



**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL  
FRANKLIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**Mary Taylor, CPA**  
Auditor of State



**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC.  
FRANKLIN COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Horizon Science Academy Elementary School, Inc.  
Franklin County  
2835 Morse Road  
Columbus, Ohio 43231

To the Board of Directors:

We have audited the accompanying basic financial statements of the Horizon Science Academy Elementary School, Franklin County, Ohio (the School), as of and for the year ended June 30, 2009 as listed in the table of contents. These financial statements are the responsibility of the School'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 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 Horizon Science Academy Elementary School, Franklin County, Ohio, as of June 30, 2009, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 2, 2010, on our consideration of the School'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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements. The federal awards receipts and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipts and expenditures schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 2, 2010

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

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

The discussion and analysis of Horizon Science Academy Columbus Elementary School's (the School) financial performance provides an overall review of the financial activities for the fiscal first year ended June 30, 2009. Readers should also review the financial statements and notes to enhance their understanding of the School's financial performance.

**Financial Highlights:**

Key financial highlights for the fiscal year are as follows:

- Total net assets at the end of the first fiscal year were \$112,617
- The School had total operating revenues of \$1,374,947
- The School had total operating expenses of \$1,832,068
- The current liabilities at the end of the first fiscal year were \$135,117
- The School received Federal and State Grants total of \$571,719

**Using this Financial Report:**

This annual report consists of a series of financial statements and notes to those statements.

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

The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* reflect how the School did financially during fiscal year 2009. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid. These statements can be found on pages 8 and 9 of this report.

The *Statement of Cash Flows* provides information about how the School finances and meets the cash flow needs of its operations. The School uses enterprise presentation for all of its activities. The *Statement of Cash Flows* can be found on page 9 of this report.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

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

The table below provides a summary of the School's net assets for the fiscal year ended June 30, 2009. This is the School's first year of operation, comparative information is not available.

**Net Assets**

	<b>2009</b>
<u>Assets</u>	
Current assets	\$ 53,948
Non-Current assets	20,000
Capital assets, net	193,304
Total assets	267,252
<u>Liabilities</u>	
Current liabilities	135,117
Long term liabilities	19,518
Total liabilities	154,635
<u>Net Assets</u>	
Invested in Capital Assets,	
Net of Related Debt	166,092
Unrestricted (Deficit)	(53,475)
Total net assets	\$ 112,617

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the School's net assets totaled \$112,617. Current assets represent cash and intergovernmental receivables. Liabilities of \$154,635 represent the amount due at June 30, 2009 for professional services provided, payroll, and capital leases.



**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

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

The changes in net assets for the year ended June 30, 2009 is as follows:

**Change in Net Assets**

<b>Operating Revenue</b>	
State Foundation	\$ 1,355,963
Extracurricular activities	1,978
Food sales	3,067
Other local revenue	13,939
	1,374,947
<b>Operating Expenses</b>	
Salaries	781,006
Fringe benefits	149,721
Purchased services	587,647
Supplies & materials	226,202
Depreciation expense	24,048
Miscellaneous	63,444
	1,832,068
Operating Loss	(457,121)
<b>Non-Operating Revenues</b>	
Federal	566,719
State	5,000
	571,719
<b>Non-Operating Expenses</b>	
Interest Payments	(1,981)
Change in net assets	\$ 112,617

The School was awarded the Public Charter Schools Program grant (Start-up Grant) for the Fiscal Year Ended June 30, 2009, which was the School's first year of operation. The original award amount was \$150,000, but later upon the request of the School, ODE increased the first year's allocation to \$300,000. This grant helped the School purchase necessary textbooks, classroom supplies, instructional furniture, and technological equipments that were necessary for the start-up of the School. Under the scope of the grant, the School acquired capital assets totaling \$217,352.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

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

Over all, in the first year of its operation the School did well financially. The enrollment was around 200 students at the beginning and stayed stable throughout the year. All of the start-up expenses were made through the Start-up funds.

This is the initial year of operation for the School; therefore, fiscal year 2008 financial information is not available for inclusion in the discussion and analysis and no comparison between current and prior year can be analyzed. Additionally, the School operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds is not included in the discussion and analysis. Results of fiscal year 2009 operations indicate a change in net assets of \$112,617 and corresponding ending net assets of \$112,617.

**Capital Assets and Current Obligations**

At June 30, 2009, capital assets represented 72% of total assets. The School purchased \$217,352 in capital assets during fiscal year 2009. The School had \$166,092 invested in capital assets net of related debt. See Note 4 to the basic financial statements for more detail on capital assets.

The School borrowed \$49,300 from various related parties during the period. The entire loan amounts were repaid during the fiscal year. See Note 13 to the basic financial statements for more detail on current obligations.

**Budget**

Pursuant to the Sponsor's contract with the Governing Authority, the School 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 School will from time to time adopt budget revisions as necessary.

**Restrictions and Other Limitations**

The future stability of the School is not without challenges. The School 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 School.

**Other Information**

Management is currently unaware of any known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

**Contacting the School's Financial Management:**

This financial report is designed to provide citizens, grantors and potential creditors with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Ryan Uysaler, Treasurer, Horizon Science Academy Columbus Elementary School 2835 Morse Rd. Columbus, OH 43231.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC.  
FRANKLIN COUNTY**

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

**ASSETS**

**Current Assets:**

Cash	\$ 27,433
Intergovernmental Receivable	26,515
Total Current Assets	<u>53,948</u>

**Non-Current Assets:**

Security Deposit	20,000
Capital Assets (Net of Accumulated Depreciation)	193,304
Total Non-Current Assets	<u>213,304</u>

Total Assets	<u>267,252</u>
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**LIABILITIES**

**Current Liabilities:**

Accounts Payable	51,052
Accrued Wages	66,653
Payroll Liabilities	9,718
Capital Leases	7,694
Total Current Liabilities	<u>135,117</u>

**Long Term Liabilities:**

Capital Leases	<u>19,518</u>
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Total Liabilities	<u>154,635</u>
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**NET ASSETS**

Invested in Capital Assets (net of related debt)	166,092
Unrestricted (deficit)	(53,475)
Total Net Assets	<u><u>\$ 112,617</u></u>

See accompanying notes to the basic financial statements.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC.  
FRANKLIN COUNTY**

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

**Operating Revenues**

State Foundation	\$ 1,355,963
Extracurricular activities	1,978
Food sales	3,067
Other local revenues	13,939
<b>Total Operating Revenues</b>	<u>1,374,947</u>

**Operating Expenses**

Salaries	781,006
Fringe benefits	149,721
Purchased services	587,647
Supplies and materials	226,202
Depreciation Expense	24,048
Miscellaneous	63,444
<b>Total Operating Expenses</b>	<u>1,832,068</u>

Operating Loss	<u>(457,121)</u>
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**Non-Operating Revenues**

Federal grants	566,719
State grants	5,000
<b>Total Non-Operating Revenues</b>	<u>571,719</u>

**Non-Operating Expenses**

Interest Payments	<u>(1,981)</u>
<b>Total Non-Operating Expenses</b>	<u>(1,981)</u>

Change in Net Assets	112,617
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Net Assets Beginning of Year	<u>-</u>
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Net Assets End of Year	<u><u>\$ 112,617</u></u>
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See accompanying notes to the basic financial statements.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC.  
FRANKLIN COUNTY**

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

<b>Cash Flows from Operating Activities</b>	
Cash received from State of Ohio	\$ 1,355,963
Cash received from food sales	3,067
Cash received from other operating revenues	15,917
Cash payments to suppliers for goods and services	(782,797)
Cash payments to employees for services	(714,353)
Cash payments for employee benefits	(140,003)
Cash payments for miscellaneous	(63,444)
Net Cash Used by Operating Activities	<u>(325,650)</u>
<b>Cash Flows from Non-Capital Financial Activities</b>	
Grants received from the Federal	540,204
Grants received from the State	5,000
Loan proceeds from Noble Academy- Columbus	30,000
Loan proceeds from Concept School	10,000
Loan proceeds from Related Party	9,300
Loan payments to Noble, Concepts, Related Party	(49,300)
Interest Payments	(1,981)
Net Cash Provided by Non-Capital Financial Activities	<u>543,223</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for capital acquisitions	(184,749)
Payments for capital leases	(5,391)
Net Cash Used by Capital and Related Financing Activities	<u>(190,140)</u>
Net Increase in Cash and Cash Equivalents	27,433
Cash and Cash Equivalents Beginning of Year	-
Cash and Cash Equivalents End of Year	<u>\$ 27,433</u>
<b>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</b>	
Operating loss	\$ (457,121)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	24,048
Increase in accounts payable	51,052
Increase in accrued wages	66,653
Increase in payroll liabilities	9,718
Increase in security deposit	(20,000)
Total Adjustments	<u>131,471</u>
Net Cash Used by Operating Activities	<u>\$ (325,650)</u>

Capital asset additions of \$32,603 represented non-cash capital lease activity.

See accompanying notes to the basic financial statements.

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**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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

Horizon Science Academy Columbus Elementary School, Inc. (the School), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through five in Columbus. The School, which is part of the State's education program, is independent of any School and is nonsectarian in its programs, admission policies, employment practices, and all other operations. The School was approved for operation under contract with the Buckeye Hope Foundation (the Sponsor) for a period of one year commencing March 24, 2008. The contract was extended in February 2009 for another year.

The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School has been approved as an exempt organization under Section 501(c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the school's tax-exempt status.

The School operates under the direction of a self-appointed five-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. In fiscal year 2009 the School employed 25 personnel for up to 203 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

The School uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

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

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of a economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the School are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the School finances meets the cash flow needs of its enterprise activities.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**B. Measurement Focus and Basis of Accounting (Continued)**

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The full 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 School receives 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. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred revenue. The School had no deferred revenue. Expenses are recognized at the time they are incurred.

**C. Budgetary Process**

Unlike traditional public schools located in the State of Ohio, community Schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705; rather community schools are required to create a Five Year Budget Forecast that is approved by the School Board and submitted to ODE and to the School's Sponsor. The contract between the School and its Sponsor requires the Governing Board to submit a revised School budget on an annual basis.

**D. Cash**

To improve cash management, all cash received by the School is pooled in a central bank account. Any investment with an original maturity less than 90 days is considered a cash equivalent and any investment with an original maturity greater than 90 days is considered an investment. The School did not have any investments during the fiscal year 2009.

**E. Capital Assets and Depreciation**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintained a capitalization threshold of one thousand dollars for inventory assets and ten thousand dollars for fixtures and improvements. The costs 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. Improvements are capitalized. The School does not capitalize interest.

Furniture, fixtures, vehicles and equipments are depreciated using straight-line method over the following estimated useful lives. Improvements to capital assets are depreciated using straight-line method over the remaining useful lives of the related capital assets. Leasehold improvements are depreciated using the straight-line method over the life of the lease.

	<u>Useful Life</u>
Improvements	3 to10 years
Heavy Duty Office or Classroom Furniture	10 years
Computers and Other Electronic Equipment	3 to 5 years
Vehicles	3 to 10 years



**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**F. Intergovernmental Revenues**

The School currently participated in the State Foundation Program, Special Education Program, Parity Aid Program and other State programs. Revenues from these programs are reflected under "State Foundation" and recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under these programs for 2009 school year totaled \$1,355,963.

Grants from State and Federal Governments and donations 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 when use is first permitted, matching requirements, in which the School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the school on a reimbursement basis. Amount awarded under these programs for 2009 school year totaled \$571,719.

**G. Operating Revenues and Expenses**

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

**H. Compensated Absences**

School policy indicates that all full time employees are entitled to eight days of sick/personal days in a school year. All leave earned by employees must be used within the current school year and cannot be transferred to the next school year. The school also compensates it employees \$100 per day for each unused sick/personal days. There were no Compensated Absences included in the financial statements.

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At the end of the fiscal year ended June 30, 2009 the School did not have any restricted net assets.

**J. Estimates**

The preparation of 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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**K. Economic Dependency**

The School receives the majority of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the School is considered to be economically dependent on the State of Ohio Department of Education.

**3. DEPOSITS**

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The School has an investment policy that limits the School's allowable deposits or investments and addresses the specific types of risk to which the School might be exposed. At June 30, 2009, the carrying book balance of the School's bank account at Chase Bank was \$27,433 and the actual Bank balance was 47,712. The bank balance was insured by FDIC up to \$250,000. The School had no investments at June 30, 2009 or during the fiscal year.

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2009 was as follows:

<b>Capital Assets</b>				
	<b>Balance</b>			<b>Ending</b>
	<b>July 1, 2008</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2009</b>
Equipment- Instructional	\$ -	\$ 163,533	\$ -	\$ 163,533
Equipment- Building		41,759	-	41,759
Improvements	-	12,060	-	12,060
<b>Total Capital Assets</b>	<b>-</b>	<b>217,352</b>	<b>-</b>	<b>217,352</b>
Less: Accumulated Depreciation	-	(24,048)	-	(24,048)
<b>Net Capital Assets</b>	<b>\$ -</b>	<b>\$ 193,304</b>	<b>\$ -</b>	<b>\$ 193,304</b>

**5. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension 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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**A. School Employees Retirement System (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.16 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 School's required contributions for pension obligations to SERS for its first fiscal year ended June 30, 2009 was \$13,182; 98 percent of this amount has been contributed for fiscal year 2009.

**B. State Teachers Retirement System**

Plan Description - The School 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 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.

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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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

**B. State Teachers Retirement System (Continued)**

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for its first fiscal year ended June 30, 2009 was \$88,104; 92 percent of this amount has been contributed for fiscal year 2009.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, no members of the Board of Directors have elected Social Security.

**6. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 401h. 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 School did not pay any surcharge.

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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**6. POSTEMPLOYMENT BENEFITS (Continued)**

**A. School Employees Retirement System (Continued)**

The School's contributions for health care for the fiscal years ended June 30, 2009 were \$3,916; 98 percent has been contributed for fiscal year 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School's contribution for Medicare Part B for the fiscal year ended June 30, 2009 was \$723; 100 percent has been contributed for fiscal year 2009.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contribution for health care for the fiscal year ended June 30, 2009 was \$6,291; 92 percent has been contributed for fiscal year 2009.

**7. RISK MANAGEMENT**

The School 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 School contracted with Ohio Casualty Company for property and general liability insurance with a \$1,000,000 single occurrence limit and \$2,000,000 in the aggregate and an excess/umbrella policy in the amount of \$1,000,000. The School also maintains worker compensation and employers liability in the amount of \$1,000,000 limit. The School did not make any claims in the fiscal year.

**8. EMPLOYEE HEALTH AND DENTAL BENEFITS**

According to the School Personnel Handbook, the School is required to provide health and dental insurance benefits to all its full time employees. The School will pay 50% of the premiums for health and dental insurance benefits coverage. The employees are responsible for paying the remaining 50% of the premium through payroll deductions.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**9. PURCHASED SERVICES**

Purchased service expenses during fiscal year 2009 were as follows:

<b>Purchased Services</b>	
<b>Type</b>	<b>Amount</b>
Professional Services	\$ 80,736
Management Fees	135,596
Property Services	231,819
Communications	28,416
Utilities	28,044
Pupil Transportation	52,785
Food Services	27,835
Travel Expenses	1,155
Other	1,261
<b>Total</b>	<b>\$ 587,647</b>

**10. OPERATING LEASES**

In August 2008, the School entered into a lease agreement with Charter Schools Development Corporation to acquire real property situated at 2831 -2835 Morse Road Columbus, Ohio for ten years. According to the lease agreement, the base annual rent for year one shall not exceed \$240,000. The second and third lease years the base annual rent will increased by four percent of the base annual rent. The fourth year and years thereafter the base annual rent will increased by the amount of two percent of the adjusted base annual rent. In the fiscal year 2009, the School paid a total of \$195,000 according to the lease agreement.

The School paid security deposit of \$20,000 at the execution of this lease. The Deposit will be held by the landlord subject to conditions and restrictions required by Ohio law and may be used by landlord for payment of delinquent base rent or any other monetary obligations of School to landlord under the term of this lease.

In June 2008, the School entered into a collateral assignment and security agreement with Charter Schools Development Corporation to acquire real property situated at 2831 -2835 Morse Road, Columbus, Ohio. The School agreed to secure its obligations in accordance with the provisions of this agreement.

**11. CAPITAL LEASES**

In September 2009, the School leased copy machines/printers from Blue Technologies and Thin Client computer systems from CIT Technology. 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. Capital assets of \$32,603 have been recorded, which represents the present value of equipments at time of acquisition. The accumulated depreciation for the capital lease assets was \$6,134 for the fiscal year. Principal payments for fiscal year 2009 totaled \$5,391.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**11. CAPITAL LEASES (Continued)**

The following is a schedule of the future minimum lease payments required for the capital leases as of June 30, 2009.

<b>Capital Leases Payment Schedule</b>			
	<b>Lease Payments</b>	<b>Interest</b>	<b>Principal</b>
2010	9,545	1,850	7,695
2011	9,545	1,228	8,317
2012	6,049	649	5,400
2013	4,884	290	4,594
2014	1,222	16	1,206
<b>Total</b>	<b>\$31,245</b>	<b>\$4,033</b>	<b>\$27,212</b>

**12. CONTINGENCIES**

**A. Grants**

The School 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 for the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2009.

**B. Ohio Department of Education Enrollment Review**

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the Community School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. ODE hasn't conducted a review for the School's 2009 student enrollment data and FTE calculations yet. We believe any balance either receivable or payable as a result of this review would be insignificant to the School's financials.

**13. RELATED PARTY TRANSACTIONS**

During fiscal year 2009, the School received a \$10,000 loan from Concept Schools, the School's Management Company to cover School's start-up expenses. Also during fiscal year 2009, the School received another \$30,000 loan from Noble Academy-Columbus and \$9,300 loan from Mr. Ryan Uysaler, Treasurer and Mr. Alper Akyurek, Director to overcome cash flow problems throughout the year. All loans were interest free and paid in full during the audit period.

**14. INTERGOVERNMENTAL RECEIVABLES**

At June 30, 2009, receivables consisted of intergovernmental receivables of \$26,515 in federal reimbursements for the food service and titles program. All intergovernmental receivables are considered collectible in full.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**15. ACCOUNTS PAYABLE**

At June 30, 2009, payables consisted of \$51,052 due to various vendors and service providers.

**16. SPONSORSHIP AGREEMENT**

March 24, 2008, the School signed a sponsorship agreement with Buckeye Hope Foundation for one year. The contract is renewed every year in one year terms. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. According to the contract agreed by both parties, the School pays 3% of its foundation revenues to the Sponsor. In fiscal year 2009, the schools compensation to the Sponsor was \$30,020.

**17. MANAGEMENT COMPANY AGREEMENT**

School contracted with Concepts Schools, Inc. on April 25, 2008 to serve as the School's Management Company. The contract is renewed automatically every year in one year terms unless the school or the management company decides otherwise. According to the contract, the School transfers 10% of the funds received from State. The total management fees incurred in fiscal year 2009 was \$135,596. Of this balance \$1,501 was included in accounts payable as of June 30, 2009.

**18. MANAGEMENT PLAN**

At June 30, 2009, the School had an operating loss of \$457,121. As further discussed in Note 13, the School received various loans to assist with cash flow problems during the fiscal year. Management intends to eliminate the deficit by increasing enrollment and improving operating efficiencies. Enrollment has increased to 300 students in fiscal year 2010. In addition, the School plans to add a gym to its facilities to attract new students. As discussed in Note 19, the School received \$250,000 from the Walton Family Foundation. As of March 31, 2010, the School's cash balance is \$646,701

**19. SUBSEQUENT EVENTS**

In July 2009, the School received a grant of \$250,000 from the Walton Family Foundation. The grant can be used for targeted low income Public Charter Schools demonstrating strong potential for excellent academic results.

In August 2009, the School loaned \$55,000 to Noble Academy and \$25,000 to Horizon Science Academy in Cincinnati.



**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC.  
FRANKLIN COUNTY**

**FEDERAL AWARDS OF RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2009  
(CASH BASIS)**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster Cash Assistance:			
School Breakfast Program	10.553	\$ 23,952	\$ 23,952
National School Lunch Program	10.555	<u>60,600</u>	<u>60,600</u>
Total Nutrition Cluster		<u>84,552</u>	<u>84,552</u>
Total U.S. Department of Agriculture		<u>84,552</u>	<u>84,552</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Education Agencies	84.010	148,628	153,823
Public Charter Schools Program	84.282	300,000	278,741
Education Technology State Grants	84.318	1,495	1,495
Improving Teacher Quality State Grants	84.367	<u>5,531</u>	<u>5,531</u>
Total U.S. Department of Education		<u>455,654</u>	<u>439,590</u>
<b>Total Federal Awards</b>		<u><u>\$ 540,206</u></u>	<u><u>\$ 524,142</u></u>

*The accompanying notes are an integral part of this schedule.*

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC  
FRANKLIN COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards of Receipts and Expenditures Schedule (the Schedule) reports the Horizon Science Academy Elementary School, Inc.'s (the School's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - CHILD NUTRITION CLUSTER**

The School commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the School assumes it expends federal monies first.



# Mary Taylor, CPA

Auditor of State

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

Horizon Science Academy Elementary School, Inc.  
Franklin County  
2835 Morse Road  
Columbus, Ohio 43231

To the Board of Directors:

We have audited the financial statements of Horizon Science Academy Elementary School, Inc., Franklin County, Ohio (the School) as of and for the year ended June 30, 2009, and have issued our report thereon dated April 2, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

We noted certain matters that we reported to the School's management in a separate letter dated April 2, 2010.

### **Compliance and Other Matters**

As part of reasonably assuring whether the School'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 did note certain noncompliance or other matters that we reported to the School's management in a separate letter dated April 2, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, Buckeye Community Hope Foundation, and federal awarding agencies. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

April 2, 2010



# Mary Taylor, CPA

## Auditor of State

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

Horizon Science Academy Elementary School, Inc.  
Franklin County  
2835 Morse Road  
Columbus, Ohio 43231

To the Board of Directors:

#### Compliance

We have audited the compliance of Horizon Science Academy Elementary School, Inc., Franklin County, Ohio (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal program. The School's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the School'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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School's compliance with those requirements.

In our opinion, the Horizon Science Academy Elementary School, Inc. complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

#### Internal Control Over Compliance

The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could directly and materially affect 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 School's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to administer a federal program such that there is more than a remote likelihood that the School's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the School's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of 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.

However, we noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the School's management in a separate letter dated April 2, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, Buckeye Community Hope Foundation and federal awarding agencies. It is not intended for anyone other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

April 2, 2010

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL, INC.  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Public Charter Schools Program (PCSP) CFDA # 84.282
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

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

None.

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

None.

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# Mary Taylor, CPA

## Auditor of State

### Independent Accountants' Report on Applying Agreed-Upon Procedures

Horizon Science Academy Elementary School, Inc.  
Franklin County  
2835 Morse Road  
Columbus, Ohio 43231

To the Board of Directors:

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

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

1. We noted the Board did not adopt an anti-harassment policy.
2. We recommend that the Board adopt an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666(B). The policy should include the following requirements:
  - (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 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;
  - (7) A procedure for responding to and investigating any reported incident;

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board of Directors, Management, Buckeye Community Hope Foundation and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

April 2, 2010



**Mary Taylor, CPA**  
Auditor of State

**HORIZON SCIENCE ACADEMY ELEMENTARY, INC.**

**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 6, 2010**