009.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards,* which is described in the accompanying schedule of findings as item 2008-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated May 7, 2009.

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

We intend this report solely for the information and use of management, the Governing Board, and the Academy's sponsor. We intend it for no one other than these specified parties.

Mary Taylor, CPA
Auditor of State

May 7, 2009

IMANI LEARNING ACADEMY
LUCAS COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2008

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

FINDING NUMBER 2008-001

Finding for Recovery – Repaid Under Audit

Ohio Revised Code Section 9.39 states that all public officials are liable for all public money received or collected by them or by their subordinates under color of office.

On November 14, 2007 Dennis Butler, Treasurer issued check #60727 in the amount of $552.50 to Toledo Edison. An examination of the Academy's records show that $488.87 of the amount was for electric service for an address not that of the Academy. Additionally, there is no indication that this property is otherwise owned or leased by the Academy or that the Academy is in any way responsible for the payment of electric service for the property. For these reasons, this expenditure is improper.

In accordance with the foregoing facts and pursuant to Ohio Revised Code §117.28, a Finding for Recovery for public money illegally expended is hereby issued against Dennis Butler, Treasurer, and Selective Insurance Company of America, his surety company, jointly and severally, in favor of the Imani Academy of Learning in the total amount of $488.87.

Officials Response: The Academy received the check from Toledo Edison for $488.87 to cover the overpayment, which was deposited on 04/06/2009.

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IMANI LEARNING 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
JUNE 11, 2009

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us