

Great Western Academy

Franklin County

Single Audit

July 1, 2008 through June 30, 2009

Fiscal Year Audited Under GAGAS: 2009



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Mary Taylor, CPA

Auditor of State

Board of Directors  
Great Western Academy  
310 North Wilson Road  
Columbus, Ohio 43204

We have reviewed the *Independent Auditor's Report* of the Great Western Academy, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. 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 Great Western Academy is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

March 29, 2010

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Great Western Academy

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## Independent Auditor's Report

Members of the Board  
Great Western Academy  
310 North Wilson Road  
Columbus, OH 43204

We have audited the accompanying financial statements of the business type activities of the Great Western Academy (the Academy), Franklin County, as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions 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 Comptroller General of the United States' *Government Auditing Standards*. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities the Academy, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

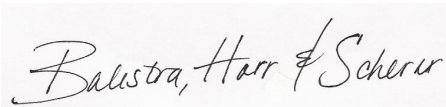
In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2010 on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Great Western Academy  
Independent Auditor's Report  
Page 2

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Academy's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 3, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Account Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".



Balestra, Harr & Scherer, CPAs, Inc.  
January 29, 2010



## **GREAT WESTERN ACADEMY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 (UNAUDITED)**

Our discussion and analysis of the Great Western Academy's (Academy's) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

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 Government 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 increased \$67,413, leaving net assets of \$27,996.

Total assets decreased \$89,197, and liabilities decreased \$156,610.

#### **Using this Financial Report**

This financial 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.

#### **Reporting the Academy as a Whole**

One of the most important questions asked about the Academy's finances is, "Is the Academy better off or worse off as a result of the year's activities?" The statement of net assets and the statement of revenues, expenses and changes in net assets report information about the Academy as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the Academy's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the Academy's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as state revenue, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the Academy.

**GREAT WESTERN ACADEMY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

Table 1 provides a comparative analysis of fiscal year 2009 and 2008:

	<b>Table 1</b>	
	<b>Net Assets</b>	
	<u>2009</u>	<u>2008</u>
<b><u>Assets</u></b>		
Current assets	\$ 195,917	\$ 283,886
Capital assets, net	<u>-</u>	<u>1,228</u>
Total assets	<u>195,917</u>	<u>285,114</u>
<b><u>Liabilities</u></b>		
Current liabilities	167,921	318,906
Long-term liabilities	<u>-</u>	<u>5,625</u>
Total liabilities	<u>167,921</u>	<u>324,531</u>
<b><u>Net Assets</u></b>		
Invested in capital assets	-	1,228
Unrestricted	<u>27,996</u>	<u>(40,645)</u>
Total net assets (deficit)	<u>\$ 27,996</u>	<u>\$ (39,417)</u>

Net assets of the Academy have increased \$67,413 during fiscal year 2009. The decrease in current assets and current liabilities is related to grants receivable and the amount due to Imagine at June 30, 2009, which is reported as accounts payable. Capital assets, net of accumulated depreciation and long-term liabilities have decreased as the assets capitalized by the Academy have been fully depreciated and the final principal and interest payments were made on the capital lease obligations during fiscal year 2009. In addition, as a result of the full-time equivalency review by the Ohio Department of Education, \$31,835 has been reported as an intergovernmental payable at June 30, 2008; however the full-time equivalency review has not been released yet for fiscal year 2009, the Academy does not expect any significant adjustments.

**GREAT WESTERN ACADEMY**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009  
(UNAUDITED)

The table below shows the changes in net assets for fiscal years 2009 and 2008. Fringe benefits expenses reported in fiscal year 2008 have been reported in purchased services to conform to fiscal year 2009 presentation.

**Table 2**  
**Changes in Net Assets**

	2009	2008
<b><u>Operating Revenues:</u></b>		
Sales	\$ 3,757	\$ 18,888
Extracurricular	-	10,846
State foundation	5,268,528	4,413,627
Other	1,819	8,577
Total operating revenue	5,274,104	4,451,938
<b><u>Operating Expenses:</u></b>		
Purchased services	6,230,235	5,403,996
Depreciation	1,228	6,015
Other	2,779	6,679
Total operating expenses	6,234,242	5,416,690
<b><u>Non-operating Revenues (Expenses):</u></b>		
Federal and state grants	1,027,702	928,073
Interest expense	(151)	(990)
Contributions and donations	-	2,231
Total non-operating revenues (expenses)	1,027,551	929,314
Change in net assets	67,413	(35,438)
Net assets (deficit) at beginning of year	(39,417)	(3,979)
Net assets (deficit) at end of year	\$ 27,996	\$ (39,417)

The Academy's operating revenues and federal and state grant non-operating revenues increased \$822,166 and \$99,629, respectively, as a result of enrollment increasing from 676 students in fiscal year 2008 to 760 students in fiscal year 2009. The Academy's operating expenses also increased \$817,552 as a result of costs associated with increased enrollment over the prior school year.

**Capital Assets**

At June 30, 2009, capital assets reported by the Academy are fully depreciated. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 6).

**Debt**

During fiscal year 2009 the final principal and interest payments on the Academy's capital lease obligations were made (see Note 8 to the basic financial statements for detail). At June 30, 2009 the Academy has no debt obligations.

## **GREAT WESTERN ACADEMY**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2009 (UNAUDITED)**

#### **Restrictions and Other Limitations**

The future financial stability of the Academy is not without challenges.

The Academy does not receive any funds from taxes. The primary source of funding is the state foundation program. An economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the Academy.

#### **Contacting the Academy's Financial Management**

This financial report is designed to provide our citizen's, 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 information please contact Mr. Robert Lotz, Treasurer, Charter School Specialists, 310 North Wilson Road, Columbus, Ohio.

**GREAT WESTERN ACADEMY  
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

<b>Assets:</b>	
Current assets:	
Cash . . . . .	\$ 29,663
Receivables:	
Intergovernmental . . . . .	<u>166,254</u>
Total assets . . . . .	<u>195,917</u>
<b>Liabilities:</b>	
Current liabilities:	
Accounts payable . . . . .	<u>167,921</u>
Total liabilities . . . . .	<u>167,921</u>
<b>Net Assets:</b>	
Unrestricted . . . . .	<u>27,996</u>
Total net assets . . . . .	<u><u>\$ 27,996</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Operating revenues:</b>	
Sales . . . . .	\$ 3,757
State foundation . . . . .	5,268,528
Other . . . . .	1,819
Total operating revenue . . . . .	<u>5,274,104</u>
<b>Operating expenses:</b>	
Purchased services . . . . .	6,230,235
Depreciation . . . . .	1,228
Other . . . . .	2,779
Total operating expenses . . . . .	<u>6,234,242</u>
Operating loss . . . . .	<u>(960,138)</u>
<b>Non-operating revenues and (expenses):</b>	
Federal and state grants . . . . .	1,027,702
Interest expense . . . . .	(151)
Total non-operating revenues and (expenses) . . . . .	<u>1,027,551</u>
Change in net assets . . . . .	67,413
<b>Net assets (deficit) at beginning of year . . . . .</b>	<u>(39,417)</u>
<b>Net assets at end of year . . . . .</b>	<u><u>\$ 27,996</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

<b>Cash flows from operating activities:</b>	
Cash received from sales . . . . .	\$ 3,757
Cash received from state foundation . . . . .	5,236,693
Cash received from other operations . . . . .	1,819
Cash payments to suppliers for goods and services. . .	(6,349,385)
Cash payments for other expenses . . . . .	<u>(2,779)</u>
 Net cash used in operating activities . . . . .	 <u>(1,109,895)</u>
<b>Cash flows from noncapital financing activities:</b>	
Federal and state grants. . . . .	<u>1,089,699</u>
 Net cash provided by noncapital financing activities . . . . .	 <u>1,089,699</u>
<b>Cash flows from capital and related financing activities:</b>	
Payments for principal and interest on capital acquisitions. . . . .	<u>(5,776)</u>
 Net cash used in capital and related financing activities . . . . .	 <u>(5,776)</u>
Net decrease in cash and cash equivalents . . . . .	(25,972)
 <b>Cash and cash equivalents at beginning of period . .</b>	 <u>55,635</u>
<b>Cash and cash equivalents at end of period. . . . .</b>	<b>\$ <u>29,663</u></b>
 <b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss . . . . .	\$ (960,138)
Adjustments:	
Depreciation. . . . .	1,228
Changes in assets and liabilities:	
Decrease in accounts payable . . . . .	(119,150)
Decrease in intergovernmental payable . . . . .	<u>(31,835)</u>
 Net cash used in operating activities . . . . .	 <u>\$ (1,109,895)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

Great Western Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through eighth grade. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy contracted with Imagine Schools, Inc. for most of its functions beginning February 14, 2006 (See Note 13.A). The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 2002. On May 30, 2007, the Academy entered into a new sponsorship contract with the Lucas County Educational Service Center. The sponsorship contract is for a period of five years ending on May 14, 2012. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a seven member Board of Directors. 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, admission standards, and qualifications of teachers. The Board of Directors control the Academy's instructional/support facility staffed by employees of the management company who provide services to 760 students.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The Academy'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 uses enterprise accounting to track and report on its financial activities during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

Enterprise accounting is used to track and report the Academy's financial activities. Enterprise accounting is used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost (expenses, including depreciation) 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.



**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

**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 are included on the statement of net assets. The statement of changes in net assets presents increases and decreases in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is used for reporting purposes. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. Revenues resulting from non-exchange transactions, in which the Academy received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

**C. Budgetary Process**

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The Academy will from time to time adopt budget revisions as necessary.

**D. Cash**

All cash received by the Academy is maintained in a demand deposit account. The Academy did not have any investments during fiscal year 2009.

**E. Capital Assets and Depreciation**

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the dates received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets.

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5
Computer & copier equipment	3

**F. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program, Special Education, and the Poverty Aid Program. Revenue received from these programs is recognized as operating revenues. Amounts awarded under the above programs for the 2009 school year totaled \$5,268,528.

**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

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

Grants and entitlements 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 fiscal year use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis.

Amounts recognized under the above programs for the 2009 fiscal year totaled \$1,027,702.

**G. Accrued Liabilities and Long-Term Obligation**

All payables and other accrued liabilities are reported on the statement of net assets.

**H. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy did not have any restricted net assets at fiscal year end.

**I. Estimates**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For fiscal year 2009, the Academy has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Account Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the Academy.

**GREAT WESTERN ACADEMY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Academy.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Academy.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Academy.

**NOTE 4 - DEPOSITS**

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2009, the carrying amount of the Academy's deposits was \$29,663 and the bank balance was \$31,488. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

**NOTE 5 - RECEIVABLES**

Receivables at June 30, 2009, consisted of intergovernmental receivables arising from grants and entitlements and accounts receivable. All receivables are considered collectible in full. A summary of the intergovernmental receivables follows:

<b>Intergovernmental receivables:</b>	<b>Amount</b>
State meal reimbursement	\$ 582
Federal meal reimbursement	6,137
Title VI-B	36,160
Title I	123,375
Total intergovernmental receivables	\$ 166,254

**GREAT WESTERN ACADEMY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 6 - CAPITAL ASSETS**

A summary of the Academy's capital assets at June 30, 2009, follows:

	Balance			Balance
	<u>06/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/09</u>
Capital assets, being depreciated:				
Equipment	\$ 30,076	\$ -	\$ -	\$ 30,076
Less: accumulated depreciation	<u>(28,848)</u>	<u>(1,228)</u>	<u>-</u>	<u>(30,076)</u>
Capital assets, net	<u>\$ 1,228</u>	<u>\$ (1,228)</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 7 - RISK MANAGEMENT**

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the Academy maintained the following general liability, automobile liability, excess/umbrella liability through Philadelphia Insurance Company; boiler and machinery coverage with Hartford Steam & Boiler Company; and employer's liability, school leaders, and student accident coverage with Indiana Insurance.

<u>Coverage</u>	<u>Limits of Coverage</u>
General liability:	
Each occurrence	\$ 1,000,000
General aggregate	3,000,000
Products	3,000,000
Medical expenses	10,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	100,000
Automobile liability - combined single limit	1,000,000
Excess/umbrella liability:	
Each occurrence	10,000,000
Aggregate	10,000,000
Employers' liability:	
Each accident	1,000,000
Disease - each employee	1,000,000
Disease - policy limit	1,000,000
School leaders:	
Each occurrence	1,000,000
Aggregate	1,000,000
Student Accident:	
Aggregate	250,000

**GREAT WESTERN ACADEMY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 7 - RISK MANAGEMENT - (Continued)**

<u>Coverage</u>	<u>Limits of Coverage</u>
Boiler & Machinery:	
Limit	\$ 100,000,000
Deductible	1,500

**NOTE 8 - CAPITALIZED LEASES**

During fiscal years ending 2004, 2003 and 2002, the Academy entered into capitalized leases for office equipment. The leases meet 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 benefits and risks of ownership to the lessee. The capital leases have been recorded at the present value of future minimum lease payments as of the inception dates. The final principal and interest payments in the amount of \$5,625 and \$151, respectively, were made during fiscal year 2009. There are no capital lease obligations outstanding at June 30, 2009.

**NOTE 9 - OPERATING LEASES**

SchoolHouse Finance, LLC entered into a lease agreement with Great Western Shopping Center Company on September 1, 2006 to lease the facilities the Academy occupies. The term of the lease commenced May 1, 2006 through August 31, 2016. The monthly rent is \$11,893 through August 31, 2008, \$12,917 through August 31, 2011, and \$15,333 through August 31, 2016.

Subsequently, on September 1, 2006, the Academy entered into an agreement to sublease the facilities at Great Western Shopping Center from SchoolHouse Finance, LLC. The term of the lease commenced September 1, 2006 through August 31, 2016. On October 22, 2008, an amendment was made to the sublease agreement to increase the base rent to reflect the cost of improvements made by SchoolHouse Finance, LLC to the premises. Annual minimum rent for the period September 1, 2008 through August 31, 2011 shall be \$960,482 and annual minimum rent for the period September 1, 2011 through August 31, 2016 shall be \$989,482.

**NOTE 10 - PENSION PLANS**

The Academy has contracted with Imagine Schools, Inc. to provide employee services and to pay those employees (see Note 13.A.). However, these contract services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately responsible for remitting retirement contributions to each of the systems noted below:

**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - PENSION PLANS - (Continued)**

**A. School Employees Retirement System**

Plan Description - Imagine Schools, Inc., on behalf of the Academy, contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. 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 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](http://www.ohsers.org), under *Forms and Publications*.

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 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. 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 to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$98,438, \$65,045 and \$59,940, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

**B. State Teachers Retirement System**

Plan Description - Imagine Schools, Inc., on behalf of the Academy, contributes to 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 Web site 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 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.

**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 10 - 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 2009, 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, 2009, 2008 and 2007 were \$197,128, \$137,949 and \$113,490, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - Imagine Schools, Inc., on behalf of the Academy, contributes to 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of 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.

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 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)**

The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$45,050, \$29,682 and \$19,900, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,122, \$4,687 and \$4,076, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

**B. State Teachers Retirement System of Ohio**

Plan Description - Imagine Schools, Inc., on behalf of 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](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 2009, 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, 2009, 2008, and 2007 were \$15,164, \$10,611 and \$8,730, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

**NOTE 12 - CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall position of the Academy at June 30, 2009.

**B. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The Academy anticipates no adjustments to state funding for fiscal year 2009, as a result of the reviews which have yet to be completed.



**GREAT WESTERN ACADEMY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE 13 - CONTRACTS**

**A. Management Contract**

The Academy entered into a management contract with Imagine Schools, Inc. for management consulting services. Imagine Schools, Inc. is required to provide the following services:

- Personnel & human resources administration
- Program of instruction
- Purchasing & contracts
- Budgeting, financial reporting and audit preparation
- Compliance issues
- Curriculum research and development
- Marketing and publicity
- Equipment and facilities
- Grant preparation and management

For the services listed above, the Academy is required to pay a fee to Imagine Schools, Inc. The fee is equal to 98% of the total per pupil allowance received from the State of Ohio and of state and/or federal grant funds received by the Academy for the creation and operation of its school. In the event that the year end reconciliation results in a difference between the total amount paid and the agreed fee, with a balance owed, the Imagine Schools, Inc. has the right to suspend collection until such time as the Academy determines that cash flow permits such payment. The total expenses paid under this contract for fiscal year 2009 totaled \$6,091,953, which includes \$166,254 and \$283,886 reported in accounts payable at June 30, 2009 and June 30, 2008, respectively.

**B. Service Contract**

The Academy entered into a service contract with Charter School Specialists, LLC (CSS), to provide fiscal, student data, and Comprehensive Continuous Planning (CCIP) consulting services. The Academy paid CSS \$36,213 in service fees for fiscal year 2009.

**NOTE 14 - PURCHASED SERVICES EXPENSES**

Professional and technical services	\$ 6,230,235
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Professional and technical services include management services, fiscal services, sponsor fees, and legal fees.

**GREAT WESTERN ACADEMY**  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

**NOTE 15 - MANAGEMENT COMPANY EXPENSES**

For the year ended June 30, 2009, Imagine Schools, Inc. incurred the following expenses, which are reported on cash-basis, on behalf of the Academy:

Salaries and wages	\$ 2,293,151
Employee benefits	741,818
Purchased services	1,880,091
Materials and supplies	232,103
Capital outlay	134,290
Miscellaneous - Direct	<u>699,058</u>
Total	<u>\$ 5,980,511</u>

**NOTE 16 - TAX EXEMPT STATUS**

The Academy was approved under § 501(c)(3) of the Internal Revenue Code as a tax exempt organization on December 7, 1999. Management is not aware of any course of action or series of events that might adversely affect the Academy's tax exempt status.

Great Western Academy  
Franklin County

Schedule of Federal Awards Receipts and Expenditures  
For the Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	3L70	10.553	130,877	-	130,877	-
National School Lunch Program	3L60	10.555	231,218	23,000	231,218	23,000
Total Nutrition Cluster			362,095	23,000	362,095	23,000
<b>Total United States Department of Agriculture</b>			362,095	23,000	362,095	23,000
<b>United States Department of Education</b>						
<i>Passed through Ohio Department of Education</i>						
<i>Special Education Cluster:</i>						
Special Education Grants to States, IDEA-B	3M20	84.173	135,637	-	156,855	-
Total Special Education Cluster			135,637	-	156,855	-
Title I Grants to Local Agencies	3D00	84.010	482,803	-	501,421	-
Drug Free Education	3D10	84.186	152	-	152	-
Innovative Education Program Strategy	3M10	84.298	256	-	256	-
Technology II-D	3S20	84.318	1,232	-	1,232	-
Teacher Quality Grant	3Y60	84.367	32,450	-	32,450	-
School Improvement Grants	3AN0	84.377	60,000	-	60,000	-
<b>Total United States Department of Education</b>			\$ 712,530	\$ -	\$ 752,366	\$ -
<b>Total Federal Financial Assistance</b>			\$ 1,074,625	\$ 23,000	\$ 1,114,461	\$ 23,000

N/A=Not Available

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

**GREAT WESTERN ACADEMY  
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) is a summary of the activity of the Academy's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – CHILD NUTRITION CLUSTER**

Program regulations do not require the Academy to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS**

Members of the Board  
Great Western Academy  
310 North Wilson Road  
Columbus, Ohio 43204

We have audited the accompanying financial statements of the business-type activities of the Great Western Academy (the Academy) as of and for the year ended June 30, 2009 which collectively comprise the Academy's basic financial statements, and have issued our report thereon dated January 29, 2010 wherein we noted the Academy implemented GASB Statements Numbers 49, 52, 55, and 56. 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**

In planning and performing our audit, we considered the Government's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Academy's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Academy's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Members of the Board  
Great Western Academy


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

Page 2

**Compliance and Other Matters**

As part of reasonably assuring whether the Government'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, providing an opinion 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*.

We intend this report solely for the information and use of the Academy's management, members of the Board, the Community School's sponsor, federal awarding agencies and federal pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
January 29, 2010

# BALESTRA, HARR & SCHERER, CPAs, INC.

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## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Members of the Board  
Great Western Academy  
310 North Wilson Road  
Columbus, OH 43204

### **Compliance**

We have audited the compliance of Great Western Academy, Franklin County, Ohio (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Academy's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Academy's management. Our responsibility is to express an opinion on the Academy's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Academy's compliance with those requirements.

In our opinion, the Academy complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

Members of the Board  
Great Western Academy

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Page 2

**Internal Control over Compliance**

The management of the Academy is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Academy's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Academy's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the Academy's management, members of the Board, the Community School's sponsor, federal awarding agencies and federal pass-through entities. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
January 29, 2010



**GREAT WESTERN ACADEMY  
FRANKLIN COUNTY**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009*

**1. SUMMARY OF AUDITOR' S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any significant internal control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any material weakness reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any significant internal control deficiencies reported for major federal programs?	No
(d)(1)(iv)	Were there any material weakness reported for major federal programs?	No
(d)(1)(v)	Type of Major Program' s Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA #84.010 Title I Grants to Local Agencies, Nutrition Cluster, CFDA #10.555, National School Lunch Program and CFDA #10.553, National School Breakfast Program
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**GREAT WESTERN ACADEMY  
FRANKLIN COUNTY**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505  
(CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009*

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

Finding Number	None
CFDA Title and Number	
Federal Award Number/Year	
Federal Agency	
Pass-Through Agency	



### Independent Auditor's Report on Applying Agreed-Upon Procedures

Great Western Academy  
Franklin County  
310 North Wilson Road  
Columbus, Ohio 43204

To the Board of Trustees:

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

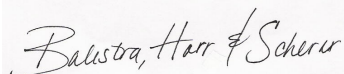
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Great Western Academy (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for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

1. We noted the Board adopted an anti-harassment policy at its meeting on April 24, 2006.
2. We read the policy, noting it included the following requirements from the 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 includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
  - 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 Academy administration semiannually provide the president of the Academy board a written summary of all reported incidents and post the summary on its web site, if the Academy 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.

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.



Balestra, Harr & Scherer, CPAs, Inc.

January 29, 2010



**Mary Taylor, CPA**  
Auditor of State

**GREAT WESTERN ACADEMY**

**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  
MAY 06, 2010**