



Rea & associates *a brighter way*

# C.M. Grant Leadership Academy Franklin County, Ohio

## *Audited Financial Statements*

For the Fiscal Year Ended  
June 30, 2015





# Dave Yost • Auditor of State

Board of Directors  
C M Grant Leadership Academy  
2440 Dawnlight Ave  
Columbus, Ohio 43211

We have reviewed the *Independent Auditor's Report* of the C M Grant Leadership Academy, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2014 through June 30, 2015. 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 C M Grant Leadership Academy is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

April 7, 2016

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**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
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*June 30, 2015*

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December 30, 2015

To the Board of Directors  
C.M. Grant Leadership Academy  
Franklin County, Ohio  
2440 Dawnlight Avenue  
Columbus, OH 43211

## **Independent Auditor's Report**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the C.M. Grant Leadership Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

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 *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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of C.M. Grant Leadership Academy, Franklin County, Ohio, as of June 30, 2015, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As described in Note 3, the Academy restated the net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. The Academy has suffered recurring losses from operations and has a net position deficiency of \$1,587,626 that raises substantial doubt about its ability to continue as a going concern. This deficiency of net position includes the effect of the net pension liability and related accruals totaling \$1,187,905. Management's plans in regard to these matters are described in Note 16. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis*, *Schedule of the Academy's Proportionate Share of the Net Pension Liability*, and *Schedule of Academy Contributions* on pages 5-10, 35, and 36, respectively, 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 who 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 supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2015 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Academy's internal control over financial reporting and compliance.

*Kea & Associates, Inc.*

Dublin, Ohio



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**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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The management's discussion and analysis of C.M. Grant Leadership Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the academy's financial performance as a whole; readers should 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 reporting model adopted by the Governmental Accounting Standard 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 position was (\$1,587,626) in 2015.
- Total assets were \$85,232 in 2015.
- Deferred outflows were \$48,339 in 2015
- Liabilities were \$1,531,069 in 2015, including \$1,046,116 in Net Pension Liability due to the implementation of GASB Statement 68.
- Deferred inflows were \$190,128 in 2015
- The Academy implemented GASB Statement 68, which reduced beginning net position as previously reported by \$1,183,477.

**Using this Annual 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 position, a statement of revenues, expenses and changes in net position, and a statement of cash flows.

**C. M. Grant Leadership Academy Financial Activities**  
**Statement of Net Position; Statement of Revenue, Expenses, and Changes in Net Position; and the Statement of Cash Flows**

These documents look at all financial transactions and ask the question, "How did we do financially during 2015?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses, both financial and capital, 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 the account all revenues and expenses during the year, regardless of when cash is received or paid.

These two statements report the Academy's net position and changes in net position. This change in net position is important because it tells the reader that, for the Academy as a whole, the financial position of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 11 and 12 of this report. The Statement of Cash Flows can be found on pages 13-14.

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 15-34 of this report.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

Table 1 provides a summary of the Academy's net position for fiscal years 2015 and 2014:

	TABLE 1	
	June 30	
	2015	2014 (restated)
<b>Assets</b>		
Current Assets	\$30,927	\$88,972
Non-Current Assets	31,250	37,500
Capital Assets - Net	23,055	33,785
<b>Total Assets</b>	<b>85,232</b>	<b>160,257</b>
<b>Deferred Outflows of Resources</b>		
Pension	48,339	60,251
<b>Total Deferred Outflows of Resources</b>	<b>48,339</b>	<b>60,251</b>
<b>Liabilities</b>		
Current Liabilities	484,953	456,529
Long-term Liabilities:		
Due in More than One Year:		
Net Pension Liability	1,046,116	1,243,698
<b>Total Liabilities</b>	<b>1,531,069</b>	<b>1,700,227</b>
<b>Deferred Inflows of Resources</b>		
Pension	190,128	0
<b>Total Deferred Inflows of Resources</b>	<b>190,128</b>	<b>0</b>
<b>Net Position</b>		
Investment in Capital Assets	23,055	33,785
Unrestricted (Deficit)	(1,610,681)	(1,513,504)
<b>Total Net Position</b>	<b>(\$1,587,626)</b>	<b>(\$1,479,719)</b>

During 2015, the Academy adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Academy's actual financial condition by adding deferred inflows related to pension and the net pension liability to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earning approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Academy's proportionate share of each plan's collective:

1. present value of estimated future pension benefits attributable to active and inactive employees' past service
2. minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension. GASB noted that the unfunded portion of the pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of this exchange. However, the Academy is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Academy's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Academy is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from (\$296,272) to (\$1,479,719).

Total net position for the Academy decreased \$107,907 largely due to a decrease in enrollment. Intergovernmental receivable decreased \$51,577 due to reduced expenditures of Federal funds. Net Capital Assets decreased \$10,730 due to depreciation of existing assets and few capital additions during the year. Contracts Payable increased \$52,504 due to increase in unpaid management fees.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

Table 2 shows the changes in net position for fiscal years 2015 and 2014, as well as a listing of revenues and expenses.

	TABLE 2	
	June 30	
	2015	2014
<b>Operating Revenues</b>		
Foundation Payments	\$697,579	\$820,168
Other Revenues	16,278	6,399
<b>Nonoperating Revenues</b>		
Federal Grants	187,870	409,851
State Grants	111,687	81,750
Contributions and Donations	1,100	207
Other Nonoperating	5,839	0
Total revenue	1,020,353	1,318,375
<b>Operating Expenses</b>		
Purchased Services	1,035,790	1,321,516
Materials and Supplies	30,701	46,998
Depreciation (unallocated)	21,663	29,634
Other expenses	38,703	47,231
<b>Nonoperating Expenses</b>		
Interest	1,403	3,039
Gain/Loss on Disposal of Assets	0	372
Total expenses	1,128,260	1,448,790
Increase (Decrease) in Net Position	(107,907)	(130,415)
Net Position Beginning of Year (Restated)	(1,479,719)	N/A
Net Position End of Year	(\$1,587,626)	(\$1,479,719)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$60,251 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$42,892. Consequently, in order to compare 2015 total expenses to 2014, the following adjustments are needed:

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

Total 2015 expenses under GASB 68	\$1,128,260
Pension expense under GASB 68	(42,892)
2015 contractually required contribution	<u>38,435</u>
Adjusted 2015 expenses	1,123,803
Total 2014 expenses under GASB 27	<u>1,448,790</u>
Decrease in expenses not related to pension	<u><u>(\$324,987)</u></u>

Net position decreased \$107,907. Foundation payments decreased \$122,589 and Purchased Services expenses decreased \$285,726 due to lower student count. Depreciation expense decreased \$7,971 due to a number of assets reaching the end of their useful lives before fiscal year end, coupled with a small number of new acquisitions. Federal Grants decreased \$221,981 due to decreased funding.

**Capital Assets**

At the end of fiscal year 2015, the Academy had \$23,055 invested in furniture, fixtures and equipment; non-EDP equipment; EDP equipment and software; and leasehold improvements (net of depreciation). Table 3 shows capital assets (net of depreciation) for the fiscal years 2015 and 2014.

TABLE 3

	2015	2014
Furniture, Fixtures and Equipment	\$11,202	\$14,789
EDP Equipment and Software	4,594	11,200
Non-EDP Equipment	1,052	2,834
Leasehold Improvements	<u>6,207</u>	<u>4,962</u>
Total Capital Assets	<u><u>\$23,055</u></u>	<u><u>\$33,785</u></u>

For more information on capital assets, see Note 6 to the basic financial statements.

**Debt**

On June 12, 2008, the Academy received a \$150,000 note from its management company (The Leona Group). No payments were made in FY2015. The balance is \$62,500. The entire balance is recorded as a note payable.

On September 26, 2014, the Academy received a \$100,000 loan from RBS Citizens that was repaid in full during the fiscal year.

As of June 30, 2014, The Academy had an outstanding short-term loan balance from their management company (The Leona Group) of \$4,200, which was paid in full on September 29, 2014. They received additional loans of \$17,000 on August 28, 2014 which was paid in full on September 29, 2014, \$10,500 on December 3, 2014 which was paid in full on December 30, 2014, and \$4,000 which was still outstanding as of June 30, 2015. The short-term loan has no terms as to repayment and is part of the balance due in Notes Payable.

For more information on debt, see Note 13 to the basic financial statements.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2015*  
*(Unaudited)*

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**Current Financial Issues**

C.M. Grant Leadership Academy was formed in 2007 under a contract with the St. Aloysius Orphanage. During the 2014-2015 school year there were 101 students enrolled in the Academy. The Academy receives its finances mostly from state aid. Foundation payments for fiscal year 2015 amounted to \$697,579.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) which contemplates continuation of the Academy as a going concern. For more information, see Note 16 to the basic financial statements.

**Contacting the School's Financial Management**

The 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 C.M. Grant Leadership Academy, 2125 University Park Drive, Okemos, MI 48864 or e-mail at [don.ash@leonagroup.com](mailto:don.ash@leonagroup.com).

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Statement of Net Position*  
*June 30, 2015*

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**Assets**

Current Assets:

Cash and Cash Equivalents	\$224
Intergovernmental Receivables	23,497
Prepaid Items	7,206
<i>Total Current Assets</i>	30,927

Non-Current Assets:

Security Deposit	31,250
Capital Assets:	
Depreciable Capital Assets, Net	23,055
<i>Total Non-Current Assets</i>	54,305

<i>Total Assets</i>	85,232
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**Deferred Outflows of Resources**

Pension	48,339
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<i>Total Deferred Outflows of Resources</i>	48,339
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**Liabilities**

Current Liabilities:

Accounts Payable	23,850
Accounts Payable - Related Party	24,107
Intergovernmental Payable	2,642
Notes Payable	66,500
Contracts Payable	367,854
<i>Total Current Liabilities</i>	484,953

Non-Current Liabilities:

Due In More Than One Year	
Net Pension Liability	1,046,116

<i>Total Liabilities</i>	1,531,069
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**Deferred Inflows of Resources**

Pension	190,128
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<i>Total Deferred Inflows of Resources</i>	190,128
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**Net Position**

Investment in Capital Assets	23,055
Unrestricted (Deficit)	(1,610,681)

<i>Total Net Position</i>	(\$1,587,626)
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See accompanying notes to the basic financial statements.



**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**

*Statement of Revenues, Expenses and Changes in Net Position*  
*For the Fiscal Year Ended June 30, 2015*

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<b>Operating Revenues</b>	
Foundation Payments	\$697,579
Other Revenues	16,278
	<hr/>
<i>Total Operating Revenues</i>	<i>713,857</i>
	<hr/>
<b>Operating Expenses</b>	
Purchased Services (Note 11)	1,035,790
Materials and Supplies	30,701
Depreciation	21,663
Other	38,703
	<hr/>
<i>Total Operating Expenses</i>	<i>1,126,857</i>
	<hr/>
<i>Operating Loss</i>	<i>(413,000)</i>
	<hr/>
<b>Non-Operating Revenues and Expenses</b>	
Federal Grants	187,870
State Grants	111,687
Other Non-Operating Revenue	5,839
Contributions and Donations	1,100
Interest and Fiscal Charges	(1,403)
	<hr/>
<i>Total Non-Operating Revenues and Expenses</i>	<i>305,093</i>
	<hr/>
<i>Change in Net Position</i>	<i>(107,907)</i>
	<hr/>
<i>Net Position Beginning of Year (Restated - see Note 3)</i>	<i>(1,479,719)</i>
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<i>Net Position End of Year</i>	<i>(\$1,587,626)</i>
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See accompanying notes to the basic financial statements.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2015*

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**Decrease in Cash and Cash Equivalents:**

Cash Flows from Operating Activities:

Cash Received from State of Ohio	\$684,664
Cash Received from Other Operating Revenues	17,436
Cash Payments to Suppliers for Goods and Services	<u>(1,068,726)</u>

*Net Cash Used for Operating Activities* (366,626)

Cash Flows from Noncapital Financing Activities:

Federal Grants Received	251,900
State Grants Received	112,483
Contributions and Donations	1,100
Other Non-Operating Revenue	5,839
Proceeds of Short Term Loans	31,500
Repayment of Short-Term Loans	(31,700)
Proceeds from Notes	100,000
Principal Payments	(100,000)
Interest Payments	<u>(1,404)</u>

*Net Cash Provided by Noncapital Financing Activities* 369,718

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<u>(10,933)</u>
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*Net Cash Used for Capital and Related Financing Activities* (10,933)

*Net Decrease in Cash and Cash Equivalents* (7,841)

*Cash and Cash Equivalents at Beginning of Year* 8,065

*Cash and Cash Equivalents at End of Year* \$224

(Continued)

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Statement of Cash Flows*  
*For the Fiscal Year Ended June 30, 2015*  
*(Continued)*

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**Reconciliation of Operating Loss to Net  
Cash Used by Operating Activities:**

Operating Loss	(\$413,000)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities</b>	
Depreciation	21,663
Changes in Assets and Liabilities:	
(Increase)/Decrease in Intergovernmental Receivable	(10,862)
(Increase)/Decrease in Prepaid Items	(1,373)
(Increase)/Decrease in Deposits	6,250
(Increase)/Decrease in Deferred Outflows	11,911
Increase/(Decrease) in Accounts Payable	(16,640)
Increase/(Decrease) in Accounts Payable-Related Party	(9,434)
Increase/(Decrease) in Intergovernmental Payable	(190)
Increase/(Decrease) in Contracts Payable	52,503
Increase/(Decrease) in Net Pension Liability	(197,582)
Increase/(Decrease) in Deferred Inflows	<u>190,128</u>
<i>Total Adjustments</i>	<u>46,374</u>
<i>Net Cash Used by Operating Activities</i>	<u><u>(\$366,626)</u></u>

See accompanying notes to the basic financial statements.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*

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**1. DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

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

The Academy was approved for operation under a contract with the St. Aloysius Orphanage (the Sponsor) for a period commencing June 23, 2010 and ending June 30, 2013. One-year extensions were executed on May 3, 2013 and June 19, 2014, and a three-year extension was executed on July 1, 2015. 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 seven 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 instructional/support facility staffed by six non-certified personnel and nine certificated teachers who provide services to 101 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 its school. 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 14).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles 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 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 position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus and Basis of Accounting**

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

**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.

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.

Non-exchange 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.

**D. Budgetary Process**

Unlike other public schools located in the state of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe an annual budget requirement in addition to preparing a 5-year forecast which is to be updated on an annual basis.

**E. Cash and Cash Equivalents**

Cash received by the Academy is reflected as "cash and cash equivalents" on the statement of net position. The Academy had no investments during the fiscal year ended June 30, 2015.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Capital Assets**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of \$1,000 for furniture and equipment, land, and buildings, or any one item costing under \$1,000 alone but purchased in a group for over \$2,500. Software costing more than \$10,000 per application is also capitalized. The Academy does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets, except for leasehold improvements which are depreciated over the life of the lease. Depreciation is computed using the straight-line method over the following useful lives:

Furniture, Fixtures and Equipment	7 years
EDP Equipment and Software	3 years
Non-EDP Equipment	6 years

**G. 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. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the Academy. Revenues and expenses not meeting this definition are reported as non-operating.

**H. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. Security Deposit**

The Academy entered into a lease for the use of the building for the administration and instruction of the Academy. Based on the lease agreement, a security deposit was required to be paid at the signing of the agreement. This amount, totaling \$25,000, is held by the lessor (See Note 12).

The Academy entered into a lease termination agreement with the former landlord. Terms of the agreement include provisions to credit a refundable portion of the security deposit against monthly rent installments still owed. The amount of the deposit still held at June 30, 2015, totaled \$6,250 (See Note 12).

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Academy, deferred outflows of resources are reported on the statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 8.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the Academy, deferred inflows of resources consist of pension. Deferred inflows of resources related to pension are reported on the statement of net position (See Note 8).

**K. Pension**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For the fiscal year ended June 30, 2015, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27, GASB Statement No. 69, Government Combinations and Disposals of Government Operations and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68.

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability and pension expense components on the accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the Academy.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported.

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**3. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (continued)**

Net Position June 30, 2014	(\$296,272)
Adjustments:	
Net Pension Liability	(1,243,698)
Payments Subsequent to Measurement Date	60,251
Restated Net Position June 30, 2014	(\$1,479,719)

Other than employer contributions subsequent to the measurement date, the Academy made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**4. DEPOSITS**

The Academy has designated one bank for the deposit of its funds. The Academy's deposits consist solely of checking and/or savings accounts at local banks; therefore, the Academy has not adopted a formal investment policy. The Academy's cash is not subject to custodial credit risk.

**A. Custodial Credit Risk of Bank Deposits**

At June 30, 2015, the carrying value of all deposits was \$224.

Custodial credit risk is the risk that, in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial risk are used for the Academy's deposits. The Academy's bank balance of \$2,234 was fully insured by the Federal Deposit Insurance Corporation.

**5. RECEIVABLES**

Receivables at June 30, 2015 consisted of intergovernmental receivables. All receivables are considered collectible in full and will be received within one year.

A summary of the principal items of receivables follows:

Receivables	
Title I	\$3,088
Child Nutrition	2,025
Miscellaneous Revenue	2,346
Medicaid Ohio Health Plan	1,770
SERS refund	999
JV39 adjustment from ODE	12,915
STRS-SERS due from other academy	354
Total	\$23,497



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**6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2015:

	Balance 6/30/14	Additions	Deletions	Balance 6/30/15
<b>Business-Type Activity</b>				
Capital Assets Being Depreciated				
Furniture, Fixtures, and				
Equipment	\$ 42,006	\$ 2,772	\$ -	\$ 44,778
EDP Equipment and Software	93,312	-	92	93,220
Non-EDP Equipment	12,495	-	-	12,495
Leasehold Improvements	38,231	8,161	-	46,392
Total Capital Assets				
Being Depreciated	186,044	10,933	92	196,885
Less Accumulated Depreciation:				
Furniture, Fixtures, and				
Equipment	(27,217)	(6,359)	-	(33,576)
EDP Equipment and Software	(82,112)	(6,606)	(92)	(88,626)
Non-EDP Equipment	(9,661)	(1,782)	-	(11,443)
Leasehold Improvements	(33,269)	(6,916)	-	(40,185)
Total Accumulated Depreciation	(152,259)	(21,663)	(92)	(173,830)
Total Capital Assets				
Being Depreciated, Net	\$ 33,785	\$ (10,730)	\$ -	\$ 23,055

**7. 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. During fiscal year 2015, the Academy contracted with Philadelphia Insurance for general liability, property insurance and educational errors and omissions insurance.

Coverage is as follows:

Educator's Legal Liability:	
Part 1, D&O Liability	\$1,000,000
Part 2, Employment Practices	1,000,000
Aggregate, All Parts	2,000,000
General Liability:	
Per occurrence	1,000,000
Aggregate	2,000,000
Personal & ADV Injury	1,000,000
Automobile - Hired and Not Owned CSL	1,000,000
Property:	
Personal Property	150,000
BI	101,000
Umbrella	7,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the previous year.

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**7. RISK MANAGEMENT (continued)**

**B. Workers' Compensation**

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

**8. DEFINED BENEFIT PENSION PLANS**

**A. Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Academy's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Academy's obligation for this liability to annually required payments. The Academy cannot control benefit terms or the manner in which pensions are financed; however, the Academy does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year would be included in intergovernmental payable.

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**B. Plan Description - School Employees Retirement System (SERS)**

Plan Description – Academy non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	<u>Eligible to Retire on or before August 1, 2017*</u>	<u>Eligible to Retire On or After August 1, 2017</u>
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\*Members with 25 years of service credit as of August 1, 2017 will be included in this plan

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

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 by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The Academy’s contractually required contribution to SERS was \$5,940 for fiscal year 2015. The full amount has been contributed for fiscal year 2015.

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**C. Plan Description - State Teachers Retirement System (STRS)**

Plan Description – Academy licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://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. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**C. Plan Description - State Teachers Retirement System (STRS) (continued)**

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The Academy was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The Academy's contractually required contribution to STRS was \$32,495 for fiscal year 2015. The full amount has been contributed for fiscal year 2015.

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Academy's proportion of the net pension liability was based on the Academy's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$150,108	\$896,008	\$1,046,116
Proportion of the Net Liability	.00296600%	.00368372%	
Pension Expense	\$7,445	\$35,447	\$42,892

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)**

At June 30, 2015, the Academy reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$1,278	\$8,626	\$9,904
Academy contributions subsequent to the measurement date	5,940	32,495	\$38,435
<b>Total Deferred Outflows of Resources</b>	<b>\$7,218</b>	<b>\$41,121</b>	<b>\$48,339</b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	\$24,363	\$165,765	\$190,128
<b>Total Deferred Inflows of Resources</b>	<b>\$24,363</b>	<b>\$165,765</b>	<b>\$190,128</b>

\$38,435 reported as deferred outflows of resources related to pension resulting from the Academy's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2016	(\$5,771)	(\$39,285)	(\$45,056)
2017	(\$5,771)	(\$39,285)	(\$45,056)
2018	(\$5,771)	(\$39,285)	(\$45,056)
2019	(\$5,772)	(\$39,284)	(\$45,056)
	(\$23,085)	(\$157,139)	(\$180,224)

**E. Actuarial Assumptions - SERS**

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**E. Actuarial Assumptions – SERS (continued)**

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee’s entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS’ Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u>100.00 %</u>	

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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**E. Actuarial Assumptions – SERS (continued)**

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the Academy’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Academy’s proportionate share of the net pension liability	\$214,159	\$150,108	\$96,235

**F. Actuarial Assumptions - STRS**

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment rate of return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males’ ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.



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**8. DEFINED BENEFIT PENSION PLANS (continued)**

**F. Actuarial Assumptions – STRS (continued)**

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the Academy's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Academy's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the Academy's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Academy's proportionate share of the net pension liability	\$1,282,733	\$896,008	\$568,969

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

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**9. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Health Care Plan Description - The Academy contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the Academy's surcharge obligation was \$1,458.

The Academy's contributions for health care, including surcharge for the fiscal years ended June 30, 2015, 2014, and 2013 were \$1,828, \$1,631, and \$2,088, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Academy participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. 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 which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

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**9. POSTEMPLOYMENT BENEFITS (continued)**

**B. State Teachers Retirement System of Ohio (continued)**

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 health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$3,817, and \$3,737, respectively.

The full amount has been contributed for fiscal years 2014 and 2013.

**10. CONTINGENCIES**

**A. 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 funds. 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, 2015.

**B. Ohio Department of Education Enrollment Review**

Academy Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the Academy, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the Academy; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the Academy.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

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**11. PURCHASED SERVICE EXPENSES**

For the period ended June 30, 2015, purchased service expenses were payments for services rendered by various vendors, as follows:

Salaries	\$270,876
Fringe Benefits	94,600
Other Professional Fees	194,821
The Leona Group, LLC	118,323
Legal Fees	2,280
St. Aloysius	23,793
Garbage Removal and Cleaning	21,253
Repairs and Maintenance	11,121
Facility Rental	209,333
Other Rentals and Leases	4,931
Communications	16,246
Advertising	6,493
Utilities	3,510
Contracted Food Service	58,210
Total Purchased Services	<u>\$1,035,790</u>

**12. OPERATING LEASES**

In August 2014, a lease termination agreement was entered into with Mowrey Holdings LLC, successor to Millworks PTR, LLC, to be effective September 1, 2014. The termination agreement provides for the payment of 6 months' rent totaling \$66,000 less the balance of the security deposit totaling \$37,500 to be made in 12 monthly installments. Payments to Millworks PTR and Mowrey Holdings totaled \$71,500 in pre- and post-termination rent less \$31,250 in refundable security deposit for the fiscal year. The balance due on the termination agreement at 6/30/2015 is \$16,500 in post-termination rent less \$6,250 in refundable security deposit.

On June 30, 2014, the Academy entered into a lease for the period August 1, 2014 through July 31, 2017 with The Buckeye Ranch Foundation, Inc. Payments to Buckeye Ranch Foundation, Inc., totaled \$157,000 for the fiscal year, including a \$12,000 deposit and \$13,000 advance on the last month's rent.

The following is a schedule of the future minimum payments required under the operating leases as of June 30, 2015 (adjusted to reflect the aforementioned termination agreement).

Fiscal Year Ending June 30,	Facility Lease
2016	\$ 159,750
2017	155,500
Total Minimum Lease Payments	<u>\$ 315,250</u>

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

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**13. NOTES PAYABLE**

Debt activity during 2015 was as follows:

	Balance at 6/30/14	Additions	Reductions	Balance at 6/30/15
Note Payable – The Leona Group 1	\$62,500	\$0	\$0	\$62,500
Note Payable – RBS Citizens	0	100,000	100,000	0
Note Payable – Short Term Loans	4,200	31,500	31,700	4,000
<b>Total</b>	<b>\$66,700</b>	<b>\$131,500</b>	<b>\$131,700</b>	<b>\$66,500</b>

The Academy entered into a promissory note with The Leona Group of \$150,000 on June 12, 2008. The note was used to pay the security deposit for the lease described in Note 12. Annual installments of the security deposit refund from the landlord are remitted to The Leona Group in payment of the note. The note has an interest rate of 3% and a maturity date of June 12, 2013; however, The Leona Group does not consider the Academy to be in default and has allowed the Academy to make payments as resources become available. There were no penalties or other additional fees assessed against the Academy.

The Board of Directors entered into a loan agreement with RBS Citizens, NA on September 26, 2014. This agreement provided the Academy with \$100,000 for operations of the Academy. The annual rate of interest was a floating rate equal to the Prime Rate, as determined by the Registered Owner.

The Leona Group occasionally extends short term, unsecured loans to the Academy to alleviate cash flow deficiencies. At June 30, 2014 the balance of these loans totaled \$4,200 and was paid as of September 29, 2014. There was an additional total of \$31,500 advanced during fiscal year 2015 of which \$4,000 remained outstanding at June 30, 2015. There are no signed agreements and no interest charges associated with these loans, and they are repaid at The Leona Group’s discretion as funds become available.

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**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

**14. RELATED PARTY TRANSACTIONS/MANAGEMENT AGREEMENT**

The Academy entered into a five-year contract, effective March 14, 2007 through June 30, 2012, with automatic 1-year extensions with The Leona Group, LLC (TLG) for educational management services for all of the management, operations, administration, and education at the Academy. In exchange for its services, TLG receives a capitation fee of 12% of the per pupil expenditures and a Year-End fee of 50% of the audited financial statement excess of revenues over expenses, if any. The Academy incurred capitation fees of \$118,323 for the 2015 fiscal year.

Terms of the management contract requires TLG to provide the following:

- A. implementation and administration of the educational program;
- B. management of all personnel functions, including professional development;
- C. operation of the school building and the installation of technology integral to school design;
- D. all aspects of the business administration of the Academy;
- E. the provision of food service for the Academy; and
- F. any other function necessary or expedient for the administration of the Academy.

Also, there are expenses that are billed to the Academy based on the actual costs incurred for the Academy by The Leona Group, LLC. These expenses include rent, salaries of The Leona Group, LLC. employees working at the Academy, and other costs related to providing educational and administrative services.

Expenses	2015
Salaries and Wages	\$270,876
Fringe Benefits	90,143
Professional and Technical Services	16,053
Advertising	1,805
Contracted Craft or Trade Service	825
Other Supplies	3,939
Other Direct Costs	2,992
Total Expenses	\$ 386,633

At June 30, 2015, the Academy had a balance due to The Leona Group, LLC in the amount of \$367,854. This consists mostly of outstanding management fees, the final two payrolls of the fiscal year, and pending reimbursements. This amount excludes Notes Payable described in Note 13. The following is a schedule of payables to The Leona Group, LLC:

	Amount
Accounts Payable Related Party	\$ 13,784
Payroll and related	25,409
Management Fees	328,661
Total	\$ 367,854

The statement of net position also includes a liability for accrued wages and fringe benefits due to The Leona Group, LLC in the amount of \$24,107 recorded as accounts payable – related party.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2015*  
*(continued)*

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**15. SUBSEQUENT EVENTS**

The Board of Directors entered into a loan agreement with RBS Citizens, NA on August 24, 2015. This agreement will provide the Academy with \$200,000 for operations of the Academy. The annual rate of interest shall be a floating rate equal to the Prime Rate, as determined by the Registered Owner.

**16. GOING CONCERN**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) which contemplates continuation of the Academy as a going concern.

The Academy had an operating loss of \$413,000, a decrease in net position of \$107,907 and current liabilities exceeding current assets by \$454,026 during fiscal year 2015.

The Academy's student enrollment for the 2014-2015 school year was below the Academy's initial forecast and below the level necessary for the Academy to function financially without financial assistance from the management company. The Academy's 2015-2016 enrollment continues to lag behind desired levels for the Academy to function financially on its own. Grassroots and social media marketing strategies will be undertaken to help increase enrollment. Expenditure cuts are also being implemented.

**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of the Academy's Proportionate Share of the Net Pension Liability*  
*Last Two Fiscal Years (1)*

	<u>2014</u>	<u>2013</u>
<b><i>State Teachers Retirement System (STRS)</i></b>		
Academy's proportion of the net pension liability	0.00368372%	0.00368372%
Academy's proportionate share of the net pension liability	\$ 896,008	\$ 1,067,319
Academy's covered-employee payroll	\$ 381,692	\$ 373,692
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	234.75%	285.61%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%
<b><i>School Employees Retirement System (SERS)</i></b>		
Academy's proportion of the net pension liability	0.00296600%	0.00296600%
Academy's proportionate share of the net pension liability	\$ 150,108	\$ 176,379
Academy's covered-employee payroll	\$ 76,696	\$ 84,581
Academy's proportionate share of the net pension liability as a percentage of its covered-employee payroll	195.72%	208.53%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date.



**C.M. Grant Leadership Academy**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of Academy Contributions*  
*Last Ten Fiscal Years*

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
<b><i>State Teachers Retirement System (STRS)</i></b>										
Contractually Required Contribution	\$ 32,495	\$ 49,620	\$ 48,580	\$ 61,208	\$ 47,570	\$ 34,239	\$ 18,433	n/a	n/a	n/a
Contributions in Relation to the Contractually Required Contribution	<u>(32,495)</u>	<u>(49,620)</u>	<u>(48,580)</u>	<u>(61,208)</u>	<u>(47,570)</u>	<u>(34,239)</u>	<u>(18,433)</u>	n/a	n/a	n/a
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Academy's covered-employee payroll	\$ 232,107	\$ 381,692	\$ 373,692	\$ 470,831	\$ 365,923	\$ 263,377	\$ 141,792	n/a	n/a	n/a
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	n/a	n/a	n/a
<b><i>School Employees Retirement System (SERS)</i></b>										
Contractually required contribution	\$ 5,940	\$ 10,630	\$ 11,706	\$ 18,191	\$ 19,582	\$ 15,412	\$ 2,761	n/a	n/a	n/a
Contributions in relation to the contractually required contribution	<u>(5,940)</u>	<u>(10,630)</u>	<u>(11,706)</u>	<u>(18,191)</u>	<u>(19,582)</u>	<u>(15,412)</u>	<u>(2,761)</u>	n/a	n/a	n/a
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Academy's covered-employee payroll	\$ 45,068	\$ 76,696	\$ 84,581	\$ 135,249	\$ 155,784	\$ 113,826	\$ 28,059	n/a	n/a	n/a
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	n/a	n/a	n/a

n/a - Academy began operations in FY 2009

December 30, 2015

To the Board of Directors  
C.M. Grant Leadership Academy  
Franklin County, Ohio  
2440 Dawnlight Avenue  
Columbus, OH 43211

**Independent Auditor's 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***

We have audited, in accordance with the 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, the financial statements of C.M. Grant Leadership Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated December 30, 2015, in which we the Academy restated the net position balances to account for the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, and the accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. The School had a deficit net position balance and an operating loss as of, and for the year ended June 30, 2015, and is experiencing financial difficulty.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Academy's financial statements are free from 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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rea & Associates, Inc.*

Dublin, Ohio

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# Dave Yost • Auditor of State

**CM GRANT LEADERSHIP ACADEMY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 19, 2016**