

Horizon Science Academy of Columbus
Franklin County, Ohio

Single Audit

July 1, 2008 through June 30, 2009
Fiscal Year Audited Under GAGAS: 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
800 Gallia Street, Suite 38, Portsmouth, Ohio 45662 Phone: 740.876.9121 Fax: 800.210.2573



Mary Taylor, CPA

Auditor of State

Board of Trustees
Horizon Science Academy of Columbus
1070 Morse Road
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy of Columbus, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Horizon Science Academy of Columbus is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 16, 2010

This Page is Intentionally Left Blank.

Horizon Science Academy of Columbus
Table of Contents
For the Fiscal Year Ended June 30, 2009

Title	Page
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-7
Financial Statements:	
Statement of Net Assets	8
Statement of Revenues, Expenses and Changes in Net Assets	9
Statement of Cash Flows	10-11
Notes to the Basic Financial Statements	12-21
Schedule of Federal Awards Receipts and Expenditures	22
Notes to the Schedule of Federal Awards Receipts and Expenditures	23
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	24-25
Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	26-27
Schedule of Findings – OMB Circular A-133 §.505	28
Independent Auditor's Report on Applying Agreed-Upon Procedures	29-30



Independent Auditor's Report

Members of the Board
Horizon Science Academy of Columbus
1070 Morse Road
Columbus, OH 43229

We have audited the accompanying financial statements of the business-type activities of the Horizon Science Academy of Columbus, Franklin County, (the Academy), as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions on these financial statements based on our audit.

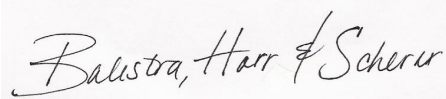
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform 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 that our audit provides a reasonable basis for our opinions.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 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.

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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Federal Awards 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.



Balestra, Harr & Scherer, CPAs, Inc.

December 31, 2009

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

The discussion and analysis of Horizon Science Academy- Columbus's (the School) financial performance provides an overall review of the financial activities for the fiscal 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 fiscal year 2009 are as follows:

- Total net assets increased by \$43,990, from \$152,263 to \$196,253
- The School had total operating revenues of \$2,190,482
- The School had total operating expenses of \$2,975,082
- The current liabilities decreased by \$74,476
- The School received Federal and State Grants total of \$651,695

In fiscal year 2009, the School improved both financially and academically. The enrollment increased by 10 students from 320 to 330 and the School was rated "Excellent" by the Department of Education. Academic excellence helped the School increase its enrollment up to 370 which is its full capacity in 2009-2010 school year. In order to reinforce its instruction and provide extra help to its failing students, the School hired extra teachers. This reflected to salaries as a 10% increase. In the fiscal year, the School was also allocated more federal funds than the previous years. The amount of federal grants totaled to \$640,198 comparing to \$466,490 in the previous fiscal year. In the fiscal year, the School managed to pay its full rent while being able to pay only 13% of its management fees. The rest of the management fees were forgiven by Concept Schools. In the previous fiscal year the School had received \$81,000 rent forgiveness from its landlord. With the increased enrollment and academic stability, the School expects to improve its financial standing further in the current fiscal year.

Using this Financial Report:

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

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

The School uses enterprise presentation for all of its activities.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

Table 1 provides a comparison of the School's net assets in fiscal years in 2008 and 2009.

	Net Assets	
	<u>June 30, 2008</u>	<u>June 30, 2009</u>
ASSETS		
<u>Current Assets</u>		
Cash and Cash Equivalents	38,040	0
Accounts Receivable	71,264	76,014
Intergovernmental Receivable	25,818	53,572
Prepaid Payroll Liabilities	0	34,347
Total Current Assets	135,122	163,933
<u>Non-Current Assets</u>		
Security Deposit	43,375	43,375
Capital Assets (Net of Accumulated Depreciation)	326,690	257,689
Total Non-Current Assets	370,065	301,064
 Total Assets	 505,187	 464,997
 LIABILITIES & EQUITY		
<u>Current Liabilities</u>		
Bank Overdraft	0	2,507
Accounts Payable	82,359	71,578
Intergovernmental Payable	45,424	0
Capital Leases- Current	20,712	9,704
Accrued Wages	129,826	133,244
Payroll Liabilities	25,030	15,175
National City- Line of Credit	29,969	26,636
Total Current Liabilities	333,320	258,844
<u>Long Term Liabilities</u>		
Capital Leases- Long Term	19,604	9,900
 Total Liabilities	 352,924	 268,744
 NET ASSETS		
Investment in Capital Assets	326,690	238,085
Restricted	43,375	43,375
Unrestricted	(217,802)	(65,603)
 Total Net Assets	 \$ 152,263	 \$ 196,253

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

Table 2 provides a comparison of School's Revenues & Expenses and Changes in Net Assets in fiscal years in 2008 and 2009.

Revenues, Expenses and Changes in Net Assets

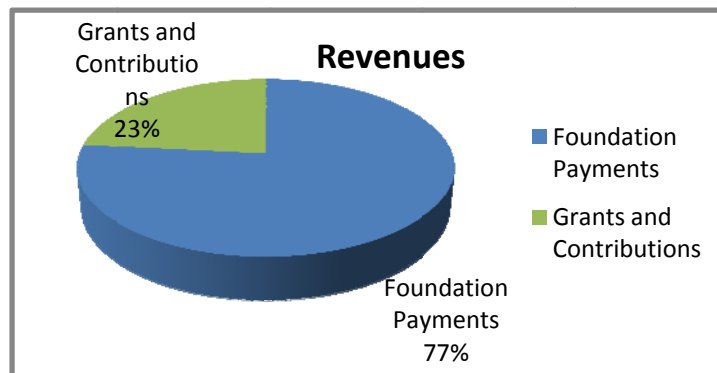
	<u>June 30, 2008</u>	<u>June 30, 2009</u>
<u>Operational Income/Expense</u>		
Income		
Foundation Payments	2,044,305	2,141,493
Instructional Fees	12,369	8,797
Extracurricular Activities	8,297	4,983
Food Services	13,503	9,087
Other Local Revenue	44,520	26,122
Total Operational Income	2,122,994	2,190,482
Expense		
Salaries	1,309,621	1,450,396
Benefits	301,477	318,984
Purchased Services	930,375	961,734
Supplies & Materials	148,606	115,164
Other Objects	67,231	57,113
Depreciation Expense	69,208	71,691
Total Operational Expense	2,826,518	2,975,082
Net Operational Income	(703,524)	(784,600)
<u>Non-Operational Income/Expense</u>		
Federal Grants	466,490	640,198
State Grants	29,282	11,497
Contributions and Donations	5,344	0
Interest on Investments	4,762	0
Rent Forgiveness	81,648	0
Management Fee Forgiveness	116,318	181,937
Loss on Disposal of Assets	(1,905)	0
Interest Payments	(5,869)	(5,042)
Net Non-Operational Income	696,070	828,590
Change in Net Assets	(7,454)	43,990
Net Assets at Beginning of Year	159,717	152,263
Net Assets at End of Year	\$ 152,263	196,253

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

The increase in Foundation Revenue from State is due to the increase in enrollment from 321 to 330 in 2009. In the fiscal year 2009 the School also hired extra teachers with the help of increased Title allocations. This reflected to the salaries as an 11% increase in salaries.

- At the end of the fiscal year, although the School had a book balance of \$0 in its bank accounts due to cash flow constraints, its actual bank balances totaled up to \$12,313.
- The School's accounts receivables increased by \$4,750 due half a month's to rent receivable from Noble Academy- Columbus. Of the total \$76,014 of accounts receivable the remaining amount of \$71,264 was accounts receivable from HSA- Columbus Middle School due to capital asset transfers during the split of the schools at the end of fiscal year 2007.
- The School's Intergovernmental Receivables also increased from \$25,818 to \$53,572 due to claimed Federal Lunch Programs funds and receivable title grants.
- The prepaid payroll liabilities is mainly due to STRS company contributions overpaid by \$23,874 and other prepaid health insurance contributions.
- The School's Capital Assets (Net of Accumulated Depreciation) reduced significantly because the School purchased only \$2,690 worth of capital assets however the depreciation for the year was \$71,691.
- At the end of fiscal year 2008 the School had intergovernmental payables of \$45,424 due to overpayment of foundation monies from state. This amount was deducted from its foundation payments during the fiscal year 2009.
- In the fiscal year 2009 the School made \$3,333 of Line of Credit payments to National City Bank reducing its balance from \$29,969 to \$26,636. As of December 31, 2009 the whole amount has been paid off. More information can be found in footnote 12.
- The School also made total payments of \$20,712 towards its Capital Leases reducing the total amount owned from 40,316 to \$19,604. Additional information regarding to capital lease payments can be found in the footnote 11.

Table 3 shows the distribution of revenues in Fiscal Year 2009.



**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

Table 4 shows the distribution of expenses in Fiscal Year 2009.

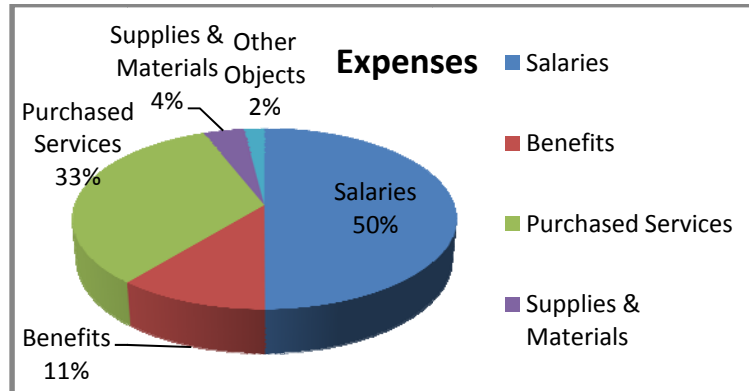


Table 5 shows the Capital Assets net of Accumulated Depreciation.

Capital Assets				
	Ending Balance June 30, 2008	Additions	Deletions	Ending Balance June 30, 2009
Instructional Equipment & Furniture	181,197	2,690		183,887
Office Equipment & Furniture	156,323			156,323
Vehicles	11,280			11,280
Leasehold Improvements	224,041			224,041
Total Fixed Assets	572,841	2,690	0	575,531
Less: Accumulated Depreciation	(246,151)	(71,691)	0	(317,842)
Net Fixed Assets	\$ 326,690	(69,001)	0	\$ 257,689

Additional information regarding to Capital Asset policies of the School can be found in the footnote 2 section E and footnote 4 in the Notes to Financial Statements.

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 Ben Koz, Business Manager, Horizon Science Academy-Columbus, Inc. 1070 Morse Rd. Columbus, OH 43229.

HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY

Statement of Net Assets
For the Fiscal Year Ended June 30, 2009

ASSETS

Current Assets

Intergovernmental Receivable	53,572
Prepaid Payroll Liabilities	34,347
Accounts Receivable	76,014
Total Current Assets	163,933

Non-Current Assets

Security Deposit	43,375
Capital Assets (Net of Accumulated Depreciation)	257,689
Total Non-Current Assets	301,064

Total Assets	464,997
---------------------	----------------

LIABILITIES & EQUITY

Current Liabilities

Bank Overdraft	2,507
Accounts Payable	71,578
Capital Leases- Current	9,704
Accrued Wages	133,244
Payroll Liabilities	15,175
National City- Line of Credit	26,636
Total Current Liabilities	258,844

Long Term Liabilities

Capital Leases- Long Term	9,900
---------------------------	-------

Total Liabilities	268,744
--------------------------	----------------

NET ASSETS

Investment in Capital Assets	238,085
Restricted	43,375
Unrestricted	(65,603)
Total Net Assets	\$ 196,253

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY

**Statement of Revenues, Expenses
and Change in Net Assets**
For the Fiscal Year Ended June 30, 2009

Operational Income/Expense

Income

Foundation Payments	2,141,493
Instructional Fees	8,797
Extracurricular Activities	4,983
Food Services	9,087
Other Local Revenue	26,122

Total Operational Income 2,190,482

Expense

Salaries	1,450,396
Benefits	318,984
Purchased Services	961,734
Supplies & Materials	115,164
Other Objects	57,113
Depreciation Expense	71,691

Total Operational Expense 2,975,082

Net Operational Income **(784,600)**

Non-Operational Income/Expense

Federal Grants	640,198
State Grants	11,497
Management Fee Forgiveness	181,937
Interest Payments	(5,042)

Net Non-Operational Income 828,590

Change in Net Assets 43,990

Net Assets at Beginning of Year 152,263

Net Assets at End of Year \$ 196,253

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

**Statement of Cash Flows
For Fiscal Year Ended June 30, 2009**

<u>Cash Flows from Operating Activities</u>	
Cash Received from State of Ohio	2,096,069
Cash Received from Other Operating Revenues	48,989
Cash Payments to Suppliers for Goods and Services	(910,492)
Cash Payments to Employees for Services	(1,446,978)
Cash Payments for Employee Benefits	(363,186)
Other Cash Payments	<u>(57,113)</u>
Net Cash Used for Operating Activities	(632,711)
<u>Cash Flows from Noncapital Financial Activities</u>	
Grants Received from Federal Government	612,444
Grants Received from State	11,497
Funds from Bank Overdraft	2,507
Line of Credit Payments	(3,333)
Interest Payments	<u>(5,042)</u>
Net Cash Provided by Noncapital Financial Activities:	618,073
<u>Cash Flows from Capital and Related Activities</u>	
Payments for Capital Acquisitions	(2,690)
Payments for Capital Leases	<u>(20,712)</u>
Net Cash Provided for Capital and Related Activities	(23,402)
Net Increase in Cash and Cash Equivalents	(38,040)
Cash and Cash Equivalents at Beginning of Year	38,040
Cash and Cash Equivalents at End of Year	<u><u>\$ 0</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY

Statement of Cash Flows
For Fiscal Year Ended June 30, 2009
(Continued)

**Reconciliation of Operating Income to Net
Cash Provided by Operating Activities:**

Operating Loss (784,600)

**Adjustments to Reconcile Operating Loss to
Net Cash Provided by Operating Activities**

Depreciation 71,691

Changes in Assets and Liabilities

Decrease in Accounts Payable (10,781)

Increase in Account Receivable (4,750)

Decrease in Payroll Liabilities (44,202)

Increase in Wages Payable 3,418

Decrease in IG Payable (45,424)

Management Fee Forgiveness 181,937

Total Adjustments 151,889

Net Cash Used for Operating Activities (632,711)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY- COLUMBUS
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, 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 six through twelve 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 may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School qualifies 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 was initially approved for operation in August 1999 under a charter with Ohio Department of Education which expired on June 30, 2004. The School is currently under contract with Lucas County Educational Service Center (the Sponsor) until May 30 2012.

The School operates under the direction of a self-appointed five-member Board of Trustees. 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 FY2009 the School employed 44 personnel for up to 330 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.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its 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 meets the cash flow needs for its enterprise activities.

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. Unearned 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 unearned revenue. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Unlike other 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 does not prescribe any other budgetary process for the School.

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.

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements 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 five 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 equipment are depreciated using the straight-line method over the following estimated useful lives.

Improvements	3 to10 years
Heavy Duty Office or Classroom Furniture	10 years
Computers and Other Electronic Equipment	3-5 years
Vehicles	3 to 10 years

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets and Depreciation (Continued)

Improvements to capital assets are depreciated 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.

F. Intergovernmental Revenues

The School currently participates in the State Foundation Program, Special Education Program, and the Parity Aid Program which are reflected under "State Aid". Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under these programs for FY 2009 totaled \$ 2,141,493.

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. Amounts awarded under these programs for 2009 school year totaled \$ 651,695.

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 leave 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. This compensation for the fiscal year was recorded under accrued wages.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding 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 only \$43,375 of schools assets was restricted.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Use of 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.

3. DEPOSITS AND INVESTMENTS

At June 30 2009, the carrying book balances of the School's bank accounts was \$0 and the bank balance was \$12,313. Entire bank balances were covered by federal depository insurance. 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:

Capital Assets				
	Ending Balance June 30, 2008	Additions	Deletions	Ending Balance June 30, 2009
Instructional Equipment & Furniture	181,197	2,690		183,887
Office Equipment & Furniture	156,323			156,323
Vehicles	11,280			11,280
Leasehold Improvements	224,041			224,041
Total Fixed Assets	572,841	2,690	0	575,531
Less: Accumulated Depreciation	(246,151)	(71,691)	0	(317,842)
Net Fixed Assets	\$326,690	(69,001)	0	\$257,689

5. SECURITY DEPOSIT

According to the terms of the School's operating lease for the middle school buildings, the School paid the lessor \$43,375 during fiscal year 2000 as a security deposit for the building lease. This amount was being held by B&A Realty. In October 2009 the School and B & A Realty agreed to terminate the lease agreement. According to agreement, \$13,375 will be deducted for the damages on the building and remaining \$30,000 will be paid back to the School.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

6. 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.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District 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 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 School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$27,077, \$26,855, and \$28,124 respectively; 100 percent has been contributed for fiscal year 2009 and for the previous years.

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.

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.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

6. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District 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 the fiscal years ended June 30, 2009, 2008, and 2007 were \$180,887, \$213,011, and \$260,579 respectively; 100 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2007 and 2006.

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. In fiscal year 2009 none of the employees choose Social Security. The contribution rate is 6.2 percent of wages.

7. 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.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

7. POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 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 2009, this amount was \$3,029.

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 School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$8,084, \$8,018, and \$6,669 respectively; 100 percent has been contributed for fiscal year 2009 and for the previous years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,276, \$1,266, and \$1,326 respectively; 100 percent has been contributed for fiscal year 2009 and for the previous years.

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 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 School District's contributions for health care for the fiscal years ended June 30, 2009, 20078 and 2007 were \$15,215, \$18,613, and \$15,852 respectively; 100 percent has been contributed for fiscal year 2009 and for the previous years.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

8. 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 Auto Owners Insurance Company for property coverage with a \$2,060,500 limit, Business Income and Extra Expense per Location coverage with \$450,000 limit and general liability coverage with a \$2,000,000 limit. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from the last fiscal year.

9. EMPLOYEE MEDICAL AND DENTAL BENEFITS

According to the School Policy, the School is required to provide Medical and Dental Insurance to all its full time employees. 60% of the monthly premiums for Medical and Dental coverage are to be paid by the School while the remaining 40% are to be deducted from employee's wages.

10. PURCHASED SERVICES

Purchased service expenses during fiscal year 2009 were as follows:

Purchased Services	
Type	Amount
Professional Services	411,180
Rent and Property Services	459,554
Advertising and Communications	41,854
Pupil Transportation	25,168
Staff Travel Expenses	11,618.89
Other Purchased Services	12,359.90
Total	\$ 961,734

11. CAPITAL LEASES

During current and prior years, the School entered into several capitalized lease agreements for equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets of \$68,566 have been recorded, which represents the present value of equipment at time of acquisition. The accumulated depreciation for the capital lease assets was \$13,713 for the fiscal year. Principal payments for fiscal year 2009 totaled \$20,712. The following is a schedule of the future minimum lease payments required for the capital leases as of June 30, 2009.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

11. CAPITAL LEASES (Continued)

Capital Leases Payment Schedule			
	Lease Payments	Interest	Principal
2010	10,727	1,023	9,704
2011	4,794	598	4,196
2012	4,794	274	4,520
2013	1,199	15	1,184
Total Lease Payments	\$ 21,514	\$ 1,910	\$ 19,604

12. LINE OF CREDIT

The School entered into a promissory note for a line of credit with National City Bank during fiscal year 2006 in the amount of \$50,000. The School must make minimum interest payments each month. The interest rate is tied to the prime rate and re-indexed as this rate moves. As of June 30, 2009, the School interest rate on the loan was 7 percent and the amount due was \$26,636.

13. OPERATING LEASES

The School entered into an operating lease with B&A Realty in fiscal year 1999 for school facilities at 1329 Bethel Rd. On June 30, 2003, the School renegotiated the lease agreement. The new six year lease includes an annual 4% increase that management considers to be a normal cost of living. In fiscal year 2009, the school's monthly rent for three buildings on Bethel Rd. was \$18,904. The lease is currently terminated.

In fiscal year 2004, the School also entered into a lease agreement for school facilities on 1070 Morse Road with Breeze Inc. for three years. Later, the lease was extended until June 30, 2009 with an annual 4% increase. In June 2009 the lease was extended for ten more years until June 30, 2018. Breeze Inc. also agreed to forgive unpaid rent fees from fiscal year 2006 in total of \$81,848. This write-off has been shown in the financial statements as "Rent Payable Forgiveness". In fiscal year 2009 the school's monthly rent for facilities on Morse Rd. was \$35,097. Required payments for the lease are as follows:

<u>Fiscal year ending</u>	<u>Amount to be paid</u>
June 30, 2009	421,175
June 30, 2010	438,022
June 30, 2011	455,543

Also, in August 2007 the School subleased its facilities on Bethel Road to Horizon Science Academy- Columbus Middle School and Noble Academy- Columbus for two years. The contracted lease amount for each school is \$9,500 per month. In fiscal year 2009, from both schools, the School received a total of \$228,000.

**HORIZON SCIENCE ACADEMY- COLUMBUS
FRANKLIN COUNTY**

14. 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 of 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. The review for Fiscal Year 2007 showed the school was overpaid by \$71,922 which was to be deducted from School's Foundation payments in fiscal years 2008 and 2009. In fiscal year 2008, \$26,497 of this amount has been deducted and \$45,424 was deducted in fiscal year 2009. Such an audit has not been conducted for fiscal year 2009 yet.

15. SPONSORSHIP AGREEMENT

On July 1, 2004, the School signed a sponsorship agreement with Lucas County Educational Services. 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. On May 2, 2007 the original contract was extended until July 1, 2012. According to the contract, the School pays 1% of its foundation revenues to the Sponsor. This rate will be increased to 1.5% as of July 1, 2009. In fiscal year 2009, the schools compensation to the Sponsor was \$20,961.

16. MANAGEMENT COMPANY AGREEMENT

The School contracted with Concepts Schools Inc. 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 \$209,437. Out of this amount, \$27,500 was paid during the year and remaining \$181,937 has been forgiven by Concept Schools.

Horizon Science Academy of Columbus
Franklin County
Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	O5PU	10.553	\$ 32,903	\$ -	\$ 32,903	\$ -
National School Lunch Program	LLP4	10.555	81,331	29,358	81,331	29,358
Total Nutrition Cluster			114,234	29,358	114,234	29,358
Total United States Department of Agriculture			114,234	29,358	114,234	29,358
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title 1 Grants to Local Educational Agencies	C1S1	84.010	226,069	-	226,069	-
Special Education - Grants to States	6BSF	84.027	107,225	-	131,687	-
School Improvements Grant	N/A	84.377	43,810	-	60,000	-
Safe and Drug-Free Schools and Communities - State Grants	DRS1	84.186	1,350	-	1,350	-
Title III English Language Acquisition	T1S1	84.287	10,229	-	10,229	-
State Grants for Innovative Programs	C2S1	84.298	625	-	625	-
Education Technology State Grants	TJS1	84.318	2,117	-	2,117	-
Foreign Language Assistance Program	N/A	84.293	85,700	-	85,700	-
Improving Teacher Quality State Grants	TRS1	84.367	21,223	-	21,223	-
Total United States Department of Education			498,348	-	539,000	-
Total Federal Financial Assistance			\$ 612,582	\$ 29,358	\$ 653,234	\$ 29,358

NA - Not Available

See accompanying notes to the schedule of federal awards receipts and expenditures

Horizon Science Academy of Columbus
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2009

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the Academy's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal funds received from the National School Lunch and Breakfast Programs were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.

NOTE C – FOOD DONATION

Program regulations do not require the District 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 entitlement value of the commodities received as assessed by the U.S. Department of Agriculture.



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

Members of the Board
Horizon Science Academy of Columbus
1070 Morse Road
Columbus, Ohio 43229

We have audited the financial statements of the business-type activities of the Horizon Science Academy of Columbus (the Academy) as of and for the year ended June 30, 2009, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated December 31, 2009. 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 Academy's internal control over financial reporting as a basis for designing our audit procedures for 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 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 basis of accounting such that there is more than a remote likelihood that the Academy's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

Members of the Board

Horizon Science Academy of Columbus

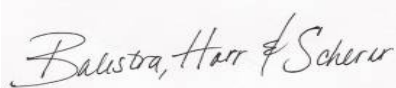
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Page 2

Compliance and Other Matters

As part of reasonably assuring whether the 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 we must report under *Government Auditing Standards*.

We intend this report for the information and use of management and members of the Board. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

December 31, 2009



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

Members of the Board
Horizon Science Academy of Columbus
1070 Morse Road
Columbus, Ohio 43229

Compliance

We have audited the compliance of Horizon Science 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 apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy's major federal programs. The Academy'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 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 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 Academy's compliance with those requirements and performing other procedures 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 apply to each of its major federal program for the year ended June 30, 2009.

Internal Control Over Compliance

The Academy's management 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 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 Academy's internal control over compliance.

Members of the Board

Horizon Science Academy of Columbus

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

Page 2

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 programs compliance requirement 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 the entity's internal control will not prevent or detect more-than-inconsequential non-compliance 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 Academy's internal control will not be prevent or detect material non-compliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of management, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
December 31, 2009

Horizon Science Academy of Columbus
Schedule of Findings
OMB Circular A-133 Section .505
June 30, 2009

Summary of Auditor's Results

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



Independent Auditor's Report on Applying Agreed-Upon Procedures

Horizon Science Academy of Columbus
Franklin County
1070 Morse Road
Columbus, Ohio 43229

To the Board of Education:

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."

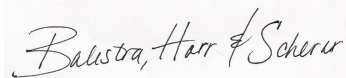
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Horizon Science Academy of Columbus (the Academy) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is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

1. We noted the Board adopted an anti-harassment policy at its meeting on November 17, 2007.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

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

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

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

December 31, 2009



Mary Taylor, CPA
Auditor of State

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 30, 2010**