

The Academy for Urban Solutions  
Franklin County, Ohio

*Audit Report Letters*

For the Fiscal Year Ended  
June 30, 2012





# Dave Yost • Auditor of State

Board of Directors  
The Academy for Urban Solutions  
899 East Broad Street  
Columbus, Ohio 44205

We have reviewed the *Independent Auditor's Report* of The Academy for Urban Solutions, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. 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 Academy for Urban Solutions is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

February 5, 2013

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**The Academy For Urban Solutions  
Franklin County, Ohio**

***Audit Report Letters***

***June 30, 2012***

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December 7, 2012

To the Board of Directors  
The Academy for Urban Solutions  
899 East Broad Street  
Columbus, OH 43205

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of The Academy for Urban Solutions, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2012, and have issued our report thereon dated December 7, 2012. 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.

**Internal Control Over Financial Reporting**

Management of the School is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over financial reporting.

*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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

The Academy for Urban Solutions  
Independent Auditors 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*  
Page 2

Compliance and Other Matters

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

This report is intended solely for the information and use of the Board of Directors, management, others within the school, the School's sponsor, and is not intended to be and should not be used by anyone other than those specified parties

*Rea & Associates, Inc.*

December 7, 2012

Board of Directors  
The Academy for Urban Solutions  
899 East Broad Street  
Columbus, OH 44205

### **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES**

To the Board of Directors:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on September 27, 2012.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.
- (11) A statement to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 Sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

# Comprehensive Annual Financial Report

For the Year Ended June 30, 2012



“I am a Winner”

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**The Academy for Urban Solutions**

**Columbus, Ohio**

**The Academy for Urban Solutions  
Columbus, Ohio**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2012**

**Prepared by Brian G. Adams MBA, CMA, CFM, CrFA**

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2012**

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# Introductory Section

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December 7, 2012

The Academy for Urban Solutions  
Members of the Board of Directors

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the Academy for Urban Solutions (the School) for the fiscal year ended June 30, 2012. The CAFR is designed to assist and guide the reader in understanding its contents. The report consists of three major sections:

Introductory Section The Introductory Section includes the Transmittal Letter, a list of our Board members and organizational chart.

Financial Section The Financial Section consists of the Independent Auditor's Report, Management's Discussion and Analysis, and the Basic Financial Statements as well as the Notes to the Basic Financial Statements that provide an overview of the School's financial position and operating results.

Statistical Section The Statistical Section includes selected financial and demographic information about the School on a multi-year basis.

The School's management is responsible for the reliability of the data presented and the completeness of the presentation, including all disclosures. To the best of our knowledge, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the School. All disclosures necessary to enable the reader to gain an understanding of the School's financial activities have been included.

Further, the School has established a comprehensive framework of internal controls that is designed to compile sufficient reliable information for the preparation of its financial statements in accordance with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the School's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

Ohio law requires independent audits be performed on all financial operations of the School either by the Auditor of State or an independent public accounting firm in accordance with generally accepted accounting principles (GAAP) and generally accepted auditing standards (GAAS). Rea & Associates, Inc. rendered an opinion on the School's financial statements as of June 30, 2012 and the Independent Auditor's Report on the Basic Financial Statements is included in the Financial Section herein.

As required by GASB Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", management is also responsible for preparing a discussion and analysis of the School. This Letter of Transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. This discussion follows the Independent Auditor's Report and provides an assessment of the School's finances for fiscal year 2012 and the outlook for the future.

### Profile of the Government

Ohio charter schools began operating after the passage of a 1997 State law. Charter schools, commonly referred to as “community schools” in Ohio, and are public, non-profit, non-sectarian schools established to operate independently of any School District. These schools also are exempt from many of the education laws of the State allowing them to bring innovation and efficiency to the traditional education model. More importantly, the passage of this law made the concept of school choice a reality in Ohio. As required by law, each of these community schools must have a sponsor. Effective July 1, 2011, the School entered into a contract with a sponsor, Buckeye Community Hope Foundation (BCHF). BCHF provides oversight and advisory services to 40 community schools throughout the State.

The Academy for Urban Solutions was created to offer students 16-22, a fresh opportunity to return to the academic arena with a network of support designed to foster their academic achievement, mentor them in the acquisition of marketable 21<sup>st</sup> century skills, and nurture their overall development and social-emotional maturity. Students will achieve remarkable results through researched based curricula and instructional techniques, and a structure of self discipline and respect.

The School, which first opened its doors in July 2011 is located in the City of Columbus, Ohio and is run by a four member Board of Directors. The School is in its first year of operations and looks to consistent enrollment as a measure of its success. The School has contracted with the National Center for Urban Solutions (NCUS) to aid the School in the areas of fundraising and building community partnerships. The National Center for Urban Solutions founded the school with a philosophy to first meet the educational needs of each student and to ensure they receive a quality education. We believe all students should always be challenged to learn. Our educational philosophy can be designed and built based upon all students having the ability to learn. *“It’s not too late to graduate!”*

### Economic Issues

Since the enactment of community school legislation, the School has been funded solely on the per pupil funding set forth by State of Ohio (see Statistical Section for historical funding levels). The school has seen an increase in the base level per pupil funding amount. However, this amount is still less than the amount that traditional school districts in the State receive per pupil, primarily because community schools are not authorized by statute to levy taxes in the communities that they operate in. By comparison, the Columbus City School District receives over \$18,000 in average per pupil funding (as reported by the district for fiscal year 2011) from all sources whereas the School (which is also located in the City of Columbus) receives only \$7,972 from all sources.

As discussed later, the School was funded on 166 full-time equivalent students for fiscal year 2012. As of the date of this letter, it is expected that the School will maintain that enrollment with the possibility of a slight decline consistent with declines seen in other schools throughout the State. Obviously, any decline in enrollment would have a direct corresponding impact to current year revenues.

### Awards and Acknowledgements

The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of state and local government financial reports. The School is seeking its first award from the Government Finance Officer’s Association of the United States of America and Canada (GFOA).

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and effectively organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report, which is included herein, will conform to the high standards required by the Certificate of Achievement program.

The Comprehensive Annual Financial Report was prepared by the fiscal management team for the School. Their commitment to this process has helped to make this report possible. We would also like to thank Ms. Jester and other members of the Board of Directors and Finance Committee for their support in this endeavor. It is truly appreciated.

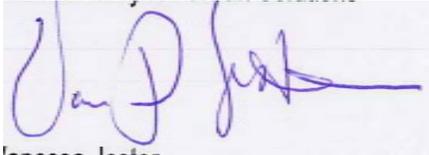
The Academy for Urban Solutions  
Letter of Transmittal  
Page 3

Finally, we would like to thank our School community for entrusting us with the education of your children. You are the reason we are here. We are committed to bettering our students, their parents, and the communities we serve by providing the very best alternative in public education.

Sincerely,

A handwritten signature in black ink that reads "Brian G. Adams". The signature is written in a cursive style with a large initial "B".

Brian G. Adams MBA, CMA, CFM, CGFM  
Fiscal Officer/Internal Auditor  
The Academy for Urban Solutions

A handwritten signature in blue ink that reads "Vanessa Jester". The signature is written in a cursive style with a large initial "V".

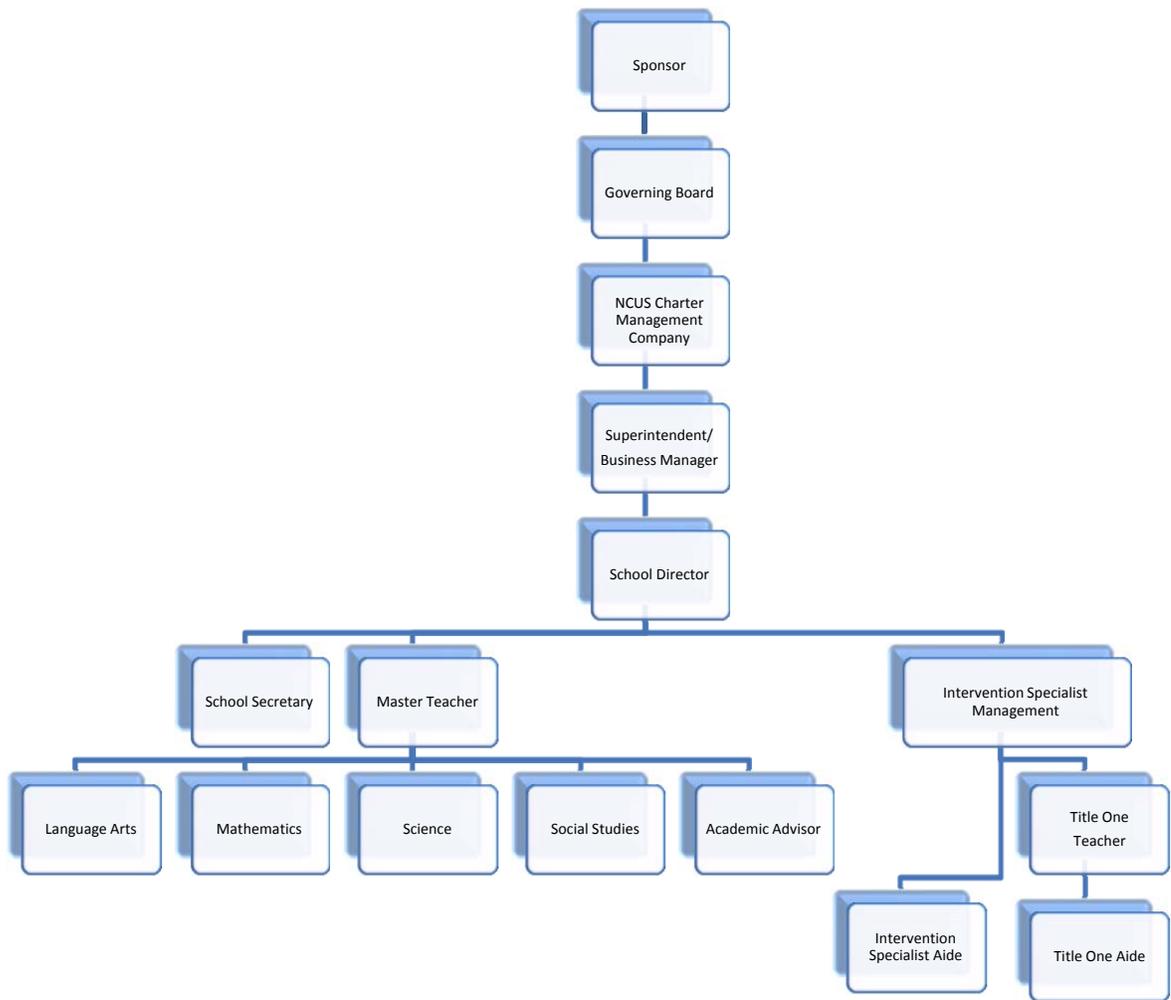
Vanessa Jester  
President, Board of Directors  
The Academy for Urban Solutions

The Academy for Urban Solutions  
Board of Directors  
June 30, 2012

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Vanessa Jester  
Margaret Hightower  
Pamela Shields  
Tonya Broadnax

Board President  
Board Member  
Board Member  
Board Member



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# Financial Section

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December 7, 2012

To the Board of Directors  
The Academy for Urban Solutions  
899 East Broad Street  
Columbus, OH 44205

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the Academy for Urban Solutions, Franklin County, Ohio (the School) as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the School, as of June 30, 2012, and the respective changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

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

opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Rea & Associates, Inc.*

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Unaudited)**

The discussion and analysis of the Academy for Urban Solutions (the School) financial performance provides an overall review of the School's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School's financial performance as a whole; readers should also review the transmittal letter, the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

- In total, net assets were \$150,464. This is due to total income being greater than operating expenses.
- Total assets were \$200,110. This was primarily due to cash and intergovernmental receivables.
- Liabilities were \$49,646 which was primarily accounts payable at year end.

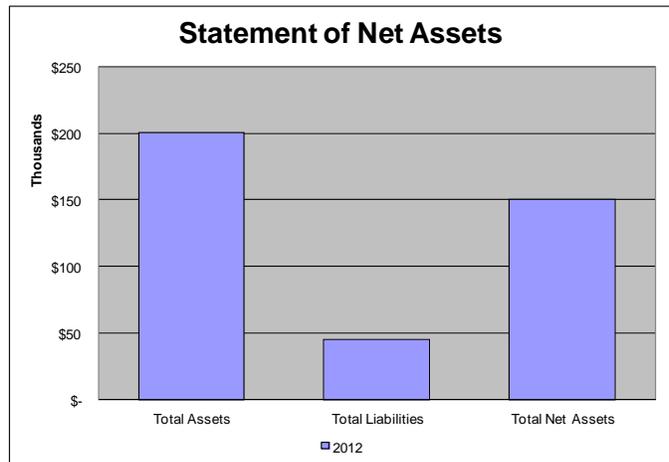
**Using this Financial Report**

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The School uses enterprise presentation for all of its activities.

**Statement of Net Assets**

The Statement of Net Assets answers the question of how the School did financially during their first year of operations, 2012. 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 revenues and expenses during the year, regardless of when the cash is received or paid.



These statements report the School's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.

The School uses enterprise presentation for all of its activities. Since this is the first year of school operations, comparison to prior year are not available. Comparison tables will present two fiscal years in side-by-side comparisons in future reporting years.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Unaudited)**

**Statement of Net Assets**

The Statement of Net Assets answers the question of how the School did financially during 2012. 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 revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal year 2012.

**Statement of Net Assets**

|  | 2012      |
|--|-----------|
| <b>Assets</b>  |           |
| Current Assets                                       | \$176,242 |
| Capital Assets, Net                                  | 23,868    |
| Total Assets   | 200,110   |
| <b>Liabilities</b>                                   |           |
| Current Liabilities                                  | 46,300    |
| Long-Term Liabilities                                | 3,346     |
| Total Liabilities                                    | 49,646    |
| <b>Net Assets</b>                                    |           |
| Investment in Capital Assets,<br>Net of Related Debt | 19,470    |
| Unrestricted   | 130,994   |
| Total Net Assets                                     | \$150,464 |

Total assets were \$200,110. This consists of intergovernmental receivables and cash. Liabilities were \$49,646 which primarily was account payable.

**Statement of Revenues, Expenses and Changes in Net Assets**

Table 2 shows the changes in net assets for fiscal year 2012, as well as a listing of revenues and expenses. Although this is the first year of operations, the net assets are important because it tells the reader that, for the school as a whole, the financial position of the school. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Unaudited)**

(Table 2)  
**Change in Net Assets**

|                               | 2012         |
|-------------------------------|--------------|
| <b>Operating Revenues</b>     |              |
| State Aid                     | \$ 1,094,548 |
| Other Operating               | 9,753        |
| <b>Non-Operating Revenue</b>  |              |
| Federal Grants                | 218,246      |
| Contributions & Donations     | 810          |
| Investment Income             | 40           |
| Total Revenues                | 1,323,397    |
| <b>Operating Expenses</b>     |              |
| Salaries                      | 265,659      |
| Fringe Benefits               | 62,517       |
| Purchased Services            | 784,334      |
| Materials and Supplies        | 32,706       |
| Depreciation                  | 3,421        |
| Other                         | 23,716       |
| Total Expenses                | 1,172,353    |
| <b>Non-Operating Expenses</b> |              |
| Interest and Fiscal Charges   | (580)        |
| Change in Net Assets          | \$ 150,464   |

Operating revenues were \$1,104,301 which represents 83% of total revenue. Operating expenses were \$1,172,353 which represents 99% of total expenses. The schools' significant expense Purchased Services represents 67% of total expenses. Purchased services will be explained further in note 9.

**Budgeting Highlights**

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its Sponsor. The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one year spending plan and a five-year projection that is reviewed by the Board of Directors. The five-year projections are also submitted to the Sponsor and the Ohio Department of Education.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Unaudited)**

**Capital Assets**

At the end of fiscal year 2012, the School had \$23,868, invested in capital assets, net of depreciation. The asset purchases were computers and equipment. For more information on capital assets, see Note 5 in the notes to the basic financial statements.

**Debt**

At June 30, 2012, the School had \$4,398 in capital lease payable which consisted of \$1,052 in current and \$3,346 in long-term liabilities. The capital lease payable will be explained further in the note 10 to the basic financial statements.

**Current Financial Issues**

The Academy for Urban Solutions received revenue for 166 students in 2012 and continues to enroll students on a daily basis. State law governing community schools allows for the School to have open enrollment across traditional school district boundaries. The School receives its support almost entirely from State Aid. Per pupil revenue from State Aid for the School averaged \$6,594 in fiscal year 2012 with no increase in State Basic Aid planned in fiscal year 2013. The School receives additional revenues from grant subsidies.

On February 23, 2011, the School entered into an agreement with Gary Lewis M. Ed, as its Operator for the fiscal year to provide mentoring services to the school. The school paid the Operator \$3,750 on a monthly basis for the fiscal year.

On July 1, 2011, the School contracted with the Buckeye Community Hope Foundation (BCHF) as its sponsor. State law allows sponsors to assess the schools up to 3 percent of State revenues as an oversight fee. The school paid BCHF three percent of State Aid as its sponsorship fee in fiscal year 2012.

**Contacting the School's Financial Management**

This financial report is designed to provide our readers with a general overview of the School's finances and to show the School's accountability for the money it receives. If you have questions about this report or need additional information, contact Brian G. Adams, Fiscal Officer for the Academy for Urban Solutions, 65 E. Wilson Bridge Road, Worthington, OH 43085 or e-mail at [badams@ocscltd.com](mailto:badams@ocscltd.com).

THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO

STATEMENT OF NET ASSETS  
JUNE 30, 2012

**Assets**

Current Asset

|                              |                |
|------------------------------|----------------|
| Cash and Cash Equivalents    | \$ 73,932      |
| Intergovernmental Receivable | 73,860         |
| Prepays                      | 21,650         |
| Security Deposit             | <u>6,800</u>   |
| Total Current Assets         | <u>176,242</u> |

Noncurrent Assets

|                                 |                |
|---------------------------------|----------------|
| Depreciable Capital Assets, net | <u>23,868</u>  |
| Total Assets                    | <u>200,110</u> |

**Liabilities**

Current Liabilities

|  |               |
|--|---------------|
| Accounts Payable                           | 41,460        |
| Intergovernmental Payable                  | 3,788         |
| Capital Lease Payable, Due within One Year | <u>1,052</u>  |
| Total Current Liabilities                  | <u>46,300</u> |

Long-Term Liabilities:

|  |              |
|--|--------------|
| Capital Lease Payable, Due in More Than One Year | <u>3,346</u> |
| Total Long-Term Liabilities                      | <u>3,346</u> |

|                   |               |
|-------------------|---------------|
| Total Liabilities | <u>49,646</u> |
|-------------------|---------------|

**Net Assets**

|   |                |
|---|----------------|
| Investment in Capital Assets, Net of Related Debt | 19,470         |
| Unrestricted                                      | <u>130,994</u> |

|                  |                   |
|------------------|-------------------|
| Total Net Assets | <u>\$ 150,464</u> |
|------------------|-------------------|

See accompanying notes to the basic financial statements

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

|  |                   |
|--|-------------------|
| <b>Operating Revenues</b>                      |                   |
| State Aid                                      | \$1,094,548       |
| Other Operating                                | <u>9,753</u>      |
| <br>   |                   |
| Total Operating Revenues                       | <u>1,104,301</u>  |
| <br>   |                   |
| <b>Operating Expenses</b>                      |                   |
| Salaries                                       | 265,659           |
| Fringe Benefits                                | 62,517            |
| Purchased Services                             | 784,334           |
| Materials and Supplies                         | 32,706            |
| Depreciation                                   | 3,421             |
| Other  | <u>23,716</u>     |
| <br>   |                   |
| <b>Total Operating Expenses</b>                | <u>1,172,353</u>  |
| <br>   |                   |
| <b>Operating Loss</b>                          | <u>(68,052)</u>   |
| <br>   |                   |
| <b>Non-Operating Revenues (Expenses)</b>       |                   |
| Grants   | 218,246           |
| Donations                                      | 810               |
| Interest and Fiscal Charges                    | (580)             |
| Investment Income                              | <u>40</u>         |
| <br>   |                   |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>218,516</u>    |
| <br>   |                   |
| <b>Change in Net Assets</b>                    | <u>150,464</u>    |
| <br>   |                   |
| <b>Net Assets Beginning of Year</b>            | -                 |
| <br>   |                   |
| <b>Net Assets End of Year</b>                  | <u>\$ 150,464</u> |

See accompanying notes to the basic financial statements

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Increase (Decrease) in Cash and Cash Equivalents**

**Cash Flows from Operating Activities**

|   |                 |
|---|-----------------|
| Cash Received from State of Ohio                  | \$1,060,987     |
| Cash Received from Other Operating Sources        | 9,753           |
| Cash Payments to Employees for Services           | (265,659)       |
| Cash Payments for Employee Benefits               | (62,871)        |
| Cash Payments to Suppliers for Goods and Services | (799,888)       |
| Other Cash Payments                               | <u>(23,716)</u> |

Net Cash Used for Operating Activities (81,394)

**Cash Flows from Noncapital Financing Activities**

|  |            |
|--|------------|
| Cash Received from Grants                      | 177,947    |
| Cash Received from Contributions and Donations | <u>810</u> |

Net Cash Provided by Noncapital Financing Activities 178,757

**Cash Flows from Capital and Related Financing Activities**

|  |              |
|--|--------------|
| Cash Payments for Capital Assets         | (22,329)     |
| Interest Paid-Capital Lease Payable      | (580)        |
| Principal Payments-Capital Lease Payable | <u>(602)</u> |

Net Cash Provided by (Used in) Capital Financing Activities (23,511)

**Cash Flows from Investing Activities**

|                                    |           |
|------------------------------------|-----------|
| Cash Received from Interest Income | <u>40</u> |
|------------------------------------|-----------|

**Net Cash Provided by Investing Activities** 40

**Net Increase in Cash and Cash Equivalents** 73,932

**Cash and Cash Equivalents Beginning of Year** -

**Cash and Cash Equivalents End of Year** \$ 73,932

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Reconciliation of Operating Gain (Loss) to Net Cash  
Provided by (Used in) Operating Activities**

Operating Gain (Loss) \$ (68,052)

**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET  
CASH USED FOR OPERATING ACTIVITIES**

Depreciation 3,421

Changes in Assets and Liabilities:

Intergovernmental Receivable (33,561)

Prepaid Items (21,650)

Deposits (6,800)

Accounts Payable 41,460

Intergovernmental Liabilities 3,788

Net Cash Provided by (Used in) Operating Activities \$ (81,394)

Non Cash Transaction: During fiscal year 2012, the School entered into a capital lease in the amount of \$5,000.

See accompanying notes to the basic financial statements

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**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

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

The Academy for Urban Solutions (the School) is a federal 501(c)(3) tax-exempt, state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School.

The School contracts with Gary Lewis, M. ED as its operator to provide mentoring services to the school. (see note 8 for details).

In July of 2011, the School contracted with Buckeye Community Hope Foundation (BCHF) for four years (ending June 30, 2015) to be its sponsor.

The School operates under a self-appointing, four-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, 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 facility is staffed with teaching personnel who provide services to 166 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the School have been prepared in conformity with generally accepted accounting principles as applied to governmental nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with GASB pronouncements. The School does not apply FASB statements and interpretations issued after November 30, 1989. The more significant of the School's accounting policies are described below.

**A. Basis of Presentation**

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**A. Basis of Presentation (Continued)**

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) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

The accounting and financial reporting treatment applied to a fund is determined by its 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 Assets. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

**C. Budgetary Process**

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract. In addition, the Board adopted an operating budget at the beginning of fiscal year 2012. However, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

**D. Cash and Cash Equivalents**

All cash received by the School is deposited in accounts in the School's name and reflected as Cash and Cash Equivalents on the Statement of Net Assets. The school did not have any investments during fiscal year 2012.

**E. Prepaid Items**

The School records payments made to vendors for services that will benefit future periods as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expense is recorded in the year in which the services are consumed.

**F. Intergovernmental Revenues**

The School currently participates in the State Foundation Program. Revenues received from these programs are recognized as operating revenues (foundation and special education payments) in the accounting period in which they are earned and become measurable. Funding from these programs is listed as "State Aid" on the Statement of Revenues, Expenses, and Change in Fund Net Assets.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**F. Intergovernmental Revenues (continued)**

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

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

Resources where the timing requirement is not met are recorded as a liability to the funding source, and reported as a non-operating expense. Resources received prior to the period of use are deferred.

Amounts awarded under the above programs for the 2012 school year totaled \$1,312,794.

**G. Capital Assets and Depreciation**

For purposes of recording capital assets, the Board has a capitalization threshold of \$1,000.

The capital assets are recorded on the accompanying Statement of Net Assets at cost, net of accumulated depreciation of \$23,868. Depreciation is computed by the straight-line method over five years for "Computers and Equipment", five years for "Furniture and Fixtures", and ten years for "Leasehold Improvements".

Aside from those mentioned above, the School has no other capital assets.

**H. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt 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. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School does not have any restricted net assets at June 30, 2012.

**I. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the School's primary activities. For the School, these revenues are primarily State Aid payments. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activities of the School. Revenues and expenses not meeting this definition are reported as non-operating.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

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

**J. Use of Estimates**

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. DEPOSITS AND INVESTMENTS**

**Deposits with Financial Institutions**

At June 30, 2012, the carrying amount of the School deposits are \$73,932, and its bank balance of \$84,558 of which all was covered by federal depository insurance based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012.

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has no deposit policy for custodial credit risk beyond the requirements of state statute. According to state law, public depositories must give security for all public funds on deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School.

**4. INTERGOVERNMENTAL RECEIVABLE**

At June 30, 2012, the School had an intergovernmental receivable in the amount of \$73,860 for monies for food service and other federal and state grants due but not received by year end. The intergovernmental receivable is collectible in the next operating cycle.

**5. CAPITAL ASSETS AND DEPRECIATION**

For the year ended June 30, 2012, the School's capital assets consisted of the following:

|   | <b>Balance</b>   |                  |                  | <b>Balance</b>   |
|---|------------------|------------------|------------------|------------------|
|   | <b>6/30/2011</b> | <b>Additions</b> | <b>Deletions</b> | <b>6/30/2012</b> |
| <b>Capital Assets Being Depreciated:</b>          |                  |                  |                  |                  |
| Computers & Equipment                             | \$ -             | \$ 27,289        | \$ -             | \$ 27,289        |
| <b>Total Capital Assets Being Depreciated</b>     | <u>-</u>         | <u>27,289</u>    | <u>-</u>         | <u>27,289</u>    |
| <b>Less Accumulated Depreciation:</b>             |                  |                  |                  |                  |
| Computers & Equipment                             | -                | (3,421)          | -                | (3,421)          |
| <b>Total Accumulated Depreciation</b>             | <u>-</u>         | <u>(3,421)</u>   | <u>-</u>         | <u>(3,421)</u>   |
| <b>Total Capital Assets Being Depreciated Net</b> | <u>\$ -</u>      | <u>\$ 23,868</u> | <u>\$ -</u>      | <u>\$ 23,868</u> |

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**6. ACCOUNTS PAYABLE**

Accounts Payable consists of obligations at June 30, 2012 incurred during the normal course of conducting operations.

**7. RISK MANAGEMENT**

**Property and Liability** - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School has zero claims nor has there been any significant reduction in insurance coverage. For the year ended 2012, the school contracted with the Hartford Insurance Company for the following insurance coverage:

|   |              |
|---|--------------|
| Commercial General Liability per occurrence | \$ 1,000,000 |
| Commercial General Liability aggregate      | 4,000,000    |
| Director and Officers Liability             | 1,000,000    |
| Employment Practices Liability              | 1,000        |

**8. AGREEMENT WITH GARY LEWIS, M.ED**

The School entered into a contract with Gary Lewis, M. Ed as its Operator to provide mentoring services to the school. Conditions of the agreement entailed that the Operator shall provide the Board of Directors or its designee with technical assistance, information, suggestions, and ideas to ensure the school maintains good standing and faithful to its contract with the sponsor. The school paid the Operator a monthly fee of \$3,750. Total paid for the fiscal year was \$45,000.

**9. PURCHASED SERVICE EXPENSES**

For the year ended June 30, 2012, the schools largest expense, purchased services consisted of the following:

|                                     | <u>2012</u>       |
|-------------------------------------|-------------------|
| Professional and Technical Services | \$ 526,535        |
| Property Services                   | 103,928           |
| Travel Mileage/Meals                | 13,879            |
| Communications                      | 28,327            |
| Contracted Trade Services           | 89,374            |
| Pupil Transportation                | 19,129            |
| Other Purchased Services            | <u>3,160</u>      |
|                                     | <u>\$ 784,334</u> |

**10. CAPITALIZED LEASE OBLIGATIONS**

The school entered into a capitalized lease for the acquisition of equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefit and risk of ownership to the lessee. This capital lease has been recorded as a capital asset at the present value of the minimum lease payments as of the inception date. The capital lease is recorded as Equipment of \$5,000 (\$710 accumulated depreciation). The School paid \$1,182 in principal and interest for the fiscal year ended June 30, 2012.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**10. CAPITALIZED LEASE OBLIGATIONS (continued)**

| Fiscal Year                           | Capital Lease |
|---------------------------------------|---------------|
| 2013                                  | \$ 1,773      |
| 2014                                  | 1,773         |
| 2015                                  | 1,773         |
| 2016                                  | 589           |
| Total                                 | 5,908         |
| Less: Amount<br>Representing Interest | (1,510)       |
| Present Value of<br>minimum payments  | \$ 4,398      |

**11. OPERATING LEASES – LESSEE DISCLOSURE**

The School sub-leases space located at 899 East Broad Street from the National Center for Urban Solutions (NCUS). The prime lease is held by (NCUS) payable to Columbus Area Inc. The term of the lease is from June 1, 2011 and end on May 31, 2016. The School paid \$81,600 for fiscal year 2012.

**12. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

**Plan Description** – The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plans. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by contacting School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling toll free 1-800-878-5853. It is also posted at the SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employer/ Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the WHLS is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount by the SERS' 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 and Health Care Fund) of the System. For the fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.70 percent. The remaining 1.30 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The schools' contributions to SERS for the year ended June 30, 2012 was \$17,138. The school paid \$9,990 and the remaining \$7,238 was recorded as a payable.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

**Plan Description** – The School contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. 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 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 DB Plan and the DC 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 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 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, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2011, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The above is the latest information available.

The above is the latest information available.

The School's required contribution for pension obligations to STRS for the fiscal year ended June 30, 2012, was \$23,249 of which 100% has been contributed.

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2012, there were no members that elected Social Security. The contribution rate is 6.2 percent of wages.

**13. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement Systems**

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

**Medicare Part B**

Medicare B plan reimburse Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part premium or the current premium. The Medicare Part B premium for calendar year 2012 was \$99.90; SERS' reimbursement for retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund, For fiscal 2012, the actuarial required allocation is .75 percent. The Schools' contributions for the year ended June 30, 2012 was \$129, of which 100% has been contributed.

**Health Care Plan**

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

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

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation is .55 percent. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**13. POSTEMPLOYMENT BENEFITS (Continued)**

**A. School Employee Retirement Systems (Continued)**

more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year June 30, 2012, the minimum compensation level was established at \$35,800. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Schools' contributions assigned to health care for the year ended June 30, 2012 was \$647 of which 100% has been contributed.

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

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

**B. State Teachers Retirement System**

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

**Funding Policy** - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal year ended June 30, 2012 was \$1,661, all of which has been contributed for all fiscal years.

**14. CONTINGENCES**

**A. Grants**

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

**THE ACADEMY FOR URBAN SOLUTIONS  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012  
(Continued)**

**14. CONTINGENCES (Continued)**

**B. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. A review has been conducted for the 2011-2012 school year. An underpayment of \$33,561 has been made and is reflected as an intergovernmental receivable on the financial statements.

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The School received financial assistance from federal and State agencies in the form of grants. The expenditure 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 General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School at June 30, 2012, if applicable, cannot be determined at this time.

**15. SPONSORSHIP FEES**

The School contracted with the Buckeye Community Hope Foundation as its sponsor effective July 1, 2011. The School pays the Sponsor three percent of the State Aid. Total fee expense for fiscal year 2012 was \$31,830. The contract is for four years ending June 30, 2015. The Sponsor provides oversight, monitoring and technical assistance for the School.

**16. TAX EXEMPT STATUS**

The School was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization.

**17. RELATED PARTY TRANSACTION**

The School was founded and developed by Mr. John Gregory. Mr. Gregory is the President of the National Center for Urban Solutions (NCUS). Mrs. Pamela Gregory-Duckett is the wife of Mr. Gregory and served as the Business Manager for the School. Mrs. Devonnie Bryant is the daughter of Mr. Gregory and serves as the school Principal. Ms. Vanessa Jester serves as Vice-President of NCUS and also served as the Board President of the school until June 30, 2012. Total amounts paid to NCUS during the year amounted to \$345,500. Included in this amount is rent of \$81,600 and the rest is for contractual services providing day to day supervision and support of the school.

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# Statistical Section

# STATISTICAL SECTION

This part of the **Academy for Urban Solutions'** comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the School's overall financial health.

## Contents

### ***Financial Trends***

This schedule contains trend information to help the reader understand how the School's overall expenses by class compared with the expenditure per pupil have changed over time.

- Operating Expenses by Category
- State Basic Aid – Per Pupil Funding

### ***Revenue Capacity***

This schedule contains information to help the reader assess the affordability of the School's most significant revenue sources the state aid and grants.

- Operating and Non-Operating Revenues

### ***Enrollment Trends***

This schedule contains information to help the reader understand the changes in enrollment over time.

- Full-Time Equivalent (FTE) Enrollment

### ***Revenue by Grants Sources***

This schedule contains information to help the reader understand the changes in revenues by grant source.

- Grant Revenues by Source

### ***Net Assets Trends***

This schedule offers information to help the reader understand the funds invested in capital assets versus the unrestricted funds remaining for future expenditures.

- Net Assets

### ***Demographic and Economic Information***

These schedules offer demographic and economic indicators to help the reader understand the environment within which the School's financial activities take place.

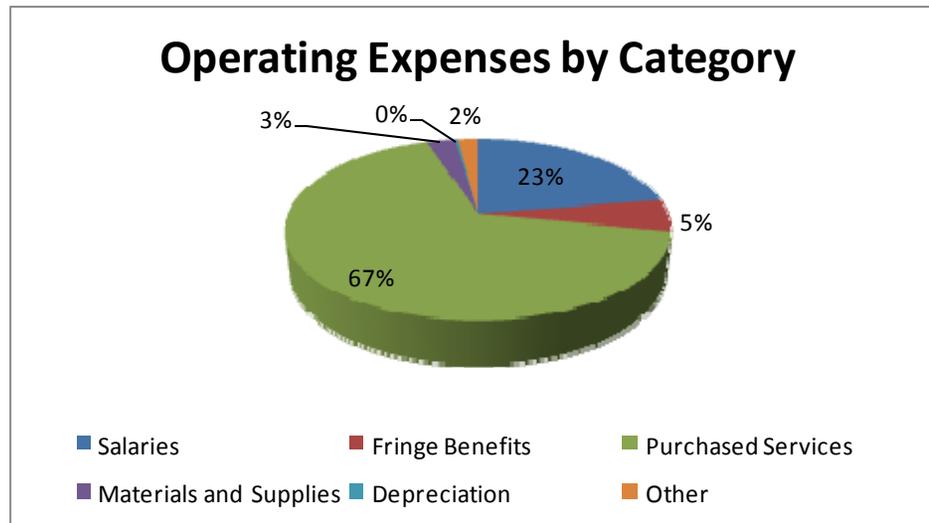
- Student Population by Resident District
- Miscellaneous Statistics

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The School implemented GASB Statement 34 for the year ended June 30, 2012. Due to first year of operations, all pages contain only one fiscal year worth of information.

The Academy for Urban Solutions  
 Franklin County, Ohio  
 Operating Expenses by Category  
 First Fiscal Year

Fiscal Year

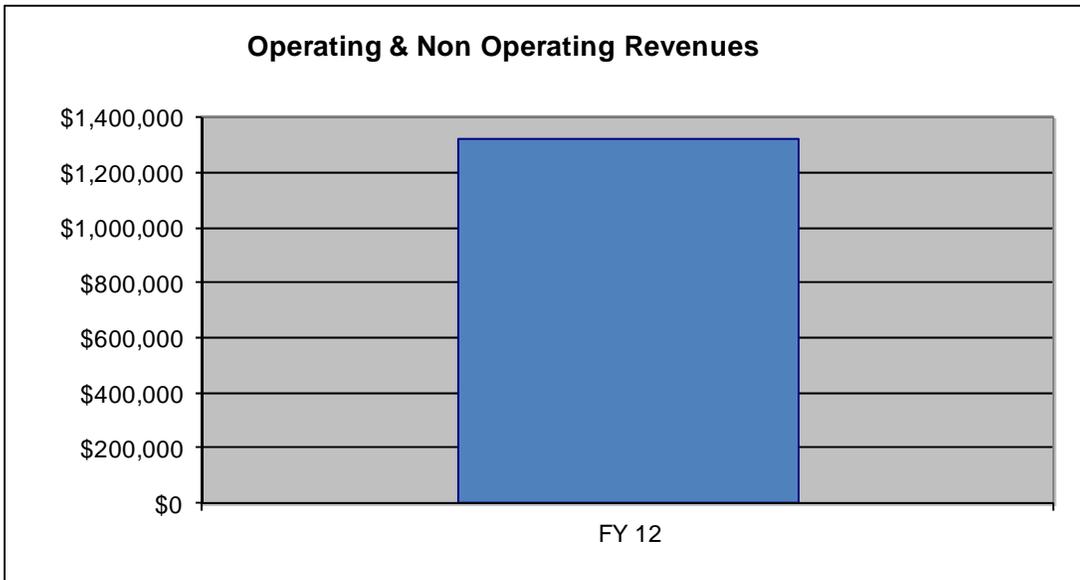
|                        | 2012               |
|------------------------|--------------------|
| Salaries               | \$ 265,659         |
| Fringe Benefits        | \$ 62,517          |
| Purchased Services     | \$ 784,334         |
| Materials and Supplies | \$ 32,706          |
| Depreciation           | \$ 3,421           |
| Other                  | \$ 24,296          |
| <b>Total</b>           | <b>\$1,172,933</b> |
| <br>                   |                    |
| Enrollment             | 166                |
| <br>                   |                    |
| Per Pupil Expenditure  | \$ 7,066           |



The Academy for Urban Solutions  
Franklin County, Ohio  
Operating and Non-Operating Revenues  
First Fiscal Year

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| <u>Year</u> | <u>State Aid</u> | <u>Grants</u> | <u>Other</u> | <u>Total</u>        |
|-------------|------------------|---------------|--------------|---------------------|
| 2012        | \$ 1,094,548     | \$ 218,246    | \$ 10,603    | <b>\$ 1,323,397</b> |

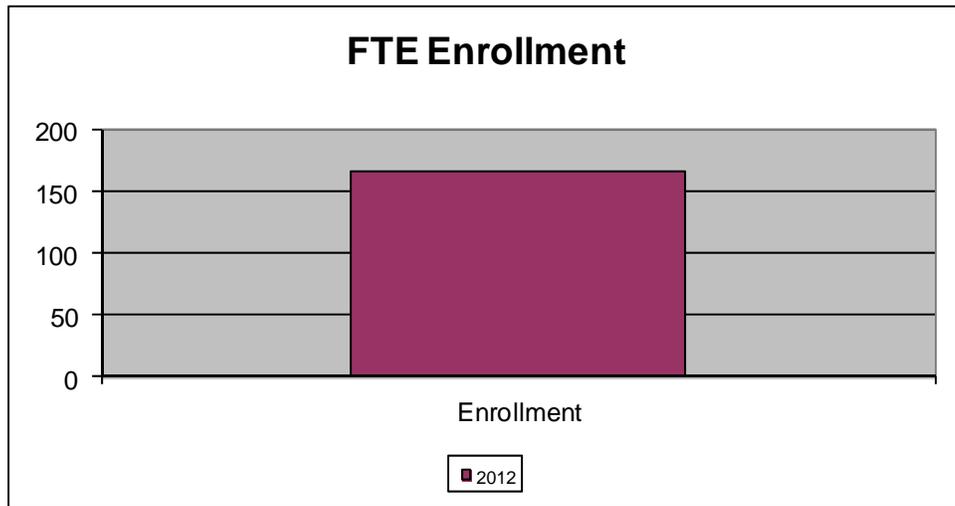


Source: School Financial Records

The Academy for Urban Solutions  
Franklin County, Ohio  
Operating and Non-Operating Revenues  
First Fiscal Year

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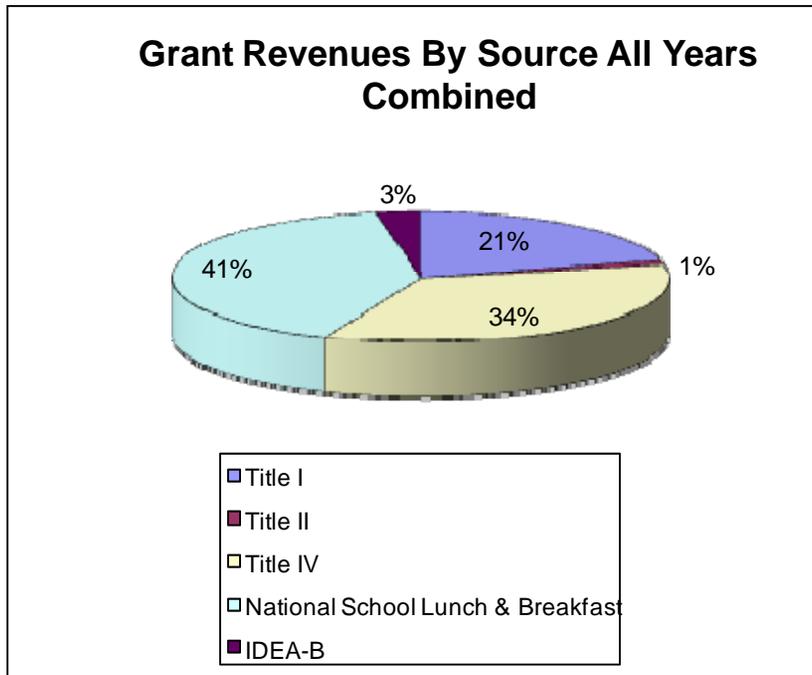
| <u>Year</u> | <u>Enrollment</u> |
|-------------|-------------------|
| 2012        | 166               |



Source: School Financial Records

The Academy for Urban Solutions  
 Franklin County, Ohio  
 Operating and Non-Operating Revenues  
 First Fiscal Year

| <u>Year</u> | <u>Title I</u> | <u>Title II</u> | <u>Title IV</u> | <u>National<br/>School<br/>Lunch &amp;<br/>Breakfast</u> | <u>IDEA-B</u> | <u>Total</u> |
|-------------|----------------|-----------------|-----------------|--|---------------|--------------|
| 2012        | \$ 45,520      | \$ 2,322        | \$ 75,000       | \$ 89,228  | \$ 6,176      | \$ 218,246   |

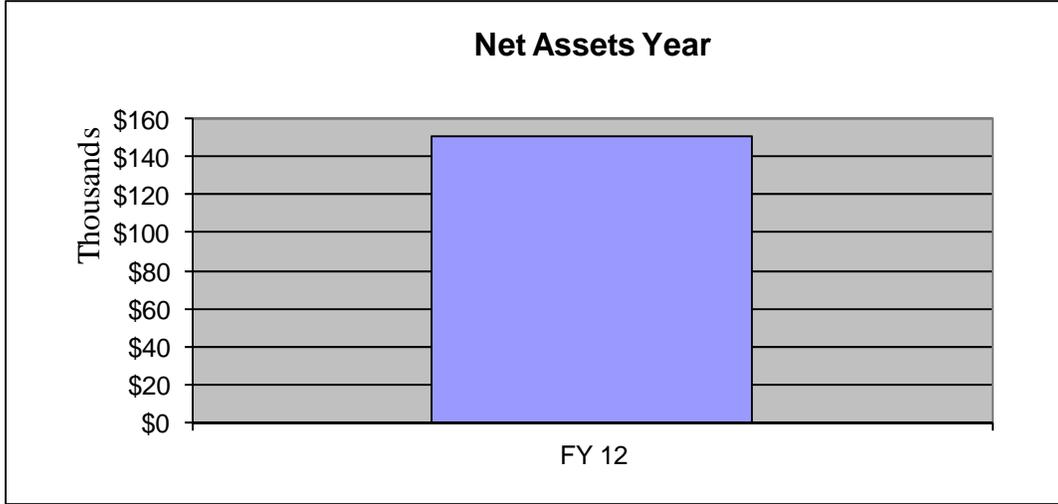


Source: School Financial Records

The Academy for Urban Solutions  
 Franklin County, Ohio  
 Operating and Non-Operating Revenues  
 First Fiscal Year

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| <u>Year</u> | <u>Invested in<br/>Capital<br/>Assets</u> | <u>Unrestricted<br/>Net Assets</u> | <u>Total Net<br/>Assets</u> | <u>Change in<br/>Net Assets</u> |
|-------------|---|------------------------------------|-----------------------------|---------------------------------|
| 2012        | \$ 19,470                                 | \$ 130,994                         | \$ 150,464                  | \$ 150,464                      |

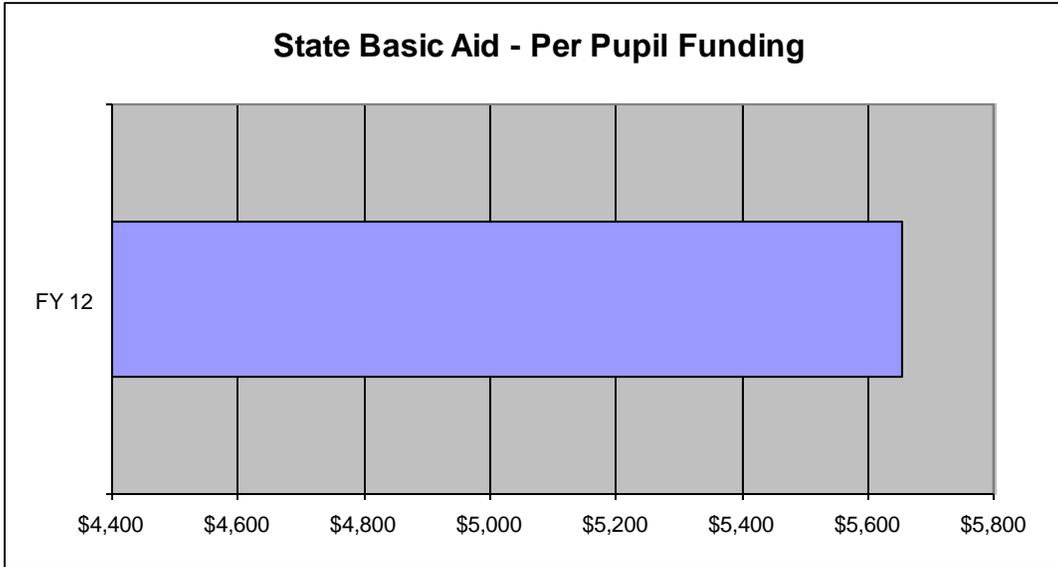


Source: School Financial Records

The Academy for Urban Solutions  
 Franklin County, Ohio  
 Operating and Non-Operating Revenues  
 First Fiscal Year

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| <u>Year</u> | <u>Per Pupil Funding</u> |
|-------------|--------------------------|
| 2012        | \$ 5,653                 |



**Note 1:** In addition to the above, the School also receives other sources of State Aid including (but not limited to) Career Based Intervention Funding, Poverty Based Assistance, Parity Aid, and Special Education funding. The revenues have collectively been identified on the Statement of Revenues, Expenses, and Changes in Net Assets as “State Aid”.

**Source:** Ohio Department of Education

The Academy for Urban Solutions  
Franklin County, Ohio  
Operating and Non-Operating Revenues  
First Fiscal Year

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| <b>Resident<br/>District</b> | <b>%</b> |
|------------------------------|----------|
| Columbus                     | 88.47%   |
| Canal Winchester             | 0.60%    |
| Groveport Madison            | 2.68%    |
| Reynoldsburg                 | 1.04%    |
| Southwestern                 | 4.31%    |
| Whitehall                    | 1.80%    |
| All Other Districts          | 1.10%    |

**Note 1:** The School has open enrollment and draws its population from a large surrounding area. The traditional school district that the student resides in is referred to as the “Resident District”.

Districts representing less than 1 percent of the student population are combined under the heading “All other Districts”.

**Source:** Ohio Department of Education website.

The Academy for Urban Solutions  
Franklin County, Ohio  
Miscellaneous Statistics

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**School Address:** 899 East Broad Street  
Columbus, OH 43215

**Square Footage:** 10,200 sq. ft.

**Date of Incorporation:** 03/10/2010

**Number of FY 12  
Instructional Staff:** 6

**Total FY 12 Staff:** 10

**Student/Instructional  
Staff Ratio:** 27:1

**Percent of  
Free/Reduced Lunch:** 97%

**Source: School Records**



# Dave Yost • Auditor of State

**THE ACADEMY FOR URBAN SOLUTIONS**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 19, 2013**