



OHIO AUDITOR OF STATE
KEITH FABER



**CAMBRIDGE EDUCATION GROUP
STATE-WIDE**

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FRAUD EXAMINATION REPORT

Community Schools formerly managed
by Cambridge Education Group
in Ohio

Summary

The Auditor of State, Special Investigations Unit (SIU) conducted a criminal investigation and special audit of Cambridge Education Group (Cambridge Education) predicated on learning of a prosecution in Florida of a community school operator, Marcus May, who was also serving as President and Chief Executive Officer (CEO) of Cambridge Education, a community school management company that managed 24 community schools (the Schools) in Ohio.

The SIU investigation identified over \$1 million in misappropriated expenditures, which resulted in findings for recovery, affiliated with Mr. May following similar schemes identified in the Florida case. No further criminal charges were pursued against Mr. May in Ohio as a result of the Florida conviction, described below.

On June 19, 2017, Mr. May and his co-conspirator Steven Kunkemoeller were both indicted by the Escambia County, Florida grand jury. Mr. May was indicted on two counts of public order crimes – racketeering violation and one count of fraud swindle – obtain property over \$50,000, while Mr. Kunkemoeller was indicted on one count of public order crimes – racketeering violation and one count of fraud swindle – obtain property over \$50,000.

On March 6, 2018, Mr. Kunkemoeller was found guilty by jury trial of one count of public order crimes – racketeering violation (a felony per State of Florida Statute 895.03(3)) and one count of fraud swindle – obtain property over \$50,000 (a felony per State of Florida Statute 817.034(4)(a)(1)). On October 4, 2018, Mr. May was found guilty by jury trial of two counts of public order crimes – racketeering violation (felonies per State of Florida Statute 895.03(3)) and one count of fraud swindle – obtain property over \$50,000 (a felony per State of Florida Statute 817.034(4)(a)(1)).

On May 18, 2018, the Honorable Judge Thomas Dannheisser sentenced Mr. Kunkemoeller to 55.5 months in prison, followed by ten years of community control. On December 5, 2018, Judge Dannheisser sentenced Mr. May to 20 years in prison and ordered him to pay \$5,216,856.15 in restitution.

Background

SIU received a complaint from an Ohio school sponsor advising of legal proceedings taking place in Florida regarding Mr. May. Mr. May was convicted of perpetrating multiple schemes operating under Florida school management company, Newpoint Education Partners. Mr. Kunkemoeller aided Mr. May in operating School Warehouse and various other vendors utilized by the Schools. Furthermore, Mr. Kunkemoeller's wife, Susan Kunkemoeller, also served on the school board for Ohio school, Winton Preparatory Academy, as the board's treasurer, from July 1, 2013 through June 30, 2015 (incidentally, this school had the highest finding for recovery related to it, as described in the Appendix). Of the Schools managed by Mr. May, five have since closed (Buckeye Preparatory School, Colonial Preparatory Academy, Clark Preparatory Academy, Lincoln Preparatory Academy, and Winton Preparatory Academy). It was alleged the same schemes that took place in the Florida schools likely were occurring with the Ohio Schools as well. Mr. May terminated all his rights, title, and interest in Cambridge Education effective December 31, 2017.

After the information obtained from interviews and preliminary examination of vendor records was considered, a special audit was declared by the Auditor of State.

Scope and Approach

We defined our audit period as covering July 1, 2012 through June 30, 2018 (the Period) based on the risk factors identified. Individual audit periods were set for each of the Schools according to their respective management contracts with Cambridge Education.

The specific objectives we tested to establish whether fraud was committed at the Schools were:

- To determine if the Schools purchased supplies and equipment at practical prices from specific vendors during the Period.
- To determine if Marcus May or his related companies received kickbacks from Apex Learning.
- To determine if Marcus May or his related companies received any kickbacks or directed improper payments from the Schools for the lease or purchase of any building owned by or affiliated with Marcus May.
- To determine if Marcus May received a finders' fee for providing any of the Schools information for the purchase of a facility.

The objectives and procedures are described more fully in the attached Supplement to the Fraud Examination Report for the Period.

This engagement was conducted in accordance with the [Auditor of State Special Investigations Unit, Quality Standards](#).

Findings

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation that Mr. May misappropriated funds over a span of five and a half years at 20 of the 24 Ohio Schools.

As the leader of the management company, Mr. May consistently led the Schools to vendors, in which he had direct or indirect interests, and directed his own companies to bill the Schools improperly. In total, \$1,042,754 was misappropriated from the Schools through Mr. May's various improper self-dealing billing schemes, that violated the fiduciary duties he owed the Schools in his capacity as CEO of Cambridge Education.

Our report includes findings for recovery. In general terms, a finding for recovery means that an individual or entity (e.g. a vendor) illegally spent or received public money. Pursuant to Ohio Rev. Code Section 117.28, when the Auditor of State's office issues a finding for recovery, the individual or entity can repay the amount voluntarily, or the finding for recovery also empowers the public office's statutory legal counsel or the Attorney General's office to institute legal proceedings to collect that amount.

We issued findings for recovery in the amount of \$1,019,076 against Mr. May for public property converted or misappropriated, \$23,531 against Cambridge Education Group for public property converted or misappropriated, and \$147 against a Cambridge Education employee for monies illegally expended for an alcohol reimbursement during the Period, as further detailed below:

Examination Area	Amount
Alcohol Reimbursement	\$ 147
School Warehouse	\$ 459,316
Rearden Capital	\$ 186,410
Lease Guarantee Fees	\$ 159,975
Apex Learning	\$ 236,906
Total	\$ 1,042,754

In addition to the findings for recovery, we issued management recommendations regarding inadequate oversight by those charged with governance, late fees, duplicate payments, supporting documentation, payments made to wrong vendors, and lease guarantee compliance. The full details of the findings for recovery and management recommendations are located in the Appendix.

On October 6, 2025, we held an exit conference with the following individuals representing the Schools:

Jason Moore, Buckeye Community Hope Foundation
Tammie Osler, Charter School Specialists
Mike Barnhart, Charter School Specialists
Amy Goodson, Amy Goodson Co.
Sheila Vitale, Ohio Department of Education and Workforce
Wendy Rydarowicz, The Educational Empowerment Group

The attendees were informed they had five business days to respond to this fraud examination report. A response was not received by the Schools.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

October 14, 2025

**SUPPLEMENT TO THE FRAUD
EXAMINATION REPORT**



SUPPLEMENT TO THE FRAUD EXAMINATION REPORT

Objective 1 – To determine if the Schools purchased supplies and equipment at inflated prices from specific vendors during the Period.

PROCEDURES

- Identify all supplies and equipment purchases made from the Schools to any of the 45 specific vendors identified with relationships to Mr. May. Key vendors noted were:
 - Cambridge Education
 - Epiphany Management Company
 - School Warehouse
 - Rearden Capital
 - Apex Learning
- Determine if purchases made by the Schools were made at inflated prices.
- Determine the amount of interest charged by Rearden Capital to the Schools for goods or services from the amortization schedules provided and whether the lease agreement was reasonable and necessary.
- Determine if Cambridge Education charged accurately for lease guarantee fees in accordance with the management contract with the corresponding school.

RESULTS

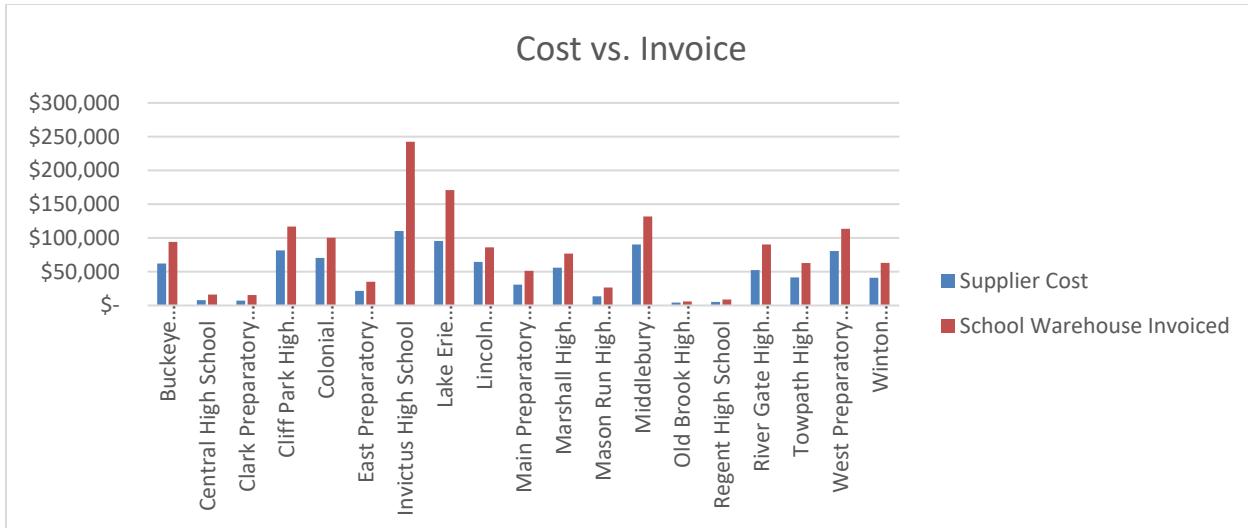
We tested 5,369 supplies and equipment expenditures from the specific vendors identified with relationships to Mr. May. We noted three occurrences at three different Schools of duplicate payments where an invoice was paid twice, all of which were paid to Epiphany Management Company, totaling \$280. Additionally, we discovered that Cambridge Education employee, Michael Mintos, submitted an expense reimbursement for the purchase of \$147 in alcohol. On the receipt with the alcohol purchases, the alcohol was blacked out with marker; however, it was still included in the reimbursement. We also noted he submitted an unrelated duplicate reimbursement request totaling \$65.

In addition to these issues, the following schemes were uncovered while testing Objective 1:

School Warehouse

School Warehouse is a company owned and operated by Mr. Kunkemoeller. The Florida case uncovered multiple kickbacks to Mr. May's companies in exchange for the Florida schools' business. In Ohio, School Warehouse was used by 19 Schools to purchase equipment and/or furniture. The items were purchased from vendors by School Warehouse and then re-sold to the Schools at an additional mark-up. The Schools could have purchased the equipment and furniture directly from the vendors; however, due to the Schools' management contracts with Cambridge Education, the management company selected the vendors. The Florida case determined any mark-up by School Warehouse was improper. As a result of the Schools purchasing equipment and/or furniture through School Warehouse, which served as an unnecessary intermediary in the process, the Schools were overcharged \$449,285 on 186 out of 198 School Warehouse invoices tested. In addition, we noted 143 invoices with inflated shipping costs, totaling \$8,461 and six invoices with unnecessary expedited or overnight shipping charged, totaling \$1,570 paid by the Schools.

SUPPLEMENT TO THE FRAUD EXAMINATION REPORT



Rearden Capital

Rearden Capital is a company founded and operated by Mr. May. Nine Schools had a lease with Rearden Capital, but only five of the Schools leased School Warehouse equipment and furniture from Rearden Capital. The Rearden Capital scheme compounded the aforementioned School Warehouse scheme by also charging interest on top of the inflated costs already being charged by School Warehouse as an unnecessary intermediary (Note: this was a new scheme identified for the Ohio Schools compared to the Florida investigation). We noted the Schools were charged a total of \$135,750 in mark-ups on the School Warehouse equipment, \$50,159 in interest, and \$501 in inflated shipping costs by Rearden Capital.

Lease Guarantee Fees

Rearden Capital charged fees to act as a guarantor for leases of facilities equal to a set percentage of the Schools' qualified gross revenues, as defined in the management agreements. The lease guarantee fees were approved by the respective Schools' boards via a Memorandum of Understanding with Cambridge Education; however, the Schools' boards also approved to reassign payments of these fees to Rearden Capital. This reassignment is considered improper due to the undisclosed relationship Mr. May had with Rearden Capital (as mentioned previously, he is its owner and operator), which resulted in the Schools being charged an unnecessary fee that directly enriched Mr. May to the financial detriment of the Schools that Mr. May owed fiduciary duties. We determined three of the Schools were improperly charged lease guarantee fees. We identified 59 expenditures were charged by Rearden Capital totaling \$159,975.

Objective 2 – To determine if Marcus May or his related companies received kickbacks from Apex Learning.

PROCEDURES

Identify all checks, rebates, or refunds issued to the Schools, Cambridge Education, Newpoint Education Partners, Rearden Capital, and/or Marcus May from Apex Learning.

RESULTS

Contracts were in place between Apex Learning and Cambridge Education, in which the number of courses and curriculum were set by Cambridge Education in a manner that directed business to Apex Learning,

SUPPLEMENT TO THE FRAUD EXAMINATION REPORT

which would in turn provide a rebate to Cambridge Education for prompt payments made. The Florida case confirmed this rebate should have been allocated and credited to the individual Schools. We noted 13 Schools utilized Apex Learning. Apex Learning issued seven rebate payments. One rebate payment was issued to Cambridge Education, totaling \$23,531 and six rebate payments were issued to Rearden Capital, totaling \$213,375. However, none of these rebates were properly allocated back to the Schools. The sole rebate issued to Cambridge Education, totaling \$23,531, was issued after Mr. May's termination with Cambridge Education.

Objective 3 – To determine if Marcus May or his related companies received any kickbacks or directed improper payments from the Schools for the lease or purchase of any building owned by or affiliated with Marcus May.

PROCEDURES

- Identify all lease and purchase agreements during the Period for each of the Schools.
- Examine any of the Schools with lease or purchase agreements from a building owned by Marcus May or his affiliates and determine if any kickbacks or improper payments were made.

RESULTS

We identified 12 of the Schools with lease agreement(s) and three of the Schools with purchase agreement(s) with Mr. May and affiliates. There were no occurrences of lease or building purchase overpayments associated with leases or building purchases identified.

Objective 4 – To determine if Marcus May received a finders' fee for providing any of the Schools information for the purchase of a facility.

PROCEDURES

Identify if any payments were made to Marcus May, or a related entity, as a finders' fee.

RESULTS

There were no occurrences of finders' fees associated with leases or building purchases identified.



APPENDIX A

**SCHEDULE OF FINDINGS FOR RECOVERY
AND MANAGEMENT RECOMMENDATIONS**

APPENDIX A

FINDINGS FOR RECOVERY

Under Ohio law, a management company that undertakes daily operation of a community school has a fiduciary relationship with the community school it operates. Because the management company of a community school is performing a traditional government function, that fiduciary relationship between the company and its community school is implicated when the company spends public funds to purchase property for use in the school it operates. *Hope Academy Broadway Campus v. White Hat Mgt., L.L.C.*, 145 Ohio St. 3d 29, 2015-Ohio-3716, 46 N.E.3d 665, 327 Ed. Law Rep. 892 (2015).

As the CEO of Cambridge Education, the management company or “operator” of the Schools, Mr. May was responsible for properly billing each of the Schools in accordance with the Schools’ management agreements, ensuring that goods and services were obtained at a reasonable price, and safeguarding the Schools from incurring unnecessary charges. However, Mr. May breached these duties when he directed several public contracts towards businesses where he had a direct or indirect relationship, with a direct or indirect benefit for himself, rather than engaging in contracts entirely for the benefit of the Schools, which caused the Schools to incur detrimental financial consequences. These actions, detailed below, constitute a breach of fiduciary duties Mr. May owed to the schools in his capacity as CEO of Cambridge Education.

School Warehouse

Each of the Schools’ management agreements, in part, refer to the responsibility of Cambridge Education to select and negotiate purchases for the Schools’ supplies and equipment. The performance of these contractual responsibilities creates fiduciary duties, under Ohio law.

Under Mr. May’s direction, the Schools were steered towards purchasing furniture and equipment from School Warehouse, a company he had an undisclosed and illicit business relationship with, which charged the Schools highly inflated prices for the furniture and equipment purchased, in some instances as high as 418 percent of the market rate for such items. All of School Warehouse’s business came from the Schools or businesses operated by Mr. May and a Florida Court found Mr. May guilty of receiving kickbacks from School Warehouse in exchange for directing business to it. These transactions were designed to primarily benefit Mr. May and his associates at the expense of the Schools.

Therefore, these expenditures were determined to be improperly marked-up (the difference between the initial costs of the equipment and supplies and the marked-up price charged by School Warehouse), resulting in 19 of the Schools incurring inflated supply and equipment costs totaling \$459,316.

Rearden Capital

Each of the Schools’ management agreements, in part, refer to the responsibility of Cambridge Education to select and negotiate contracts and leases for the Schools’ supplies and equipment. The performance of these contractual responsibilities creates fiduciary duties, under Ohio law.

Under Mr. May’s direction, the Schools were encouraged to lease furniture and equipment from Rearden Capital, a company entirely owned by Mr. May, which, in turn, utilized School Warehouse, a company Mr. May had an undisclosed and illicit business relationship with, to furnish the leased furniture and equipment to the Schools. School Warehouse provided the furniture and equipment at highly inflated prices, in some instances as high as 260 percent of the market rate for such items. These transactions were designed to primarily benefit Mr. May and his associates and resulted in an adverse financial impact on the Schools.

These leases resulted in five schools incurring inflated costs (the difference between the price of the furniture and equipment as initially purchased and the marked-up price charged by School Warehouse and Rearden Capital) totaling \$186,410.

APPENDIX A

Lease Guarantee Fees

Each of the Schools' management agreements, in part, refers to the responsibility of Cambridge Education to select and negotiate the purchase or lease of school facilities. The performance of these contractual responsibilities creates fiduciary duties, under Ohio law.

Mr. May negotiated lease agreements with unnecessary lease guarantee provisions from Rearden Capital, a company entirely owned by Mr. May, which caused the Schools to pay Mr. May's management company, Cambridge Education, an additional lease guarantee fee. These arrangements benefitted Mr. May and his companies at the expense of the Schools, and, therefore, constitute a breach of the fiduciary duty Mr. May owed to the Schools.

Three of the Schools were charged lease guarantee fees, totaling \$159,975.

Apex Learning

Each of the Schools' management agreements, in part, refer to the responsibility of Cambridge Education to research, evaluate, and negotiate contracts for the Schools for curriculum services. The performance of these contractual responsibilities creates fiduciary duties, under Ohio law.

Mr. May negotiated and executed agreements with Apex Learning with the understanding that Apex Learning would charge the Schools an "elevated price" above market for the curriculum services it provided the Schools and the difference between the "elevated price" and actual price would be "rebated" to Rearden Capital, a company entirely owned by Mr. May, not the Schools. Directing rebates that should have been a benefit received by the Schools, rather than Mr. May's company, constitutes a breach of fiduciary duty owed to the Schools.

The six improper rebates received by Rearden Capital, which should have been remitted to the Schools, totaled \$213,375. Additionally, one rebate was improperly remitted to Cambridge Education totaling \$23,531 after Mr. May's departure from the Schools but still was not remitted back to the Schools.

Alcohol Reimbursement

Auditor of State Bulletin 2003-005 indicates that AOS does not view the expenditure of public funds for alcoholic beverages as a proper public purpose and will issue findings for recovery for such expenditures as manifestly arbitrary and incorrect.

Expense reports were submitted to the Schools from Cambridge Education for employees' various expense reimbursement requests. Cambridge Education employee and Youthbuild Columbus Community School Director, Michael Mintos, submitted a reimbursement request through an expense report for a staff welcome dinner at Ram Restaurant and Brewery, which included alcohol purchases, totaling \$147.

Findings for Recovery Conclusion

Under Ohio law, public officials are strictly liable for all public money received or collected by them or their subordinates under color of law. Ohio Rev. Code § 9.39; *Cordray v. Internat'l. Preparatory School*, 128 Ohio St.3d 50 (2010). As school treasurer, Brian Adams was responsible for reviewing invoices to ensure a proper public purpose for the expenditure before issuing payments, which would include alcohol purchases.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code §§ 117.24 & 117.28**, a finding for recovery for public property converted or misappropriated is hereby issued against Marcus May, in the amount of \$1,019,076 in favor of the Schools as delineated in the below chart.

APPENDIX A

<u>School</u>	<u>FFR</u>
Buckeye Preparatory Academy (Ohio Department of Education and Workforce)	\$ 111,628
Central High School	\$ 48,641
Clark Preparatory Academy (Ohio Department of Education and Workforce)	\$ 5,389
Cliff Park High School	\$ 34,808
Colonial Preparatory Academy (Ohio Department of Education and Workforce)	\$ 25,509
East Preparatory Academy	\$ 12,880
Invictus High School	\$ 63,224
Lake Erie International High School	\$ 67,460
Lincoln Preparatory Academy (Ohio Department of Education and Workforce)	\$ 21,260
Main Preparatory Academy	\$ 64,696
Marshall High School	\$ 20,284
Mason Run High School	\$ 45,175
Middlebury Academy	\$ 36,697
Old Brook High School	\$ 37,030
Regent High School	\$ 38,526
River Gate High School	\$ 37,992
Towpath High School	\$ 15,141
West Preparatory Academy	\$ 30,264
Winton Preparatory Academy (Ohio Department of Education and Workforce)	\$ 89,097
Total per School	\$ 805,701
Apex Learning Rebates ¹	\$ 213,375
Total Finding for Recovery	\$ 1,019,076

A finding for recovery for public property converted or misappropriated is hereby issued against Cambridge Education Group, in the amount of \$23,531 in favor of the Schools.¹

Additionally, a finding for recovery for public monies illegally expended is hereby issued against Michael Mintos and School Treasurer Brian Adams and his bonding company, Western Surety Company, jointly and severally, in the amount of \$147, and in favor of Youthbuild Columbus Community School dba Buckeye Community Career Center.

MANAGEMENT RECOMMENDATIONS

Inadequate Oversight by those Charged with Governance

Monitoring controls include management and governing board activities established to ensure compliance with policies and procedures, contractual agreements, achievement of operational objectives, and proper and effective use of available resources.

As a result of a lack of monitoring controls over expenditures and a lack of detailed review of transactions by the respective Schools boards, we noted the following deficiencies:

- Noncompliance with the respective management agreements,
- Reimbursement for alcohol,
- Duplicate expense reimbursement requests,
- Late fees paid,

¹ The allocation is not clear on the invoices; therefore, the 13 potential Schools need to determine the appropriate allocation.

APPENDIX A

- Noncompliance with lease guarantee fees,
- Goods shipped to the wrong address, and
- Gift cards purchased without adequate documentation as to their purpose.

Lack of proper governing board oversight increases the risk that established policies and procedures are not followed, whether misinterpreted or intentional, and operational objectives are not met. In addition, the lack of oversight increases the possibility errors or irregularities could occur and not be discovered in a timely manner and increases the opportunity for fraud to occur.

We recommend the Boards take a more active role in monitoring the compliance with the Schools' operational procedures, review of expenditures, and contractual agreements.

Late Fees

Policies and procedures established by the Schools should provide for the timely payment of bills. Bills should be paid upon receipt, or at the latest, by the due date established on the invoice.

As a result of untimely review and payment of invoices, we noted several late fees, as follows:

Schools	Late Fees Paid to Wall2Wall Reporting	Late Fees Paid to Cambridge Education	Late Fees Paid to Springfield Real Estate
Central High School	\$ 112	\$ 3,907	
Clark Preparatory Academy			\$ 43
East Branch Preparatory	\$ 190		
Mason Run High School	\$ 112		
River Gate High School	\$ 540		
Westwood Preparatory	\$ 270		
Total	\$ 1,224	\$ 3,907	\$ 43

Failure to pay bills timely results in late charges, which are public funds that could be used for other beneficial purposes within the Schools.

We recommend the Schools develop policies and procedures to verify that invoices are paid by the due date.

Duplicate Payments

Management should implement internal controls to monitor all payments made by the Schools. These control procedures should include a process to verify that only proper payments are made and to ensure invoices are only paid once.

Due to a lack of proper controls over payments issued by the Schools, duplicate payments were noted while testing the supplies and equipment, where we noted the following:

- Three duplicate payments made to Epiphany Management Company for technology support and maintenance, cable and IT setup, updates to website, marketing services, and various design and printing services, totaling \$280, related to East Branch Preparatory Academy, Mason Run High School and Orchard Park Academy. As the receipts were under \$500, no findings for recovery were issued for these improper payments.

APPENDIX A

- A duplicate expense reimbursement request from Cambridge Education employee, Michael Mintos to Youthbuild Columbus Community School. A receipt from Amazon was submitted in his expense reimbursements, totaling \$65 on two separate occasions. As the receipt was under \$500, no finding for recovery was issued for this improper payment.

Failure to properly monitor expenditures could lead to overpayments to vendors and ultimately a loss of funds for the Schools.

We recommend the Boards implement internal controls to verify that invoices are only paid once.

Supporting Documentation

Maintaining organized documentation and support for financial transactions is essential in assuring the Schools' financial statements are not materially misstated and that all expenditures are made for a proper public purpose. Supporting documentation for all expenditures should be maintained in accordance with a records retention policy, as required by **Ohio Rev. Code § 149**.

Due, in part, to a lack of controls over the transition of records between Treasurers, the Schools did not maintain supporting documentation for the following:

- Check registers and invoices were intermittently unavailable for the below-noted 11 Schools. We were able to recover some of the supporting documentation by alternate means.
 - Colonial Preparatory Academy (intermittent invoices from July 1, 2013 through June 30, 2018).
 - Clark Preparatory Academy (check registers from May 14, 2015 through September 15, 2015).
 - Cliff Park High School (check registers from July 1, 2013 through June 30, 2014 and intermittent invoices from July 1, 2013 through June 30, 2015).
 - East Preparatory Academy (check registers from July 1, 2013 through June 30, 2016 and intermittent invoices from July 1, 2013 through June 30, 2018).
 - Invictus High School (intermittent invoices from July 1, 2012 through June 30, 2018).
 - Lake Erie International High School (intermittent invoices from July 1, 2012 through June 30, 2018).
 - Marshall High School (intermittent invoices from July 1, 2013 through June 30, 2015).
 - Middlebury Academy (check registers from July 1, 2013 through June 30, 2016 and intermittent invoices from July 1, 2013 through June 30, 2015).
 - Towpath Trail High School (check registers from July 1, 2012 through June 30, 2015 and intermittent invoices from July 1, 2012 through June 30, 2018).
 - Westwood Preparatory Academy (check registers from July 1, 2016 through October 24, 2016 and intermittent invoices from July 1, 2012 through June 30, 2018).
 - Youthbuild Columbus Community School (intermittent invoices from July 1, 2017 through June 30, 2018).
- Based on the check registers provided, we noted 2,112 invoices that the treasurers or school sponsors were unable to provide, related to the following 15 Schools:
 - Buckeye Preparatory Academy (one invoice missing)
 - Central High School (two invoices missing)
 - Cliff Park High School (76 invoices missing)
 - Colonial Preparatory Academy (292 invoices missing)
 - Invictus High School (262 invoices missing)
 - Lake Erie International High School (364 invoices missing)
 - Liberty High School (one invoice missing)
 - Lincoln Preparatory Academy (294 invoices missing)
 - Marshall High School (146 invoices missing)
 - Mason Run High School (one invoice missing)
 - Middlebury Academy (261 invoices missing)
 - Old Brook High School (one invoice missing)

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- Towpath Trail High School (105 invoices missing)
- West Preparatory Academy (300 invoices missing)
- Winton Preparatory Academy (six invoices missing)
- Management agreements for the following four Schools:
 - East Preparatory Academy (July 1, 2013 through June 30, 2015)
 - Invictus High School (July 1, 2012 through June 30, 2015)
 - Lake Erie International High School (July 1, 2012 through June 30, 2015)
 - Lincoln Preparatory Academy (July 1, 2013 through June 30, 2014)
- Towpath Trail High School and Winton Preparatory Academy were missing two invoices supporting expenditures to Cambridge Education.
- Lease agreements were unavailable for Clark Preparatory Academy from June 1, 2015 through May 31, 2020, and Winton Preparatory Academy from July 1, 2013 through June 30, 2018.
- Contracts with Apex Learning were unavailable from both Apex Learning and the following Schools:
 - Central High School (July 1, 2015 through June 30, 2016)
 - Cliff Park High School (July 1, 2015 through June 30, 2017)
 - Invictus High School (July 1, 2014 through June 30, 2016)
 - Lake Erie International High School (July 1, 2015 through June 30, 2016)
 - Marshall High School (July 1, 2016 through June 30, 2017)
 - Mason Run High School (July 1, 2016 through June 30, 2017)
 - Old Brook High School (July 1, 2016 through June 30, 2017)
 - Regent High School (July 1, 2016 through June 30, 2017)
 - River Gate High School (July 1, 2016 through June 30, 2017)
 - Towpath Trail High School (July 1, 2016 through June 30, 2017)
 - Westwood Prep Academy (July 1, 2014 through June 30, 2018)
 - Youthbuild Columbus Community School (July 1, 2016 through June 30, 2017)
- Memorandums of Understanding (MOU) for East Preparatory Academy and Invictus High School were unavailable for lease guarantee fees.

Lack of supporting documentation for disbursements limits management's ability to review and approve transactions and increases the risk of errors.

We recommend the Boards take measures, including establishing specific control procedures, to ensure all records are adequately safeguarded and maintained.

Payments Made to Wrong Vendors

When designing the Schools' systems of internal controls, management should ensure that accounting records are properly designed and perform analytical procedures to determine the reasonableness of financial data. Payments for specific purposes should have a corresponding purchase order issued, which would prevent payments issued to vendors outside of an agreement.

Due to a weak control environment over the review of invoices prior to payment, we noted the following deficiencies related to payments made to differing vendors in our testing:

- An expenditure was made to Rearden Capital from Mason Run High School on January 14, 2016 for a security deposit, in lieu of 901 South James Road Center LLC, with whom the lease agreement was with.
- Buckeye Preparatory Academy, Main Preparatory Academy, and Winton Preparatory Academy started making payments for lease guarantee fees to Cambridge Education and continued making lease guarantee payments to Rearden Capital after the invoices inexplicably changed.

Failure to implement sufficient internal controls to properly monitor expenditures could lead to a loss of funds for the Schools.

APPENDIX A

We recommend the Boards perform a detailed review of expenditures to ensure payments aren't made to unrelated third-party vendors.

Lease Guarantee Compliance

Memoranda of Understanding for each of the following, of which were provided by the respective School's treasurer as the final agreed-upon memorandums:

- Buckeye Preparatory Academy, only the unexecuted agreement was on file, between Buckeye Preparatory Academy, Inc. and Cambridge Education Group
- Main Preparatory Academy signed on an unknown date by Main Street Preparatory Academy, Inc. and unsigned by Cambridge Education Group
- Winton Preparatory Academy signed on an unknown date by Winton Preparatory Academy, Inc. and unsigned by Cambridge Education Group

Each state, in part, qualified gross revenue, in which the Schools are charged a set percentage, would be charged in return for Midwest Education Partners, a parent company of Cambridge Education, to pledge its assets as collateral, for only the period of time that Midwest Education Partners be required to act as a guarantor, and were entered into by Buckeye Preparatory Academy, Main Preparatory Academy, and Winton Preparatory Academy to pay 1.95% of their qualified gross revenues, as to allow Cambridge Education Group to serve as guarantor for their respective facility's lease agreements.

Due to a weak control environment over the review of invoices prior to payment, we noted the following deficiencies related to lease guarantee payments:

- Buckeye Preparatory Academy paid 2% of their qualified gross revenues from September 1, 2014 through July 1, 2015. All subsequent invoices were eventually corrected to the 1.95%.
- Main Preparatory Academy and Winton Preparatory Academy paid 2% of their qualified gross revenues from July 1, 2014 through July 1, 2015. All subsequent invoices were eventually corrected to the 1.95%.

Failure to properly monitor expenditures could lead to overpayments to vendors and ultimately a loss of funds for the Schools.

We recommend the Boards perform a detailed review of expenditures to ensure payments are made in accordance with their respective agreements.



APPENDIX B
CAMBRIDGE EDUCATION GROUP
MANAGEMENT CONTRACT PERIODS

APPENDIX B

Cambridge Education Group Management Contract Periods

	<u>School</u>	<u>Dates</u>	
		<u>Beginning</u>	<u>Ending</u>
1	Buckeye Preparatory Academy	5/15/2014	3/1/2018
2	Central High School	7/1/2015	6/30/2018
3	Clark Preparatory Academy	5/14/2015	6/30/2018
4	Cliff Park High School	7/1/2013	6/30/2018
5	Colonial Prep Academy	7/1/2013	6/30/2018
6	East Preparatory Academy	7/1/2013	6/30/2018
7	East Branch Preparatory Academy dba Wright Preparatory Academy	7/1/2016	3/1/2018
8	Invictus High School	7/1/2012	11/30/2016
9	Lake Erie International High School	7/1/2012	5/14/2018
10	Liberty High School	7/1/2017	6/30/2018
11	Lincoln Preparatory Academy	7/1/2013	6/30/2018
12	Main Preparatory Academy	7/1/2013	6/30/2018
13	Marshall High School	7/1/2013	6/30/2018
14	Mason Run High School	7/1/2015	6/30/2018
15	Middlebury Academy	7/1/2013	6/30/2018
16	Old Brook High School	7/1/2015	6/30/2018
17	Orchard Park Academy	7/1/2017	6/30/2018
18	Regent High School	7/1/2015	6/30/2018
19	River Gate High School	7/1/2015	6/30/2017
20	Towpath High School	7/1/2012	6/30/2018
21	West Preparatory Academy	7/1/2013	5/14/2018
22	Westwood Preparatory Academy	7/1/2016	6/30/2018
23	Winton Preparatory Academy	7/1/2013	6/30/2018
24	Youthbuild Columbus Community School dba Buckeye Community Career Center	7/1/2017	6/30/2018

OHIO AUDITOR OF STATE KEITH FABER



CAMBRIDGE EDUCATION GROUP

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/6/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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