DAYTON LEADERSHIP ACADEMIES - EARLY LEARNING ACADEMY
MONTGOMERY COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

DAYTON LEADERSHIP ACADEMIES – EARLY LEARNING ACADEMY
MONTGOMERY COUNTY

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INDEPENDENT AUDITOR'S REPORT

Dayton Leadership Academies – Early Learning Academy
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Dayton Leadership Academies – Early Learning Academy, Montgomery County, Ohio (the School), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dayton Leadership Academies – Early Learning Academy, Montgomery 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 the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2016, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 the School's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

May 9, 2016

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The discussion and analysis of the Dayton Leadership Academies-Early Learning Academy's financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School's financial performance.

Financial Highlights

- In total, net position decreased $329,309 from fiscal year 2014.
- The School disposed of the building and improvements that were previously reported, accounting for $182,950 of the total net position decrease.
- The School resumed operations in fiscal year 2015 serving kindergarten to second grade finishing the fiscal year with the full equivalent of 126 students.

Using this Financial Report

This annual report consists of a series of financial statements and notes to those statements.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position reflect how the School did financially during fiscal year 2015. These statements include all assets and liabilities using the full accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These statements report the School's net position and the change in that position. This change in net position is important because it tells the reader whether the financial position of the School has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

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

(Table 1)
Net Position

	2015	2014	Change
Assets:			
Current Assets	$746,342	$907,753	($161,411)
Depreciable Capital Assets, Net	38,265	249,496	(211,231)
Total Assets	784,607	1,157,249	(372,642)
Liabilities:			
Current Liabilities	8,143	51,476	(43,333)
Net Position:			
Net Investment in Capital Assets	38,265	249,496	(211,231)
Restricted	5,117	0	5,117
Unrestricted	733,082	856,277	(123,195)
Total Net Position	$776,464	$1,105,773	($329,309)

Total assets decreased $372,642 as the School spent down the fiscal year 2014 cash balance during the fiscal year by $192,154. The School also saw the capital assets decrease $211,231 as the balance of building and improvements were removed. The School only had a few vendor payables compared with the payable for reimbursing state foundation revenues in fiscal year 2014.

The School was closed during fiscal year 2014 resulting in no reported salaries under either pension system. The School also had no salaries for fiscal year 2015 as all staff is contracted through Dayton Leadership Academies – Dayton View campus. With the School having no reported salaries for either fiscal year, nothing is reported for pension liability, deferred outflows or deferred inflows by either retirement systems.

Table 2 shows the changes in net position for fiscal year 2015 and fiscal year 2014.

(Table 2)
Change in Net Position

	2015	2014	Change
Operating Revenues:			
Sales/Charges for Service	$1,600	$330	$1,270
State Foundation	919,786	0	919,786
Miscellaneous	48,370	314	48,056
Total operating revenues	969,756	644	969,112
Non-Operating Revenues:			
Federal and state grants	90,387	0	90,387
Total Revenues	1,060,143	644	1,059,499
Operating Expenses:			
Salaries	0	57	(57)
Fringe benefits	7,025	0	7,025
Purchased services	1,155,657	191,281	964,376
Materials and supplies	12,636	6,454	6,182
Depreciation	28,281	28,281	0
Other operating expenses	2,903	70,712	(67,809)
Total operating expenses	1,206,502	296,785	909,717
Non-Operating Expenses:			
Loss on disposal of capital assets	182,950	0	182,950
Change in Net Position	(329,309)	(296,141)	
Net Position at Beginning of Year	1,105,773	1,401,914	
Net Position at End of Year	$776,464	$1,105,773	

There was an increase in revenues of $1,059,499 and an increase in expenses of $909,717 from fiscal year 2014 as the School had suspended operation for fiscal year 2014. This resulted in no state foundation revenue or federal grant revenue for fiscal year 2014.

The purchased services are high as the School contracts with Dayton Leadership Academies-Dayton View Campus for teaching services.

Capital Assets

	Balance 6/30/15	Balance 6/30/14
Capital Assets, Being Depreciated:		
Building & Building Improvements	$0	$353,504
Furniture and Equipment	66,465	66,465
Less Accumulated Depreciation:		
Building & Building Improvements	0	(155,566)
Furniture and Equipment	(28,200)	(14,907)
Governmental Activities Capital Assets, Net	$38,265	$249,496

At the end of fiscal year 2015 the School had $38,265, (net of accumulated depreciation) invested in furniture & equipment. For more information on capital assets see Note 5 to the basic financial statements.

Debt

The School has no debt at June 30, 2015.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information contact Tammy Emrick, Treasurer at Dayton Leadership Academies-Early Learning Academy, 1416 West Riverview Avenue, Dayton, Ohio 45402, or e-mail at temrickcpa@gmail.com.

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DAYTON LEADERSHIP ACADEMIES -
EARLY LEARNING ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET POSITION

AS OF JUNE 30, 2015

Assets:	
Current assets:	
Cash and cash equivalents	$ 715,599
Segregated cash and cash equivalents	7,500
Accounts receivable	12,359
Intergovernmental receivable	10,884
Total current assets	746,342
Noncurrent assets:	
Depreciable Capital assets	38,265
Total noncurrent assets	38,265
Total Assets	784,607
Liabilities:	
Current liabilities	
Accounts payable	8,143
Total current liabilities	8,143
Total Liabilities	8,143
Net Position:	
Net investment in capital assets	38,265
Restricted	5,117
Unrestricted	733,082
Total Net Position	$ 776,464

See accompanying notes to the basic financial statements

DAYTON LEADERSHIP ACADEMIES -
EARLY LEARNING ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Fiscal Year Ended June 30, 2015

Operating Revenues:		
Foundation payments	$	919,786
Charges for services		1,600
Other operating revenues		48,370
Total operating revenues		969,756
Operating Expenses:		
Fringe benefits		7,025
Purchased services		1,155,657
Materials and supplies		12,636
Depreciation		28,281
Other operating expenses		2,903
Total operating expenses		1,206,502
Operating Loss		(236,746)
Non-Operating Revenues and Expenses:		
Federal and state grants		90,387
Loss on disposal of capital assets		(182,950)
Total non-operating revenues and expenses		(92,563)
Change in net position		(329,309)
Net position at beginning of year		1,105,773
Net position at end of year	$	776,464

See accompanying notes to the basic financial statements

DAYTON LEADERSHIP ACADEMIES -
EARLY LEARNING ACADEMY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS

For the Fiscal Year Ended June 30, 2015

Increase (Decrease) in cash and cash equivalents	
Cash flows from operating activities:	
Cash received from State of Ohio - Foundation	$ 919,786
Cash received from charges for services	1,600
Cash received from other operating revenues	36,011
Cash payments for personal services	(7,025)
Cash payments for contract services	(1,203,276)
Cash payments for supplies and materials	(8,350)
Cash payments for other expenses	(2,903)
Net cash used for operating activities	(264,157)
Cash flows from noncapital financing activities:	
Cash received from state and federal grants	79,503
Cash used for HRA funding	(7,500)
Net cash provided by noncapital financing activities	72,003
Net change in cash and cash equivalents	(192,154)
Cash and Cash Equivalents at beginning of year	907,753
Cash and Cash Equivalents at end of year	715,599

Reconciliation of operating loss to net cash used for operating activities:

Operating loss	(236,746)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	28,281
Change in assets and liabilities:	
Increase in accounts receivable	(12,359)
Increase in accounts payable	2,683
Decrease in intergovernmental payable	(46,016)
Net cash used for operating activities	$ (264,157)

See accompanying notes to the basic financial statements

NOTE 1 – DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Alliance Community School, Inc. "Doing Business As" Dayton Leadership Academies-Early Learning Academy (the "School"), formally known as Dayton Leadership Academies-Dayton Liberty Campus, is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational literary, scientific, and related teaching service. Specifically, the School's purpose is to be a charter school serving children from kindergarten through second grade. The School, which is part of the state's education program, is to operate or arrange for the operation of schools in the Dayton, Ohio area. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. On July 8, 2009 the School officially changed its name from Dayton Academy School to Dayton Leadership Academies-Dayton Liberty Campus. On June 22, 2015 the School officially changed its name from Dayton Leadership Academies-Dayton Liberty Campus to Dayton Leadership Academies-Early Learning Academy.

The School qualifies as an 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 school's tax-exempt status.

The creation of the School was initially proposed to the Ohio State Board of Education, the sponsor, by the Board of Trustees of Alliance Community Schools, Inc. (the "Board") on November 9, 1998. The Ohio State Board of Education approved the proposal and entered into a contract with the Board, which provided for the commencement of School operations beginning with the 2000 academic year and terminated upon conclusion of fiscal year 2005.

The contract with the Ohio State Board of Education was not renewed and the School entered a sponsor contract with the Thomas B. Fordham Foundation for the period July 1, 2005 through June 30, 2010. The School renewed the sponsor contract with the Thomas B. Fordham Foundation for the period of July 1, 2010 through June 30, 2011, additionally from July 1, 2011 through June 30, 2012, and additionally from July 1, 2012 through June 30, 2013. The sponsor contract was renewed for two more years from July 1, 2013 through June 30, 2015. The contract was renewed for one year from July 1, 2015 to June 30, 2016.

The School operates under a five member Board of Directors. This Board of Directors exercises its authority by appointing a separate Board of Governance for the School. The Board of Directors is responsible for carrying out the provisions of the sponsor 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 School is associated with the Metropolitan Dayton Educational Cooperative Association, which is defined as a jointly governed organization. It is a computer consortium of area schools sharing computer resources. (See Note 14).

Alliance Community Schools, Inc. has several divisions. These divisions operate under the names of Dayton Leadership Academies-Early Learning Academy, and Dayton Leadership Academies-Dayton View Campus.

As of July 1, 2013, the school voluntary suspended its operations in order to focus exclusively on one campus, which is the Dayton View Campus. The school restarted operations on July 1, 2014 under a K-2 program model finishing fiscal year 2015 with an FTE count of 126.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School's accounting policies are described below.

A. Basis of Presentation

The School'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.

During the fiscal year, the School segregates transactions related to certain School functions or activities into separate funds in order to aid financial management and to demonstrate legal compliance. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. For financial reporting, the School uses a single enterprise fund presentation.

Enterprise fund reporting focuses on the determination of the change in net position, financial positions and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Measurement Focus

The accounting and financial reporting treatment of an entity's financial transactions is determined by the entity's measurement focus. The enterprise activity is accounted for using a flow of economic resources measurement focus. Within this measurement focus, all assets and all liabilities associated with the operation of the School are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The Statement of Cash Flows provides information about how the School finances and meets its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Basis of accounting relates to the timing of the measurements made. The School's financial statements are prepared using the full accrual basis of accounting.

D. Revenues – Exchange and Non-Exchange Transactions

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 School 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School on a reimbursement basis.

E. Expenses

Expenses are recognized at the time they are incurred.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Cash and Cash Equivalents

The School maintains a checking account. All funds of the School are maintained in this account. This account is presented on the Statement of Net Position as "Cash and Cash Equivalents". The School also maintains a health reimbursement account which is presented on the Statement of Net Position as "Segregated Cash and Cash Equivalents." The School had no investments during fiscal year 2015.

G. Capital Assets

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School maintains a capitalization threshold of $1,000.

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.

Capital assets are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight line method over the following useful lives:

Description	Estimated Lives
Buildings	50 years
Building Improvements	25 years
Furniture and Equipment	5 years

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The School had restricted net position of $5,117 as of June 30, 2015 for federal grant balances.

I. Operating Revenues and Expenses

Operating revenues normally are those revenues that are generated directly from the primary activities of the School. These revenues are primarily foundation payments from the State and sales for food services. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the School. Revenues and expenses not meeting this definition are reported as non-operating.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided in the contract between the School and its sponsor. The contract between the School and its sponsor does not prescribe a budgetary process for the School; therefore, no budgetary information is presented in the financial statements.

NOTE 3 – DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the School will not be able to recover deposits or collateralized securities that are in the possession of an outside party. At fiscal year end, $483,027 of the School's bank balance of $733,027 was exposed to custodial credit risk since it was uninsured and uncollateralized with securities held by the pledging financial institution. At June 30, 2015, the carrying amount of the School's deposits was $723,099.

The School has no policy for custodial credit risk for deposits.

The School held no investments during fiscal year 2015.

NOTE 4 – RECEIVABLES

The School had $10,884 intergovernmental receivables at June 30, 2015 for federal breakfast and lunch reimbursements.

NOTE 5 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2015 was as follows:

	Balance 6/30/14	Additions	Deductions	Balance 6/30/15
Capital Assets, Being Depreciated:				
Building & Building Improvements	$353,504	$0	($353,504)	$0
Furniture and Equipment	66,465	-	-	66,465
Less Accumulated Depreciation:				
Building & Building Improvements	(155,566)	(14,988)	170,554	0
Furniture and Equipment	(14,907)	(13,293)		(28,200)
Governmental Activities Capital Assets, Net	$249,496	($28,281)	($182,950)	$38,265

NOTE 6 – RISK MANAGEMENT

The School is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year ended June 30, 2015, the School carried insurance purchased through School Insurance Consultants for general liability, business personal property, employee dishonesty, excess liability, automobile liability, educator's legal liability, employment practices liability, and directors and officers liability insurance.

NOTE 6 – RISK MANAGEMENT (continued)

The general liability provides $1,000,000 per occurrence and $2,000,000 in the aggregate with no deductible that also provides a separate $500,000 limit for damaged to rented premises. The automobile liability provides $1,000,000 per occurrence with no deductible. The property insurance provides $12,885,299 for building and contents and carries a $2,500 deductible. The Ohio employers' liability provides $1,000,000 for each employee and $1,000,000 in the aggregate. Excess liability is provided at a $1,000,000 limit with $1,000,000 in the aggregate. Computer equipment is provided at a $1,000,000 limit with a $500 deductible. There has been no reduction in coverage from the prior year and settled claims have not exceeded the School's coverage in any of the past three years.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

Pension Systems

Ohio Revised Code limits the School's obligation for this liability to annually required payments. The School cannot control benefit terms or the manner in which pensions are financed; however, the School does receive the benefit of employees' services in exchange for compensation including pension. For fiscal year 2015, the School does not report any salaries. For fiscal year 2014, the School was closed so nothing was provided by respective pension systems for any allocation. The information provided below is for informational purposes only.

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 is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School 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 under Employers/Audit Resources.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
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 SCHOOL 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 School's contractually required contribution to SERS strictly related to the contractual agreement with the School Treasurer was $2,343 for fiscal year 2015. The School reports no salaries or wages to SERS that would require reporting a net pension liability.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School 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.

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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

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.

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 School 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 School's contractually required contribution to STRS was $0 for fiscal year 2015.

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 School's proportion of the net pension liability was based on the School'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:

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

	SERS	STRS	Total
Proportionate Share of the Net			
Pension Liability	$0	$0	$0
Proportion of the Net Pension			
Liability	0.000000%	0.0000000%	
Pension Expense	$0	$0	$0

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

	SERS	STRS	Total
Deferred Outflows of Resources			
School contributions subsequent to the			
measurement date	0	0	0
Total Deferred Outflows of Resources	$0	$0	$0
Total Deferred Inflows of Resources	$0	$0	$0

$0 reported as deferred outflows of resources related to pension resulting from School contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

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.

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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

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	15.00	7.50
Total	100.00 %	

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.

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

Sensitivity of the School'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%)
School's proportionate share of the net pension liability	$0	$0	$0

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.

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	1.00	3.00
Total	100.00 %	

NOTE 7 – DEFINED BENEFIT PENSION PLANS (continued)

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 School's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School'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 School'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%)
School's proportionate share of the net pension liability	$0	$0	$0

NOTE 8 – POST EMPLOYMENT BENEFITS

A. School Teachers Retirement System (STRS)

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

NOTE 8 – POST EMPLOYMENT BENEFITS (Continued)

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 2015, STRS Ohio allocated employer contributions equal to 0 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were $0, $445, and $10,904, respectively; 100 percent has been contributed for fiscal years 2015, 2014 and 2013.

B. **SCHOOl EMPLOYEES RETIREMENT SYSTEMS (SERS)**

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

Medicare Part B

Medicare B plan reimburses Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part premium or the current premium. The Medicare Part B premium for calendar year 2015 was $133 for most participants, but could go as high as $594 per month depending on their income. SERS' reimbursement for retirees was $45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund, For fiscal 2015, the actuarial required allocation is 0.74 percent of the School's contributions for the years ended June 30, 2015, 2014, and 2013 were $139, $13, and $1,671, respectively, 100 percent for fiscal years 2015, 2014, and 2013. Amounts presented for 2014 and 2015 are completely based on the SERS requirements associated with the Treasurer's contractual obligation. These payments do not qualify as salaries or wages for determination of net pension liability.

Health Care Plan

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

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2015, the health care allocation is 0.82 percent. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides 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 the fiscal year June 30, 2015, the minimum compensation level was established at $20,450. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School's contributions assigned to health care for the year ended June 30, 2015, 2014, and 2013, was $155, $2, and $1,225, respectively, 100 percent for fiscal years 2015, 2014, and 2013.

NOTE 8 – POST EMPLOYMENT BENEFITS (Continued)

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

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

NOTE 9 – EMPLOYEE BENEFITS

The School provides employees with medical benefits and life insurance through its services agreement with Dayton Leadership Academies – Dayton View Campus (See Note 10B).

NOTE 10 – RELATED PARTY TRANSACTIONS

A. Alliance Facilities Management (AFM)

The School leases its facilities and land from Alliance Facilities Management (AFM). The lease expense for the year ended June 30, 2015 was $23,369 for the facilities. AFM's sole purpose is to acquire and hold title to, maintain and develop certain real estate properties for the exclusive support and benefit of a system of educational organizations. (See Note 11)

B. Board of Governance

The School has entered into a Service Agreement with Dayton Leadership Academies-Dayton View Campus. Under the Service Agreement, both schools will operate out of the Dayton View Campus and will share expenses. Expenses will be shared as follows: 1) Executive leadership, support personnel cost and special services teachers (salaries and benefits) will be processed through the Dayton View's payroll system and 33% of that cost will be billed back to the School. 2) Teaching staff (salaries and benefits) for the School will be processed through Dayton View's payroll system and billed back to the School at 100%. 3) The School shall be responsible for 33% of the rent, utilities, and other overhead expenses, including but not limited to, property insurance, lawn upkeep, snow removal, repairs and general maintenance to operate the Dayton View building. 4) The School shall be responsible for 33% of the shared contracted services and 5) The School shall be responsible for 33% of any other shared costs.

C. Thomas B. Fordham Foundation

The School contract requires two percent of all funds received from State foundation revenues to be transferred to the Thomas B. Fordham Foundation for sponsorship fees. Total payments made during the period ended June 30, 2015 were $17,403.

NOTE 11 – LEASES/RENT

The School subleases a building and 6.5588 acres together with the non-exclusive right to use and occupy some common areas through a related nonprofit organization, Alliance Facilities Management (AFM). (See note 10A.) The term of the original lease commenced on August 1, 1999 and ran through June 30, 2004. The School had an option to renew the lease for four additional terms of five years. The School renewed the lease for the period July 1, 2004 through June 30, 2009. The lease was renewed again for the period July 1, 2009 through June 30, 2014. The lease was renewed for fiscal year 2015 through July 20, 2020. The School rents directly from the Dixon United Methodist Church. Rent paid for the building for the fiscal year ended June 30, 2015 was $23,369.

The lease also states the School must pay AFM for rent of the building, an amount equal to the debt service relating to any financing obtained; plus loan closing costs, ongoing loan administration costs associated with any financing secured by the premises, including but not limited to, costs associated with satisfying the financial reporting and periodic appraisal requirements; plus out of pocket expenses incurred by AFM, plus $5,000 per fiscal year.

NOTE 12 – CONTINGENCIES

A. Grants

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

B. State Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school 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 school district, 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 school district; 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 School.

NOTE 13 – PURCHASED SERVICES

For the fiscal year ended June 30, 2015 purchased services expenses for services rendered by various vendors were as follows:

Professional and technical services	$	818,600
Property Services		135,808
Communications		459
Utilities		62,857
Food Service		107,673
Transportation		18,197
Other		12,064
	$	1,155,657

NOTE 14 – JOINTLY GOVERNED ORGANIZATION

Metropolitan Dayton Educational Cooperative Association - The School is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of seven Superintendents of member school districts, with six of the Superintendents elected by majority vote of all member school districts except Montgomery County Educational Service Center. The seventh Superintendent is from the Montgomery County Educational Service Center. The School made a total of $377 in payments to MDECA for fiscal and EMIS services provided during the fiscal year. Financial information can be obtained from Dean Reinke, who serves as executive director, at 225 Linwood Street, Dayton, Ohio 45405.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2015, the School implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense. The implementation of these pronouncements had no effect on beginning net position as reported at June 30, 2014.

Dave Yost • Auditor of State

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

Dayton Leadership Academies – Early Learning Academy
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Dayton Leadership Academies – Early Learning Academy, Montgomery County, (the School) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the School's basic financial statements and have issued our report thereon dated May 9, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
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Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

May 9, 2016

Independent Accountants' Report on Applying Agreed-Upon Procedures

Dayton Leadership Academies – Early Learning Academy
Montgomery County
1416 West Riverview Avenue
Dayton, Ohio 45402

To the Board of Directors:

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

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

1. In our report dated February 23, 2015, we noted the Board adopted an anti-harassment policy on November 4, 2012. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.

2. The Board amended the policy on August 7, 2014. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Dave Yost
Auditor of State

May 9, 2016

DAYTON LEADERSHIP ACADEMY – EARLY LEARNING ACADEMY

MONTGOMERY 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 7, 2016