Northpointe Academy
Lucas County

Financial Report

June 30, 2013

Dave Yost • Auditor of State

Board of Directors
Northpointe Academy
3248 Warsaw Street
Toledo, Ohio 43608

We have reviewed the *Independent Auditor's Report* of the Northpointe Academy, Lucas County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Dave Yost

Dave Yost
Auditor of State

February 12, 2014

This page intentionally left blank.

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

Report on the Financial Statements

We have audited the accompanying basic financial statements of Northpointe Academy (the "Academy") as of and for the year ended June 30, 2013 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors
Northpointe Academy

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Northpointe Academy as of June 30, 2013 and the changes in its financial position and its cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the financial statements, the Academy adopted the provisions of GASB Statements No. 63 and No. 65 as of July 1, 2012. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2013 on our consideration of Northpointe Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Northpointe Academy's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 13, 2013

The discussion and analysis of Northpointe Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

- In total, net position increased $123,558, which represents a 152 percent increase from 2012. This increase was due primarily to increased enrollment and the increased revenue associated with it.
- Total assets increased $122,796, which represents a 35 percent increase from 2012. This increase was primarily due to increased cash balances and the purchase of fixed assets.
- Liabilities decreased $762, which represents a less than 1 percent change from 2012.

Using this Financial Report

This report consists of three parts: the management's discussion and analysis (MD&A), the basic financial statements, and notes to the financial statements. The basic financial statements include a statement of net position, a statement of revenue, expenses, and changes in net position, and a statement of cash flows.

Statement of Net Position

The statement of net position answers the question, "How did we do financially during 2013?" This statement includes all assets and liabilities, both financial and capital and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private sector companies. This basis of accounting takes into account all revenue and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the Academy's net position for fiscal years 2013 and 2012:

Table 1	Governmental Activities	
	June 30	
	2013	2012
Assets		
Current assets	$ 341,409	$ 279,812
Capital assets - Net	130,427	69,228
Total assets	471,836	349,040
Liabilities		
Current liabilities	244,759	267,947
Capital leases payable - Long-term portion	22,426	-
Total liabilities	267,185	267,947
Net Position		
Net investment in capital assets	105,773	69,228
Unrestricted	98,878	11,865
Total net position	**$ 204,651**	**$ 81,093**

Total assets increased $122,796. This was primarily due to an increase in the cash balance and the purchase of fixed assets. Capital assets, net of depreciation, increased by $61,199 from 2012 to 2013 primarily due to the purchase of furniture, fixtures, and equipment. Total liabilities remained consistent from 2012 to 2013.

Table 2 shows the changes in net position for fiscal years 2012 and 2013, as well as a listing of revenue and expenses.

Table 2	Governmental Activities	
	Year Ended June 30	
	2013	2012
Operating Revenue		
Foundation payments	$ 1,919,679	$ 1,776,823
Poverty-based assistance	407,074	419,968
Federal grants - Unrestricted	-	117,099
Other	5,414	6,281
Nonoperating Revenue		
Federal grants	604,629	551,549
State grants	66,328	73,232
Total revenue	3,003,124	2,944,952
Operating Expenses		
Salaries	1,094,024	1,087,612
Fringe benefits	437,635	408,932
Purchased services	1,191,095	1,097,962
Materials and supplies	112,126	112,186
Depreciation (unallocated)	38,092	25,445
Other expenses	6,594	37,830
Nonoperating Expenses - Loss on disposal of fixed assets	-	16,152
Total expenses	2,879,566	2,786,119
Change in Net Position	**$ 123,558**	**$ 158,833**

Net position increased by $123,558. There was an increase in revenue of $58,172 and an increase in expenses of $93,447 from 2012. Of the increase in revenue, the foundation payments increased by $142,856 and federal grant revenue decreased by $64,019. Community schools receive no support from tax revenue.

The expense for salaries increased by $6,412 and the expense for fringe benefits increased by $28,703 from 2012; this was primarily due to added staff and increased benefits cost. The expense for purchased services increased by $93,133 from 2012, and depreciation expense increased by $12,647. Other expenses decreased by $31,236 from 2012.

Capital Assets

At the end of fiscal year 2013, the Academy had $130,427 invested in furniture, fixtures, and equipment and buildings and improvements (net of depreciation), which represented an increase of $61,199 from 2012. Table 3 shows capital assets (net of depreciation) for fiscal years 2013 and 2012:

Table 3	2013	2012
Furniture, fixtures, and equipment	$ 126,963	$ 61,027
Vehicles	3,464	-
Leasehold improvements	-	8,201
Total capital assets	**$ 130,427**	**$ 69,228**

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

Current Financial Issues and Economic Factors

During the 2012-2013 school year, there were 299 students enrolled in the Academy. The Academy receives most of its finances from state sources. Foundation payments (including poverty-based assistance) for fiscal year 2013 totaled $2,326,753.

The state foundation revenue is determined based on the student count and the foundation allowance per pupil. Approximately 77 percent of revenue is from the foundation allowance. As a result, Academy funding is heavily dependent on the State's ability to fund local school operations. Since the Academy's revenue is heavily dependent on state funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenue. The impact on the Academy of the State's projected revenue is not known.

Contacting the School's Financial Management

This financial report is designed to provide our citizens with a general overview of the Academy's finances and to show the Academy's accountability for the funds it receives. If you have questions about this report or need additional information, contact Don Ash, fiscal officer of Northpointe Academy, at 2125 University Park Drive, Okemos, MI 48864 or by email at don.ash@leonagroup.com.

Northpointe Academy

Statement of Net Position
June 30, 2013

Assets	
Current assets:	
Cash (Note 3)	$ 263,923
Intergovernmental receivables (Note 4)	75,356
Prepaid expenses	2,130
Total current assets	341,409
Noncurrent assets - Depreciable capital assets - Net (Note 5)	130,427
Total assets	471,836
Liabilities	
Current liabilities:	
Accounts payable	57,390
Contracts payable (Note 13)	185,141
Capital leases payable (Note 6)	2,228
Total current liabilities	244,759
Noncurrent liabilities - Capital leases payable (Note 6)	22,426
Total liabilities	267,185
Net Position	
Net investment in capital assets	105,773
Unrestricted	98,878
Total net position	**$ 204,651**

Statement of Revenue, Expenses, and Changes in Net Position
Year Ended June 30, 2013

Operating Revenue	
Foundation payments	$ 1,919,679
Poverty-based assistance	407,074
Other revenue	5,414
Total operating revenue	2,332,167
Operating Expenses	
Salaries	1,094,024
Fringe benefits	437,635
Purchased services (Note 11)	1,191,095
Materials and supplies	112,126
Depreciation (Note 5)	38,092
Other	6,594
Total operating expenses	2,879,566
Operating Loss	(547,399)
Nonoperating Revenue	
Federal grants	604,629
State grants	66,328
Total nonoperating revenue	670,957
Change in Net Position	123,558
Net Position - Beginning of year	81,093
Net Position - End of year	**$ 204,651**

Northpointe Academy

Statement of Cash Flows
Year Ended June 30, 2013

Cash Flows from Operating Activities	
Received from foundation payments	$ 1,919,679
Received from poverty-based assistance	407,074
Received from federal grants - Unrestricted	8,645
Received from other operating revenue	6,133
Payments to suppliers for goods and services	(1,326,264)
Payments to employees for services	(1,094,024)
Payments for employee benefits	(437,635)
Net cash used in operating activities	(516,392)
Cash Flows from Noncapital Financing Activities	
Federal grants received	608,441
State grants received	66,328
Net cash provided by noncapital financing activities	674,769
Cash Flows from Capital and Related Financing Activities	
Payments on capital lease payable	(15,383)
Payments for capital acquisitions	(59,254)
Net cash used in capital and related financing activities	(74,637)
Net Increase in Cash	83,740
Cash - Beginning of year	180,183
Cash - End of year	**$ 263,923**
Reconciliation of Operating Loss to Net Cash Used in Operating Activities	
Operating loss	$ (547,399)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	38,092
Changes in assets and liabilities:	
Decrease in intergovernmental receivables	8,645
Decrease in other receivables	719
Decrease in prepaids and deposits	8,967
Decrease in accounts payable	(23,049)
Decrease in contracts payable	(2,367)
Total adjustments	31,007
Net cash used in operating activities	**$ (516,392)**
Supplemental Disclosure of Cash Flow Information -	
Assets acquired through a capital lease	**$ 40,037**

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

Note 1 - Description of the School and Reporting Entity

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

On March 14, 2007, the Academy was approved for operation under contract with the Ohio Council of Community Schools (the "Sponsor") for a period of five years through June 30, 2012. The contract has subsequently been renewed through June 30, 2018. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. The total sponsor fees paid to the Ohio Council of Community Schools for the fiscal year ended June 30, 2013 totaled $71,242.

The Academy operates under the direction of a seven-member board of directors, which is also the governing board for another The Leona Group, LLC-managed school. The board of directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The board of directors controls the Academy's instructional/support facility staffed by 14 certified full-time teaching personnel who provide services to 299 students.

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation - Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

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

Enterprise fund reporting focuses on the determination of the change in net position, financial position, and cash flows.

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Expenses are recognized at the time they are incurred.

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

Intergovernmental Receivables - Receivables at June 30, 2013 consisted of intergovernmental receivables. All receivables are considered collectible in full and will be received within one year.

Prepaid Expenses - Payments made to vendors for services that will benefit periods beyond June 30, 2013 are recorded as prepaid expenses using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is reported in the year in which the services are consumed.

Capital Assets - Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Academy maintains a capitalization threshold of $1,000 for furniture and equipment, land, and buildings, or any one item costing under $1,000 alone but purchased in a group for over $2,500. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset nor materially extend the life of the asset are charged to expense when incurred.

All reported capital assets except land are depreciated. Improvements are depreciated over the lesser of their useful life or the term of the lease. Depreciation is computed using the straight-line method over the following useful lives:

Furniture, fixtures, and equipment	3-7 years
Vehicles	8 years
Leasehold improvements	6 years

Net Position - Net position represent the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. The Academy has entered into capital leases to finance the purchase of certain assets. See Note 6 for a further description of these leases.

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

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

Accounting Change - Effective July 1, 2012, the Academy implemented the provisions of Governmental Accounting Standards Board No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. This statement did not have a significant impact on the Academy's financial statements.

Effective July 1, 2012, the Academy implemented the provisions of Governmental Accounting Standards Board Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provided a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position.

Note 2 - Summary of Significant Accounting Policies (Continued)

Also effective July 1, 2012, the Academy implemented the provisions of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows and inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources.

Note 3 - Deposits

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

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

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Academy's deposits may not be returned to it. The Academy's deposit policy requires that financial institutions be evaluated and only those with an acceptable risk level for custodial credit risk be used for the Academy's deposits. The Academy believes that due to the dollar amounts of cash deposits and limits of FDIC insurance, it may be impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories. At year end, the Academy's deposit balance of $273,396 had $23,396 of deposits that were uninsured or uncollateralized.

Note 4 - Intergovernmental Receivables

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

Title I	$	48,957
Title II A		328
Race to the Top		3,615
Special Ed		14,019
Casino Tax		7,468
Medicaid		969
Total intergovernmental receivables	$	75,356

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

	Balance June 30, 2012	Additions	Disposals	Balance June 30, 2013
Business-type Activity				
Capital assets being depreciated:				
Buildings and improvements	$ 17,059	$ -	$ (17,059)	$ -
Furniture, fixtures, and equipment	81,265	95,791	-	177,056
Vehicles	-	3,500	-	3,500
Total capital assets being depreciated	98,324	99,291	(17,059)	180,556
Less accumulated depreciation:				
Buildings and improvements	8,858	8,201	(17,059)	-
Furniture, fixtures, and equipment	20,238	29,855	-	50,093
Vehicles	-	36	-	36
Total accumulated depreciation	29,096	38,092	(17,059)	50,129
Total capital assets being depreciated - Net	$ 69,228	$ 61,199	$ -	$ 130,427

Note 6 - Capital Leases

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

2014	$ 5,077
2015	15,231
2016	10,154
Total minimum lease payments	30,462
Less amount representing interest	5,808
Present value of minimum lease payments	$ 24,654

Note 7 - Risk Management

Property and Liability - The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Academy contracted with Philadelphia Indemnity Insurance Company, Inc. for general liability, property insurance, and educational errors and omissions insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years. Coverages are as follows:

Educational errors and omissions:	
Per occurrence	$ 1,000,000
Total per year	1,000,000
General liability:	
Per occurrence	1,000,000
Total per year	2,000,000
Vehicle	1,000,000
Umbrella liability:	
Per occurrence	8,000,000
Total per year	8,000,000
Retention	10,000
Directors and officers/employment practices liability:	
Per occurrence	1,000,000
Total per year	2,000,000
Retention	25,000

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

Note 8 - Defined Benefit Pension Plans

School Employees Retirement System

Plan Description

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

Note 8 - Defined Benefit Pension Plans (Continued)

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS's retirement board. The retirement board, acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the system. For the fiscal year ended June 30, 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.9 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the years ended June 30, 2013, 2012, and 2011 were $38,056, $34,877, and $30,597, respectively; 85 percent has been contributed for fiscal year 2013, 99 percent has been contributed for fiscal year 2012, and 73 percent has been contributed for fiscal year 2011.

State Teachers Retirement System

Plan Description

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "*Publications.*"

Note 8 - Defined Benefit Pension Plans (Continued)

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

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

Funding Policy

For the fiscal year ended June 30, 2013, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were $100,001, $95,438, and $77,288, respectively; 100 percent has been contributed for fiscal year 2013, 98 percent has been contributed for fiscal year 2012, and 75 percent has been contributed for fiscal year 2011.

Note 9 - Postemployment Benefits

School Employees Retirement System

Plan Description

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

Funding Policy

State statute permits SERS to fund the healthcare benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the retirement board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401(h). For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For the 2013 fiscal year, the surcharge was $4,155.

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

The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $465, $1,510, and $1,101, respectively; 85 percent has been contributed for fiscal year 2013, 99 percent has been contributed for fiscal year 2012, and 73 percent has been contributed for fiscal year 2011.

The retirement board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were $2,150, $2,060, and $1,820, respectively; 85 percent has been contributed for fiscal year 2013, 99 percent has been contributed for fiscal year 2012, and 73 percent has been contributed for fiscal year 2011.

Note 9 - Postemployment Benefits (Continued)

State Teachers Retirement System

Plan Description

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

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the plan and gives the Retirement Board authority over how much, if any, of the healthcare costs will be absorbed by STRS Ohio. Active employee members do not contribute to the plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For fiscal year 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $7,692, $7,341, and $5,945, respectively; 100 percent has been contributed for fiscal year 2013, 98 percent has been contributed for fiscal year 2012, and 75 percent has been contributed for fiscal year 2011.

Note 10 - Contingencies

Grants - The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2013.

State Foundation Funding - The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. The Academy does not anticipate any significant adjustments to State funding for fiscal year 2013 as a result of the reviews which have yet to be completed.

Note 11 - Purchased Service Expenses

For the year ended June 30, 2013, purchased service expenses were payments for services rendered by various vendors as follows:

Repairs and maintenance	$	22,094
Legal		3,572
Insurance		20,528
Advertising		11,335
Ohio Council of Community Schools		71,242
The Leona Group, LLC (Note 13)		357,062
Cleaning services		8,960
Other rentals and leases		5,569
Utility		50,244
Dues and fees		18,641
Other professional services		501,848
Building lease agreements (Note 12)		120,000
Total purchased services	$	1,191,095

Note 12 - Operating Leases

On July 1, 2011, the Academy assumed the lease agreement of Paul Laurence Dunbar Academy. The lease period is from July 1, 2011 through July 6, 2013, with renewal options, for use of the main building, gymnasium, and grounds as a school facility. Subsequent to year end, the lease was renewed through June 30, 2018. Rent expense for the building was $120,000 for the year ended June 30, 2013.

In addition, the Academy leases equipment from an outside party. The equipment lease was signed on September 15, 2010 and is effective for four years. The lease provides for monthly payments of $390, which does not include any additional charges related to overages. Rent expense for the equipment lease was approximately $5,600 for the year ended June 30, 2013.

Note 12 - Operating Leases (Continued)

The following is a schedule of the future minimum payments required under the operating leases as of June 30, 2013:

Fiscal Year Ending June 30		Amount
2014		$ 124,680
2015		121,170
2016		120,000
2017		120,000
2018		120,000
	Total minimum lease payments	$ 605,850

Note 13 - Management Agreement

The Academy entered into a contract, effective July 1, 2008 through June 30, 2012, with The Leona Group, LLC (TLG) for educational management services for all of the management, operation, administration, and education at the Academy. The contract has subsequently been renewed through June 30, 2014. In exchange for its services, TLG receives a capitation fee of 12 percent of revenue. The Academy incurred a management fee totaling $357,062 for the year ended June 30, 2013. At June 30, 2013, contracts payable includes approximately $185,000 for reimbursement of subcontracted employees and other operating costs and approximately $10,000 for management fees. Terms of the contracts require TLG to provide the following:

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

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

Note 13 - Management Agreement (Continued)

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

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

For the year ended June 30, 2013, The Leona Group, LLC incurred the following direct expenses on behalf of the Academy, which are included as Academy paid expenses on the statement of revenues, expenses, and changes in net position:

Direct expenses:	
Salaries	$ 1,115,574
Fringe benefits	425,535
Professional and technical services	28,352
Other direct costs	11,506
Total expenses	$ 1,580,967

Note 14 - Upcoming Accounting Pronouncements

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Academy is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

Northpointe Academy

Federal Awards
Supplemental Information
June 30, 2013

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Report on Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

We have audited the basic financial statements of Northpointe Academy as of and for the year ended June 30, 2013 and have issued our report thereon dated December 13, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. We have not performed any procedures with respect to the audited financial statements subsequent to December 13, 2013.

The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

East Lansing, Michigan
December 13, 2013

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

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

Independent Auditor's Report

To Management and the Board of Directors
Northpointe Academy

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northpointe Academy (the "Academy"), which comprise the basic statement of financial position as of June 30, 2013 and the related basic statements of activities and cash flows for the year then ended and related notes to the financial statements, and have issued our report thereon dated December 13, 2013.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

To Management and the Board of Directors
Northpointe Academy

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northpointe Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Plante & Moran, PLLC

East Lansing, Michigan
December 13, 2013

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
Fax: 517.332.8502
plantemoran.com

Report on Compliance for the Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Northpointe Academy

Report on Compliance for the Major Federal Program

We have audited Northpointe Academy's (the "Academy") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2013. Northpointe Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Northpointe Academy's major federal program based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northpointe Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Northpointe Academy's compliance.

To the Board of Directors
Northpointe Academy

Opinion on the Major Federal Program

In our opinion, Northpointe Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Northpointe Academy is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northpointe Academy's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Plante & Moran, PLLC

East Lansing, Michigan
December 13, 2013

Northpointe Academy

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2013

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2012	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2013
Clusters:							
Child Nutrition Cluster - U.S. Department of Agriculture -							
Passed through the Ohio Department of Education:							
National School Breakfast Program	10.553	$ 62,830	$ 8,333	$ -	$ 71,163	$ 62,830	$ -
National School Lunch Program	10.555	125,458	16,771	-	142,229	125,458	-
Total Child Nutrition Cluster		188,288	25,104	-	213,392	188,288	-
Special Education Cluster - U.S. Department of Education -							
Passed through the Ohio Department of Education -							
Special Education - Grants to States (IDEA, Part B) -							
IDEA, Part B:	84.027						
2011-2012		59,544	-	-	151	151	-
2012-2013		88,168	-	-	74,149	88,168	14,019
Total Special Education Cluster		147,712	-	-	74,300	88,319	14,019
Title I, Part A Cluster - U.S. Department of Education -							
Passed through the Ohio Department of Education -							
Title I, Part A:	84.010						
2011-2012		277,622	46,830	-	47,820	990	-
2012-2013		314,736	-	(29,498)	233,026	311,481	48,957
Total Title I, Part A Cluster		592,358	46,830	(29,498)	280,846	312,471	48,957
Education Technology State Grants Cluster - U.S. Department of Education - Passed through the Ohio Department of Education - Education Technology State Grants (Enhancing Education through Technology Program) - 2011-2012	84.318	1,795	1,480	-	1,480	-	-
Total clusters		930,153	73,414	(29,498)	570,018	589,078	62,976

See Notes to Schedule of Expenditures of Federal Awards.

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2013

Program Title/Project Number/Subrecipient Name	CFDA Number	Approved Awards Amount	Accrued (Deferred) Revenue at July 1, 2012	Adjustments and Transfers	Federal Funds/ Payments In-kind Received	Expenditures	Accrued (Deferred) Revenue at June 30, 2013
Other federal awards - U.S. Department of Education -							
Passed through the Ohio Department of Education:							
Improving Teacher Quality:	84.367						
2011-2012		$ 3,903	$ 646	$ -	$ 646	$ -	$ -
2012-2013		7,215	-	-	1,613	1,941	328
ARRA - Race-to-the-Top Incentive Grants - Recovery Act:	84.395						
2011-2012		26,380	3,200	-	3,200	-	-
2012-2013		13,959	-		9,995	13,610	3,615
Education Jobs Fund	84.410	117,099	8,645	-	8,645	-	-
Total noncluster programs passed through the Ohio Department of Education		168,556	12,491	-	24,099	15,551	3,943
Total federal awards		**$ 1,098,709**	**$ 85,905**	**$ (29,498)**	**$ 594,117**	**$ 604,629**	**$ 66,919**

See Notes to Schedule of Expenditures of Federal Awards.

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northpointe Academy under programs of the federal government for the year ended June 30, 2013. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

Note 2 - Adjustments and Transfers

During the year ended June 30, 2013, $29,498 of disallowed Title I expenditures related to the 2010-2011 grant were adjusted through the 2012-2013 Title I revenue received by the Academy.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ______ Yes __X__ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

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

Identification of major program:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A Cluster

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? ______ Yes __X__ No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

plante moran

Plante & Moran, PLLC
10 South Riverside Plaza
9th Floor
Chicago, IL 60606
Tel: 312.207.1040
Fax: 312.207.1066
plantemoran.com

Independent Accountants' Report on
Applying Agreed-upon Procedure

To the Board of Directors
Northpointe Academy
Lucas County
3248 Warsaw St.
Toledo, Ohio 43608

Dear Board Members:

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 procedure enumerated below, which was agreed to by the board of directors, solely to assist the board of directors in evaluating whether Northpointe Academy has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the board of directors. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the board of directors amended its anti-harassment policy at its meeting on April 26, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act."

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 of directors and Northpointe Academy's sponsor and is not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

December 13, 2013
East Lansing, Michigan

This page intentionally left blank.

NORTHPOINTE ACADEMY

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 25, 2014

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov