

***INTERNATIONAL ACADEMY OF OHIO
DBA INTERNATIONAL ACADEMY OF
COLUMBUS
FRANKLIN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2013





Dave Yost • Auditor of State

Board of Directors
International Academy of Ohio DBA International Academy of Columbus
1201 Schrock Court
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the International Academy of Ohio DBA International Academy of Columbus, Franklin County, prepared by Charles E. Harris & Associates, Inc., 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 International Academy of Ohio DBA International Academy of Columbus is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 3, 2014

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**INTERNATIONAL ACADEMY OF OHIO
DBA INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY
AUDIT REPORT
For the Year Ending June 30, 2013**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-21
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	22-23
Schedule of Prior Audit Findings	24
Independent Auditor's Report on Applying Agreed-Upon Procedure	25

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

International Academy of Ohio
DBA International Academy of Columbus
Franklin County
1201 Schrock Court
Columbus, Ohio 43229

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of International Academy of Ohio DBA International Academy of Columbus, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 30, 2013

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The discussion and analysis of the International Academy of Ohio, D/B/A International Academy of Columbus' (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 notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position was \$145,473 at June 30, 2013.
- The Academy had operating revenues of \$1,548,585, operating expenses of \$2,148,306 and non-operating revenues of \$452,126 for fiscal year 2013. Total change in net position for the fiscal year was a decrease of \$147,595.

Using these Basic Financial Statements

This annual report consists of management's discussion and analysis, the basic financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities and financial position. The *statement of net position* and *statement of revenues, expenses and changes in net position* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy's Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2013?" The statement of net position and the statement of revenues, expenses and changes in net position answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net position* and changes in that position. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 8 and 9 of this report.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 10 of this report.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. These notes to the basic financial statements can be found on pages 11-21 of this report.

The table below provides a summary of the Academy's net position for fiscal years 2013 and 2012.

	Net Position	
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current assets	\$ 351,648	\$ 521,681
Noncurrent assets:		
Security deposit	10,500	10,500
Capital assets, net	<u>16,096</u>	<u>12,015</u>
Total assets	<u>378,244</u>	<u>544,196</u>
<u>Liabilities</u>		
Current liabilities	<u>232,771</u>	<u>251,128</u>
Total liabilities	<u>232,771</u>	<u>251,128</u>
<u>Net Position</u>		
Net Investment in capital assets	16,096	12,015
Restricted	28,063	82,237
Unrestricted	<u>101,314</u>	<u>198,816</u>
Total net assets	<u>\$ 145,473</u>	<u>\$ 293,068</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the Academy's net position totaled \$145,473.

At fiscal year-end, capital assets represented 4.26% of total assets. Capital assets include two modular classroom buildings, leasehold improvements and furniture and equipment. Investment in capital assets at June 30, 2013, was \$16,096. These capital assets are used to provide services to the students and are not available for future spending. A portion of the Academy's net position, \$28,063, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$101,314 may be used to meet the Academy's ongoing operations.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The table below shows the changes in net position for fiscal years 2013 and 2012.

Change in Net Position

	<u>2013</u>	<u>2012</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,519,732	\$ 1,475,923
Fees	13,367	20,000
Other	<u>15,486</u>	<u>17,675</u>
Total operating revenue	<u>1,548,585</u>	<u>1,513,598</u>
<u>Operating Expenses:</u>		
Salaries and wages	1,124,727	1,042,770
Fringe benefits	313,994	310,229
Purchased services	581,109	595,588
Materials and supplies	97,891	78,946
Depreciation	10,008	10,254
Other	<u>20,577</u>	<u>34,860</u>
Total operating expenses	<u>2,148,306</u>	<u>2,072,647</u>
<u>Non-operating Revenues/(Expenses):</u>		
Grants	451,687	469,320
Interest revenue	<u>439</u>	<u>512</u>
Total non-operating revenues (expenses)	<u>452,126</u>	<u>469,832</u>
Change in net position	(147,595)	(89,217)
Net position at beginning of year	<u>293,068</u>	<u>382,285</u>
Net position at end of year	<u>\$ 145,473</u>	<u>\$ 293,068</u>

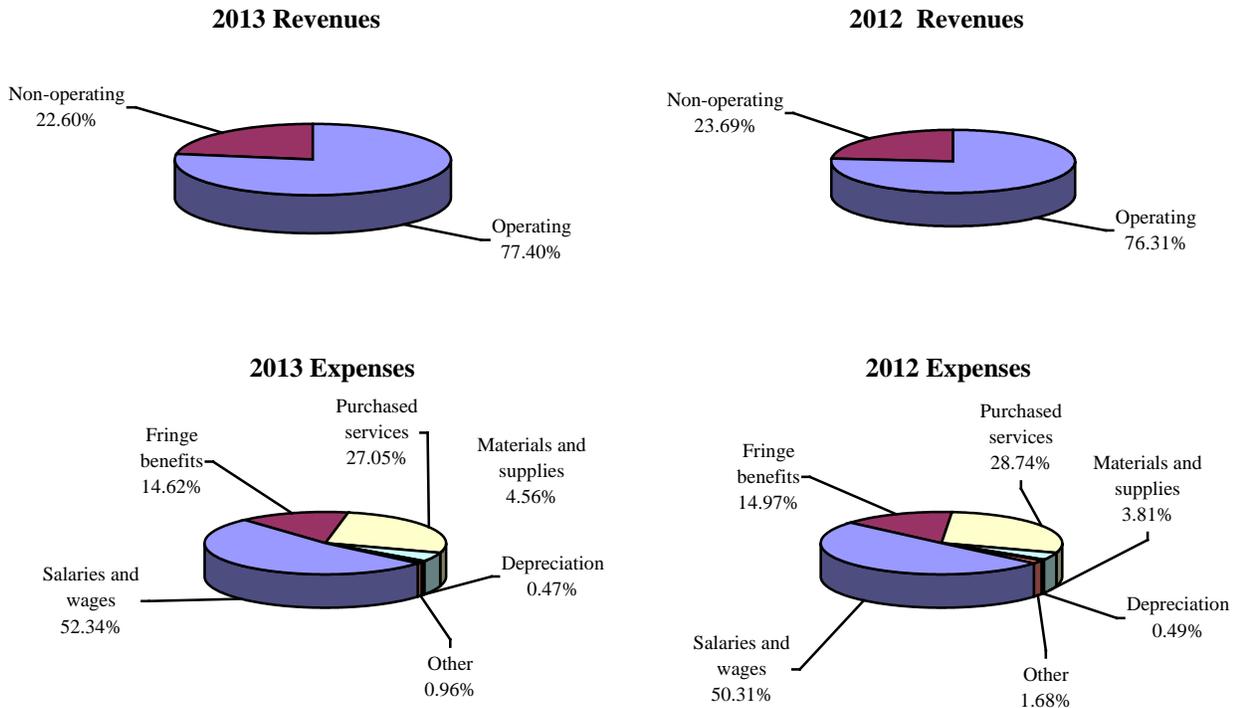
Operating revenues increased \$34,987, or 2.31%, primarily due to an increase in State foundation revenue. This increase in operating revenue was offset by a decrease in federal and State grant funding of \$17,633, or 3.76%.

Operating expenses increased \$75,659, or 3.65%, in fiscal year 2013 versus 2012. The primary increase was in the area of salaries and wages which collectively increased \$81,957, or 7.86%. This increase is primarily attributed to the increase in the number of teachers during fiscal year 2013.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The charts below illustrate the revenues and expenses for the Academy during fiscal years 2013 and 2012.



Total revenues for fiscal years 2013 and 2012 were \$2,000,711 and \$1,983,430, respectively. State Foundation revenues increased \$43,809 in fiscal year 2013. Non-operating grant revenue decreased in fiscal year 2013 by \$17,633, due to a decrease in grants.

Total operating expenses for fiscal years 2013 and 2012 were \$2,148,306 and \$2,072,647, respectively. Salaries and wages and fringe benefits increased \$81,957 and \$3,765, respectively. These increases are due to an increase in faculty staffing.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2013, the Academy had \$16,096 in capital assets, net of depreciation, consisting of two modular classroom buildings, leasehold improvements and furniture and equipment.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013
(UNAUDITED)**

The following table shows fiscal year 2013 balances compared to fiscal year 2012:

Capital Assets at June 30 (Net of Depreciation)		
	2013	2012
Modular classroom building	\$ 65,054	\$ 65,054
Leasehold improvements	322,866	322,866
Furniture and equipment	110,854	96,765
Accumulated depreciation	(482,678)	(472,670)
Total	\$ 16,096	\$ 12,015

The overall increase in capital assets is \$4,081, which is due primarily to an acquisition of \$14,089 worth of equipment being greater than depreciation expense of \$10,008.

See Note 6 to the basic financial statements for additional information on the Academy's capital assets.

Budgeting Highlights

Community schools in Ohio are exempt from appropriations law, but are required to submit a financial forecast.

Current Financial Related Activities

Management and the Board intend to continue their good stewardship of public funds by keeping appropriate levels of working capital and net assets. The current level of net position is about 9 percent of operating revenues for fiscal year 2013. The Academy must continue to look for ways to increase its efficiency and effectiveness. As described in the previous pages, the Academy has limited means to increase its revenue relative to traditional school districts. Community schools cannot seek additional funds through the passage of tax levies and are limited to the per pupil revenue provided through State foundation. As such, the Academy must constantly monitor budgets and develop revenue models to accurately anticipate changes in funding and timing of cash.

Contacting the Academy's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Barbara E. Henry, Treasurer, 1201 Schrock Court, Columbus, Ohio 43229.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2013

Assets:	
Current assets:	
Cash and cash equivalents	\$ 263,053
Receivables:	
Intergovernmental	56,819
Prepayments	<u>31,776</u>
Total current assets	<u>351,648</u>
Non-current assets:	
Security deposit	10,500
Depreciable capital assets, net	<u>16,096</u>
Total non-current assets.	<u>26,596</u>
Total assets.	<u>378,244</u>
Liabilities:	
Current liabilities:	
Accounts payable.	11,292
Accrued wages and benefits	167,102
Pension obligation payable.	38,281
Intergovernmental payable	<u>16,096</u>
Total liabilities	<u>232,771</u>
Net position:	
Net Investment in capital assets	16,096
Restricted for:	
Locally funded programs.	1,338
Federal programs	26,725
Unrestricted.	<u>101,314</u>
Total net position.	<u>\$ 145,473</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating revenues:	
State Foundation	\$ 1,519,732
Fees	13,367
Other.	15,486
Total operating revenues	<u>1,548,585</u>
Operating expenses:	
Salaries and wages.	1,124,727
Fringe benefits.	313,994
Purchased services.	581,109
Materials and supplies	97,891
Depreciation	10,008
Other.	20,577
Total operating expenses.	<u>2,148,306</u>
Operating loss	<u>(599,721)</u>
Non-operating revenues:	
State and Federal grants	451,687
Interest revenue	439
Total nonoperating revenues	<u>452,126</u>
Change in net position	(147,595)
Net position at beginning of year.	<u>293,068</u>
Net position at end of year	<u>\$ 145,473</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Cash flows from operating activities:	
Cash received from State foundation	\$ 1,475,778
Cash received from other operations	44,391
Cash payments for personal services	(1,422,134)
Cash payments for contractual services	(572,615)
Cash payments for materials and supplies	(97,506)
Cash payments for other expenses.	(34,237)
	<hr/>
Net cash used for operating activities	(606,323)
Cash flows from noncapital financing activities:	
Cash received from grants and subsidies.	463,351
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Net cash provided by noncapital financing activities.	463,351
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Cash flows from capital and related financing activities:	
Acquisition of capital assets	(14,089)
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Net cash used in capital and related financing activities.	(14,089)
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Cash flows from investing activities:	
Interest received	439
	<hr/>
Net cash provided by investing activities	439
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Net decrease in cash and cash equivalents	(156,622)
Cash at beginning of year	419,675
Cash at end of year	\$ 263,053
	<hr/> <hr/>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss	\$ (599,721)
Adjustments:	
Depreciation.	10,008
Changes in assets and liabilities:	
Decrease in intergovernmental receivable	1,871
(Increase) in prepayments.	(124)
Increase in accounts payable	7,770
Increase in accrued wages and benefits	8,838
(Decrease) in intergovernmental payable.	(73,246)
Increase in pension obligation payable.	38,281
	<hr/>
Net cash used for operating activities.	\$ (606,323)
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 1 - DESCRIPTION OF THE ACADEMY

The International Academy of Ohio, D/B/A International Academy of Columbus (the "Academy") is a non-profit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to maintain and provide a school exclusively for educational, literary, scientific, and related teaching service that qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Specifically the Academy's purpose is to be a model charter school serving children from kindergarten through grade eight. The Academy, which is part of the State's education program, is independent of any school district. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax exempt status.

The creation of the Academy was initially proposed to the Ohio Department of Education (the "Sponsor") by the developers of the Academy in July, 2000. The Sponsor approved the proposal and entered into a contract with the developers, which provided for the commencement of the Academy's operations on May 31, 2002. Also, on May 31, 2002, the Ohio Department of Education assigned the sponsor contract to the Lucas County Educational Service Center (LCESC). On September 1, 2005, the LCESC assigned the sponsor contract to the Buckeye Community Hope Foundation. Buckeye Community Hope Foundation is the current sponsor of the Academy.

The Academy is located in Columbus, Ohio, Franklin County. The Academy operates under a self-appointed five-member Board of Directors, which is comprised of a variety of community leaders. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State mandated provisions regarding student population, curriculum, academic goals, performance standards, admissions standards, and qualifications of teachers. The Board of Trustees controls the Academy's one instructional facility staffed by 15 full time non-certified personnel, 20 certified full-time teaching personnel and 1 administrator who provide services to approximately 217 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Enterprise 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 or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition were reported as non-operating.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the Academy are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows reflects how the Academy finances its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. 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 other public schools located in the State of Ohio, the Academy is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the contract between the Academy and its sponsor. The contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast which is updated on an annual basis.

D. Cash and Cash Equivalents

Cash and investments held by the Academy are reflected as "cash and cash equivalents" on the statement of net position. All monies received by the Academy were deposited in demand deposit accounts.

E. Capital Assets and Depreciation

All capital assets were capitalized at cost (or estimated historical cost) and updated for additions and disposals during the year. Donated capital assets were recorded at their fair market values on the date donated. The Academy maintained a capitalization threshold of \$1,000. The Academy did not have any infrastructure. Leasehold Improvements were capitalized. The costs of normal maintenance and repairs that did not add to the value of the asset or materially extend an asset's life were not capitalized. Interest incurred during the construction of capital assets is also capitalized. The Academy did not have any capitalized interest during the year.

All capital assets were depreciated. Leasehold Improvements were depreciated over the remaining useful lives of the related capital assets from three to four years. Depreciation was computed using the straight-line method. Furniture and equipment was depreciated over three to ten years. Modular classroom buildings are depreciated over ten years.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Net Position

Net position represents the difference between assets and liabilities. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

G. Prepaid Items

A prepaid item is an asset that occurs when a vendor is paid for services that will benefit a future accounting period. When items meet these criteria, they are reported as assets on the statement of net position using the consumption method. Under the consumption method, a current asset for the prepaid amount is recorded at the time of the purchase and the expense is reported in the year in which services are consumed. The Academy had \$31,776 in prepaid assets at June 30, 2013.

H. Intergovernmental Revenue

The Academy participated in the State Foundation Program through the Ohio Department of Education. Revenue from this program was recognized as operating revenue in the accounting period in which all eligibility requirements had been met.

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

I. Security Deposit

At June 30, 2013, the Academy had a deposit of \$10,500 with American Municipal Power, Inc., as security for the faithful performance of all lease covenants and conditions of the property leased. The deposit is recorded on the accompanying statement of net position as a non-current asset.

J. Estimates

The preparation of financial statements in conformity with GAAP 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.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2013, the Academy has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Academy.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Academy.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Academy.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Academy's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS AND INVESTMENTS

Deposits

At June 30, 2013, the carrying amount of the Academy's deposits was \$263,053. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$73,513 of the Academy's bank balance of \$323,513 was exposed to custodial risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial credit risk is the risk that in the event of bank failure, the Academy will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository 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 Academy.

The Academy had no deposit policy for custodial risk beyond the requirements of the State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Academy or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secure.

NOTE 5 - RECEIVABLES

Receivables at June 30, 2013 consisted of intergovernmental (e.g. State and Federal grants and reimbursements) receivables. All intergovernmental receivables are considered collectible in full. Below is a summary of receivables due to the Academy:

School Employees Retirement System of Ohio	\$ 389
Race to the top	1,431
IDEA Part B	15,590
Title I	<u>39,409</u>
Total	<u>\$ 56,819</u>

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - CAPITAL ASSETS

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

	Balance <u>July 1, 2012</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2013</u>
Modular classroom buildings	\$ 65,054	\$ -	\$ -	\$ 65,054
Leasehold improvements	322,866	-	-	322,866
Furniture and equipment	96,765	14,089	-	110,854
Less: accumulated depreciation	<u>(472,670)</u>	<u>(10,008)</u>	<u>-</u>	<u>(482,678)</u>
Capital assets, net	<u>\$ 12,015</u>	<u>\$ 4,081</u>	<u>\$ -</u>	<u>\$ 16,096</u>

NOTE 7 - OPERATING LEASES

The Academy leases a building under a cancelable operating lease.

The building lease ends June 30, 2017. At the expiration or earlier termination of the tenancy, the Academy shall surrender the leased premises, including, without limitation, all alterations, additions, improvements, decorations, and repairs made thereto, in good condition and repair. The Academy is responsible for all charges incurred for utilities (i.e. heat, water, gas, sewer, electricity) and maintenance. The Academy made lease payments in the amount of \$192,270 for fiscal year 2013. The Academy has paid a security deposit of \$10,500 to execute the lease.

NOTE 8 - PURCHASED SERVICES

For fiscal year ended June 30, 2013, purchased services expenses were as follows:

Professional services	\$ 81,565
Rent and property services	234,017
Travel mileage/meeting expense	4,957
Advertising, communications and travel	6,436
Utilities	38,775
Contract services	144,216
Other purchased services	<u>71,143</u>
Total	<u>\$ 581,109</u>

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 9 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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 writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "*Media/Financial Reports*".

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. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$56,183, \$49,792 and \$43,485, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System of Ohio

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*".

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 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.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 9 - PENSION PLANS - (Continued)

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 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 fiscal year 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 \$86,535, \$82,227 and \$74,955, respectively; 88.24 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$25,605 made by the Academy and \$18,289 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Directors have elected Social Security. The Academy's liability is 6.2 percent of wages paid.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Academy participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit 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 B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Media/Financial Reports".

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - State statute permits SERS to fund the health care 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 105(e). For 2013, .16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$6,276, \$7,962 and \$11,072, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 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 \$3,174, \$2,939 and \$2,798, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "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, under "Publications" 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 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 \$6,657, \$6,325 and \$5,766, respectively; 88.24 percent has been contributed for fiscal year 2013 and 100 percent has been contributed for fiscal years 2012 and 2011.

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 11 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave components are derived from the Academy policy and State laws. All employees are at-will employees and do not have contracts as employees in traditional school districts. Full time administrative staff members are entitled to accrue 10 vacation days per year. Vacation time for the custodian is determined annually by the Management team. Vacation time for the Academy Director is determined annually by the Board. Salaried employees accrue sick time of 10 days per school year (0.833 per month) and are awarded 3 personal days and 1 professional day at the beginning of each school year. Hourly rate employees do not accrue leave and are paid based upon hours worked only. Personal and professional days do not carry over to the following school year.

NOTE 12 - RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Academy maintains insurance coverage with Wells Fargo Insurance Company for general liability, buildings and contents, and school leaders' errors and omissions. The general liability coverage is in the amount of \$2,000,000 aggregate. There has not been a significant reduction in coverage from the prior year. Settled claims have not exceeded the commercial coverage in any of the past three years.

B. Employee Medical, Dental, and Vision Benefits

The Academy has contracted with a private carrier to provide employee health insurance benefits. The employee has the option of using the Academy's insurance provider or using an outside provider. Insurance premiums vary by employee depending upon such factors as age, gender, and number of covered dependents.

C. Workers' Compensation

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

**INTERNATIONAL ACADEMY OF OHIO
D/B/A INTERNATIONAL ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 13 - CONTINGENCIES

A. Grants

The Academy 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. 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.

B. 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 anticipates minimal adjustment to State funding for fiscal year 2013 as a result of the reviews which have yet to be completed.

C. Litigation

The Academy is not involved in any litigation that, in the opinion of management, would have a material effect on the financial statements.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

International Academy of Ohio
DBA International Academy of Columbus
Franklin County
1201 Schrock Court
Columbus, Ohio 43229

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of International Academy of Ohio DBA International Academy of Columbus, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 30, 2013.

Internal Controls Over Financial Reporting

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

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

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

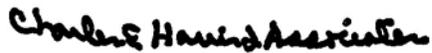
International Academy of Ohio
DBA International Academy of Columbus
Franklin County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and on Compliance and
Other Matters Required by *Government Auditing Standards*

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
December 30, 2013

SCHEDULE OF PRIOR AUDIT FINDINGS

The prior audit report, for the year ended June 30, 2012, reported no material citations or recommendations.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURE

International Academy of Ohio
DBA International Academy of Columbus
Franklin County
1201 Schrock Court
Columbus, Ohio 43229

To the Board of Directors:

Ohio Revised 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 Ohio Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of the any anti-harassment policy adopted by a school district or community school.”

Accordingly, we have performed the procedures enumerated below, which we agreed to by the Board, solely to assist the Board in evaluating whether International Academy of Ohio DBA International Academy of Columbus has adopted an anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. The agreed-upon procedure 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 purpose.

- We noted the Board amended its anti-harassment policy at its meeting on March 26, 2009 to include prohibiting harassment, intimidation, or bullying of any student “on a school bus” or by an “electronic act”. We also noted the Board updated its policy on January 31, 2013 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 and is not intended to be and should not be used by anyone other than these specified parties.

Charles Harris Associates

Charles E. Harris & Associates, Inc.

December 30, 2013



Dave Yost • Auditor of State

INTERNATIONAL ACADEMY OF OHIO DBA INTERNATIONAL ACADEMY OF COLUMBUS

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
MARCH 13, 2014**