

Academy of Columbus

Franklin County

Single Audit

July 1, 2007 Through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA

Auditor of State

Board of Directors
Academy of Columbus
4656 Heaton Road
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the Academy of Columbus, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Academy of Columbus 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

December 21, 2009

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Academy of Columbus

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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
Academy of Columbus
4656 Heaton Rd
Columbus, OH 43229

We have audited the accompanying financial statements of the business type activities of the Academy of Columbus (the Academy), Franklin County, as of and for the year ended June 30, 2008, 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.

Balestra, Harr & Scherer, CPAs, Inc. has billed the Academy for audit services provided for the years ended June 30, 2006 and 2007. As of the date of this report, the Academy has been billed \$14,000 and has yet to pay a total of \$7,000.

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, 2008, and the respective changes in financial position and cash flows, where applicable, there of, 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 October 30, 2009 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.

The Management's Discussion and Analysis on pages 3 through 6 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 4, the Academy has implemented Governmental Accounting Standards Board (GASB) Statement No. 50, *Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27*, GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and GASB Statement No.48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Assets and Future Revenues*.



Balestra, Harr & Scherer, CPAs, Inc.
October 30, 2009

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The discussion and analysis of the Academy of Columbus' (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets were \$11,697 at June 30 2008.
- The Academy had operating revenues of \$2,997,030, operating expenses of \$3,628,779 and non-operating revenues of \$612,678 for fiscal year 2008. Total change in net assets for the fiscal year was a decrease of \$19,071.

Using these Basic Financial Statements

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

Reporting the Academy's Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2008?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

The table below provides a summary of the Academy's net assets for fiscal year 2008 and 2007.

	Net Assets	
	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current assets	\$ 14,001	\$ 33,082
Total assets	<u>14,001</u>	<u>33,082</u>
<u>Liabilities</u>		
Current liabilities	<u>2,304</u>	<u>2,314</u>
Total liabilities	<u>2,304</u>	<u>2,314</u>
<u>Net Assets</u>		
Unrestricted	<u>11,697</u>	<u>30,768</u>
Total net assets	<u>\$ 11,697</u>	<u>\$ 30,768</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008 and June 30, 2007, the Academy's net assets totaled \$11,697 and \$30,768, respectively. This positive equity represents the excess revenues from state aid not paid out to Imagine Schools, Inc. or other vendors.

The Academy had no capital assets to report in fiscal years 2008 or 2007. This is a result of Imagine Schools, Inc. providing all of the furniture and equipment as part of its management agreement.

There were no receivables at June 30, 2008, as the Academy received all grant monies related to fiscal year 2008 prior to fiscal year-end. At June 30, 2008 the Academy reported an intergovernmental receivable in the amount of \$2,851 as a result of the full-time equivalency review by the Ohio Department of Education. The Academy had accounts payable of \$2,304 and \$2,314 for fiscal years 2008 and 2007, respectively, due to vendors.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)

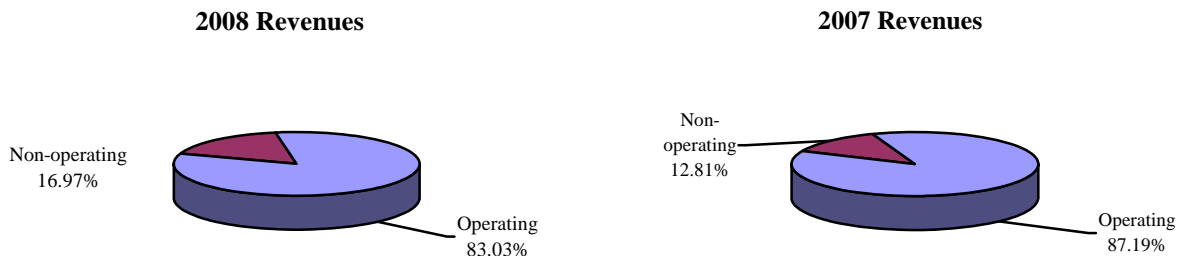
The table below shows the changes in net assets for fiscal year 2008 and 2007.

Change in Net Assets

	<u>2008</u>	<u>2007</u>
<u>Operating Revenues:</u>		
State foundation	\$ 2,676,967	\$ 2,283,849
In-kind contributions	319,000	870,863
Other	<u>1,063</u>	<u>-</u>
Total operating revenue	<u>2,997,030</u>	<u>3,154,712</u>
<u>Operating Expenses:</u>		
Purchased services	3,621,409	3,597,842
Materials and supplies	-	85
Other	<u>7,370</u>	<u>321</u>
Total operating expenses	<u>3,628,779</u>	<u>3,598,248</u>
<u>Non-operating Revenues:</u>		
Federal and State grants	<u>612,678</u>	<u>463,400</u>
Total non-operating revenues	<u>612,678</u>	<u>463,400</u>
Change in net assets	(19,071)	19,864
Net assets at beginning of year	<u>30,768</u>	<u>10,904</u>
Net assets at end of year	<u>\$ 11,697</u>	<u>\$ 30,768</u>

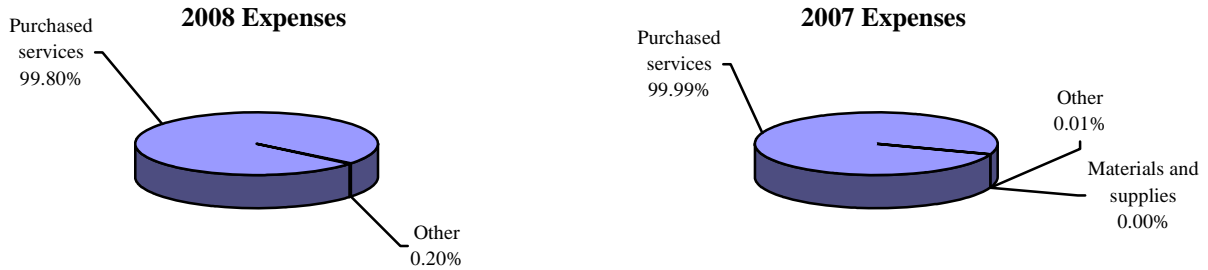
The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. In addition, the Academy received a significant amount of in-kind contributions during fiscal years 2008 and 2007 in the amounts of \$319,000 and \$870,863, respectively. The full-time equivalent student count for fiscal years 2008 and 2007 were 404 and 351, respectively. State foundation, federal and state grants, and operating expenses increased during fiscal year 2008 as a result of increased enrollment.

The charts below illustrate the revenues and expenses for the Academy during fiscal 2008 and 2007.



**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(UNAUDITED)**



Current Financial Related Activities

The Academy is reliant upon State Foundation monies and federal grants to provide a scientifically based curriculum to students.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply all financial resources and to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Robert Lotz, Treasurer, Charter School Specialists, 4656 Heaton Rd., Columbus, Ohio 43229.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET ASSETS
JUNE 30, 2008**

Assets:	
Current assets:	
Cash	\$ 11,150
Receivables:	
Intergovernmental	<u>2,851</u>
Total assets	<u>14,001</u>
Liabilities:	
Current liabilities:	
Accounts payable	<u>2,304</u>
Total liabilities	<u>2,304</u>
Net Assets:	
Unrestricted	<u>11,697</u>
Total net assets	<u><u>\$ 11,697</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating revenues:	
State foundation.	\$ 2,676,967
In-kind contributions	319,000
Other.	1,063
Total operating revenue	<u>2,997,030</u>
 Operating expenses:	
Professional services.	3,621,409
Other.	7,370
Total operating expenses.	<u>3,628,779</u>
 Operating loss	 <u>(631,749)</u>
 Non-operating revenues:	
Federal and state grants	<u>612,678</u>
Total non-operating revenues	<u>612,678</u>
 Change in net assets	 (19,071)
 Net assets at beginning of year.	 <u>30,768</u>
Net assets at end of year	<u><u>\$ 11,697</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:	
Cash received from state foundation	\$ 2,674,116
Cash received from other operations	1,063
Cash payments to suppliers for goods and services. . .	(3,302,419)
Cash payments for other expenses	<u>(7,370)</u>
Net cash used in operating activities	<u>(634,610)</u>
Cash flows from noncapital financing activities:	
Federal and state grants.	<u>637,875</u>
Net cash provided by noncapital financing activities	<u>637,875</u>
Net increase in cash and cash equivalents	3,265
Cash and cash equivalents at beginning of year. . . .	<u>7,885</u>
Cash and cash equivalents at end of year	<u><u>\$ 11,150</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (631,749)
Changes in assets and liabilities:	
Increase in intergovernmental receivable	(2,851)
Decrease in accounts payable	<u>(10)</u>
Net cash used in operating activities	<u><u>\$ (634,610)</u></u>
Non-Cash Transactions:	
In-kind contributions	\$ 319,000
Professional services - management fees	319,000

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Academy of Columbus (the "Academy") is a state nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to provide a scientifically based curriculum, known as Direct Instruction, for grades K-8. The Academy, which is part of the State's education program, is independent of any school district. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy contracts with Imagine Schools, Inc. (Imagine) for most functions. See Note 6 for detail.

The Academy signed a contract with sponsor, Ohio Council of Community Schools, to operate for a period of July 1, 2005 through June 30, 2010. Effective July 1, 2005, House Bill 364 required schools to be sponsored by an approved Ohio Department of Education sponsor.

The Academy operates under a self-appointing, five member Board of Directors (the "Board") The Academy's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor, which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualifications of teachers. The Academy began operations in August 2005 and has one leased instructional/support facility. The facility is staffed with teaching personnel employed by Imagine, who provide services to 404 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 maintain its financial activities. 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 and services.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 revenues, expenses, and changes in net assets presents increases and decreases in net total assets. The statement of cash flows reflects how the Academy finances and meets its cash flow needs.

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 utilized for reporting purposes. Revenues 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 transaction, 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

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Revised Code Section 5705.

D. Cash and Cash Equivalents

All cash received by the Academy is maintained in a demand deposit account. The Academy did not have any investments during the fiscal year 2008.

E. Capital Assets and Depreciation

The Academy operates under a management agreement with Imagine, and as such, the Academy has no capital assets (see Note 6).

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program and the Poverty Aid Program. Revenue received from these programs is recognized as operating revenues. Amounts awarded under the above programs for the 2008 school year totaled \$2,676,967.

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 when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. The Academy received \$612,678 in state and federal food service grants during fiscal year 2008.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

G. Operating Revenues and Expenses

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

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

I. Use of Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2008, the Academy has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Academy; however, certain disclosures related to postemployment benefits (see Note 10) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the Academy.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Academy.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - DEPOSITS

Custodial credit risk is the risk that, in the event of a 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, 2008, the carrying amount of the Academy's deposits and the bank balance was \$11,150. Of the bank balance, all was covered by the Federal Depository Insurance Corp. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

NOTE 5 - RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. As part of its agreement with Imagine, Imagine has contracted with an insurance company for property and general liability insurance pursuant to the Management Agreement (see Note 6).

B. Director and Officer

Coverage has been purchased by the Academy with a \$1,000,000 aggregate limit and no deductible.

C. Workers' Compensation

Imagine is responsible for paying the State Workers' Compensation System a premium for employee injury coverage.

NOTE 6 - AGREEMENT WITH IMAGINE

Effective April 25, 2005, the Academy entered into a Management Agreement (the "Agreement") with Imagine, which is an educational consulting and management company. The term of the agreement is indefinite with the only expiration coming in conjunction with the termination of the Academy's charter. Imagine is responsible and accountable to the Board for the administration, operation and performance of the Academy in accordance with the Academy's contract with the Sponsor to operate the Academy. The Academy had purchased service expenses for the year ended June 30, 2008 to Imagine of \$2,940,687. An additional \$319,000 in professional services expenses was recorded as in-kind contributions. Significant provisions of the Agreement are as follows:

Management, Consulting, and Operation Fee - The Academy is required to pay Imagine a monthly continuing fee of all of the Academy's "Revenues", defined in the Agreement as "...all revenue...shall not include Other Funds, Start up Advances, or Operating Advances..." and "shall be deposited within 3 business days or receipt into a Charter School Operating Account established by Imagine".

Other Academy Financial Responsibilities - The Academy is responsible for its directors' and officers' insurance, legal fees for Academy Board representation and general corporate matters, accounting, audit, tax and consulting fees for the Academy, and other miscellaneous expenses not incurred in the normal day-to-day operation of the Academy.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 6 - AGREEMENT WITH IMAGINE

Imagine Financial Responsibilities - Except as otherwise provided in the Agreement, all costs incurred in providing the educational program at the Academy are to be paid by Imagine. Such costs include, but are not limited to, salaries and benefits for all personnel, curriculum materials, textbooks, library books, computer and other equipment, software, supplies, building payments, maintenance, and capital improvements. All personal property used in the operation of the Academy is the property of Imagine, unless purchased directly by the Academy with federal funds.

Imagine is required to maintain, at Imagines' expense, commercial general liability insurance in the name of the Academy in an amount not less than \$1 million per occurrence and \$2 million in the aggregate, and excess umbrella liability insurance of not less than \$10 million per occurrence and \$15 million in the aggregate.

Personnel - Imagine has the responsibility and authority to determine staffing levels, and to select, evaluate, assign, discipline, transfer and terminate personnel, consistent with state and federal law and the contract.

Compensation and benefits of all employees of the Academy is paid by Imagine. If Imagine fails to pay this compensation, the Academy, in its sole discretion, may pay such compensation and offset the amount by withholding an equal amount from the fees owed to Imagine under the Agreement.

Termination by the Academy - The Academy may terminate the Agreement in the event Imagine materially breaches the Agreement of the Contract and Imagine does not cure the material breach within 30 days of its receipt of written notice from the Academy, unless the breach cannot be reasonably cured within 30 days, in which case Imagine shall promptly undertake and continue efforts to cure the material breach within a reasonable time.

Termination by Imagine - Imagine may, at its option, terminate the Agreement upon the occurrence of certain events as defined in the Agreement.

NOTE 7 - 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 \$29,700 during fiscal year 2008 for these services.

NOTE 8 - RELATED PARTY TRANSACTIONS

Article V, Section K of the Charter School Operating Agreement states that if, at fiscal year end, the Academy has insufficient funds to meet reimbursement obligations to Imagine, that Imagine will forgive unreimbursed start-up and operating advances and consider such advances as contributions. These contributions have been reflected in the financial statements as in-kind contributions and professional services. For the fiscal year ended June 30, 2008, these contributions and related expenses amounted to \$319,000.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 9 - DEFINED BENEFIT PENSION PLANS

The Academy has contracted with Imagine (see Note 6) to provide employee services and to pay those employees. However, these contract services do not relieve the Academy of the obligation for remitting pension contribution. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately responsible for remitting retirement contributions to the systems noted below:

A. School Employees Retirement System

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement 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, 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 2008, 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 Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, June 30, 2007 and June 30, 2006 were \$52,754, \$24,527 and \$19,110, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

B. State Teachers Retirement System

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

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

Funding Policy - For fiscal year 2008, 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, 2008, June 30, 2007 and June 30, 2006 were \$125,145, \$113,635 and \$49,229, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Academy participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's 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 2008, 4.18 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 2008, this amount was \$35,800.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 10 - POSTEMPLOYMENT BENEFITS - (Continued)

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.

The Academy's contributions for health care for the fiscal years ended June 30, 2008, June 30, 2007 and June 30, 2006 were \$24,073, \$8,143 and \$6,669 respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2008, June 30, 2007 and June 30, 2006 were \$3,801, \$1,668 and \$1,521, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

B. State Teachers Retirement System of Ohio

Plan Description - The Academy contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 2008, 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, 2008, June 30, 2007 and June 30, 2006 were \$9,627, \$8,741 and \$3,787, respectively; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

NOTE 11 - MANAGEMENT COMPANY EXPENSES

For the year ended June 30, 2008, Imagine Schools, Inc. and its affiliates incurred the following expenses, which are reported on cash-basis, on behalf of the Academy:

Expenses	2008
Direct Expenses:	
Salaries and wages	\$ 1,286,752
Employees' benefits	227,507
Purchased services	1,700,126
Supplies and materials	197,331
Capital outlay	3,312
Other direct costs	29,272
Total expenses	\$ 3,444,300

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 11 - MANAGEMENT COMPANY EXPENSES

Overhead charges are assigned to the Academy based on a percentage of revenue. These charges represent the indirect cost of services in the operation of the Academy. Such services include, but are not limited to, facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

NOTE 12 - CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2008.

B. Litigation

A lawsuit entitled *Beverly Blount-Hill, et al. v. State of Ohio, et al., Case #: 3:04CV197* was filed in the U.S. District Court, Southern District of Ohio, Western Division in October 2004. The suit alleges that the funding provisions of the Ohio Community Schools Act, O.R.C. Section 3314, violate both the Ohio and Federal constitutions. If the funding scheme is determined to be unconstitutional, it could have financial ramifications for all community/charter schools. The case is currently pending, and the effect of this suit, if any, on the Academy cannot presently be determined.

C. Ohio Department of Education Enrollment Review

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the review after fiscal year end, the Academy is due \$2,851 from the Ohio Department of Education which is reflected on the basic financial statements as an intergovernmental receivable.

NOTE 13 - FEDERAL TAX STATUS

The Academy has filed for tax exempt status under § 501(c)(3) of the Internal Revenue Code.

NOTE 14 - SIGNIFICANT SUBSEQUENT EVENTS

In August 2008 the Academy began operating under a seven member Board of Directors.

Academy of Columbus
Franklin County

Schedule of Federal Awards Receipts and Expenditures
For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
National School Breakfast Program	3L70	10.553	86,088	-	86,088	-
National School Lunch Program	3L60	10.555	153,951	21,000	153,951	21,000
Total Nutrition Cluster			240,039	21,000	240,039	21,000
Total United States Department of Agriculture			240,039	21,000	240,039	21,000
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I	3M00	84.010	157,782	-	157,782	-
IDEA-B	3M20	84.027	87,228	-	87,228	-
Drug Free Education	3D10	84.186	199	-	199	-
Community School Start Up Grant	3T40	84.282	135,000	-	135,000	-
Innovative Education Program Strategy	3M10	84.298	76	-	76	-
Technology II-D	3S20	84.318	161	-	161	-
Teacher Quality Grant	3Y60	84.367	722	-	722	-
Total United States Department of Education			381,168	-	381,168	-
Total Federal Financial Assistance			<u>\$ 621,207</u>	<u>\$ 21,000</u>	<u>\$ 621,207</u>	<u>\$ 21,000</u>

N/A=Not Available

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

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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.

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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 PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Members of the Board
Academy of Columbus
4656 Heaton Rd
Columbus, OH 43229

We have audited the accompanying basic financial statements of the business type activities of the Academy of Columbus (the Academy) as of and for the year ended June 30, 2008, and have issued our report thereon dated October 30, 2009 in which we indicate that the Academy implemented GASB Statements No. 48, 50 and No. 45. We also noted the Academy has not paid a total of \$7,000 for audit services rendered by Balestra, Harr & Scherer, CPAs, Inc. for the years June 30, 2006 through 2007. 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' *Governmental Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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 the normal course of 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 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 deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

Members of the Board
Academy of Columbus

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

Page 2

We also noted a certain internal control matter that we reported to management in a separate letter dated October 30, 2009.

Compliance and Other Matters

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

This report is intended solely for the information and use of the management, members of the Board , federal awarding agencies and federal pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
October 30, 2009

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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
Academy of Columbus
4656 Heaton Rd
Columbus, OH 43229

Compliance

We have audited the compliance of Academy of Columbus, 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, 2008. 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, 2008.

In a separate letter to management dated October 30, 2009, we reported a other matter regarding federal noncompliance not requiring inclusion in this report.

Members of the Board
Academy of Columbus

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.

This report is intended solely for the information and use of management, the Board of Education, federal awarding agencies and federal pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
October 30, 2009

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008*

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 #84.282 Community School Start Up Grant, 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

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

*SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION .505
(CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008*

**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	

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Management Company's maintenance of supporting documentation.	Yes	
2007-002	Material Weakness for Audit Adjustments.	Yes	



Mary Taylor, CPA
Auditor of State

ACADEMY OF COLUMBUS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 5, 2010**