

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

(AUDITED)

**BASIC
FINANCIAL STATEMENTS**

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2010*

ROBERT LOTZ, TREASURER



Dave Yost • 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 Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 23, 2011

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**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Academy of Columbus
4656 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

We have audited the accompanying financial statements of the Academy of Columbus, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Academy of Columbus' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy of Columbus' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Academy of Columbus, Franklin County, Ohio, as of June 30, 2010, and the respective changes in financial position and cash flows, thereof for the fiscal 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 29, 2010, on our consideration of the Academy of Columbus' 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 is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Academy of Columbus' basic financial statements. The schedule of receipts and expenditures of federal awards is required by 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. We subjected the schedule of receipts and expenditures of federal awards to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 29, 2010

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The management's 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, 2010. 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 2010 are as follows:

- In total, net assets were a deficit of \$18,112 at June 30, 2010.
- The Academy had operating revenues of \$2,211,726, operating expenses of \$3,282,914 and non-operating revenues of \$1,046,706 for fiscal year 2010. Total change in net assets for the fiscal year was a decrease of \$24,482.

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 2010?" 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 6 and 7 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 8 of this report.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The table below provides a summary of the Academy's net assets for fiscal year 2010 and 2009.

	Net Assets	
	<u>2010</u>	<u>2009</u>
<u>Assets</u>		
Current assets	\$163,386	\$ 85,063
Total assets	<u>163,386</u>	<u>85,063</u>
<u>Liabilities</u>		
Current liabilities	<u>181,498</u>	<u>78,693</u>
Total liabilities	<u>181,498</u>	<u>78,693</u>
<u>Net Assets</u>		
Unrestricted	<u>(18,112)</u>	<u>6,370</u>
Total net assets	<u>\$ (18,112)</u>	<u>\$ 6,370</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010 and June 30, 2009, the Academy's net assets totaled a deficit balance of \$18,112 and positive \$6,370, respectively.

The Academy had no capital assets to report in fiscal years 2010 or 2009. This is a result of Imagine Schools, Inc. providing all of the furniture and equipment as part of its management agreement.

The Academy reported intergovernmental receivables for grants at June 30, 2010 and 2009 in the amount of \$137,666 and \$61,164, respectively, which contributed to the increase in total assets from fiscal year 2009. As a result of the full-time equivalency review by the Ohio Department of Education at June 30, 2010 and June 30, 2009, intergovernmental payables in the amount of \$40,090, and \$44,974, respectively, were reported. The Academy had accounts payable of \$141,408 and \$33,719 for fiscal years 2010 and 2009, respectively, due to Imagine Schools, Inc. and other vendors.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
UNAUDITED

The table below shows the changes in net assets for fiscal year 2010 and 2009.

	2010	2009
<u>Operating Revenues:</u>		
Sales	\$ 5,290	\$ -
State foundation	2,206,436	2,830,815
Total operating revenue	2,211,726	2,830,815
<u>Operating Expenses:</u>		
Purchased services	3,263,109	3,332,154
Other	19,805	288
Total operating expenses	3,282,914	3,332,442
<u>Non-operating Revenues:</u>		
Federal and State grants	1,046,706	496,300
Total non-operating revenues	1,046,706	496,300
Change in net assets	(24,482)	(5,327)
Net assets at beginning of year	6,370	11,697
Net assets at end of year	\$ (18,112)	\$ 6,370

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. The Academy received less State foundation revenues during fiscal year 2010 due to a decrease in student enrollment. The Academy received Federal grant monies through the American Recovery and Reinvestment Act which resulted in a significant increase in Federal and State grant revenue during fiscal year 2010.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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 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.

**BASIC
FINANCIAL STATEMENTS**

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2010

Assets:	
Current assets:	
Cash	\$ 25,720
Receivables:	
Intergovernmental	<u>137,666</u>
Total assets	<u>163,386</u>
Liabilities:	
Current liabilities:	
Accounts payable	141,408
Intergovernmental payable	<u>40,090</u>
Total liabilities	<u>181,498</u>
Net assets:	
Unrestricted (deficit)	<u>(18,112)</u>
Total net assets (deficit)	<u>\$ (18,112)</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, 2010

Operating revenues:	
Sales	\$ 5,290
State foundation	2,206,436
Total operating revenues	<u>2,211,726</u>
Operating expenses:	
Professional services.	3,263,109
Other.	19,805
Total operating expenses.	<u>3,282,914</u>
Operating loss	<u>(1,071,188)</u>
Non-operating revenues:	
Federal and State grants	1,046,706
Total nonoperating revenues.	<u>1,046,706</u>
Change in net assets.	(24,482)
Net assets at beginning of year	<u>6,370</u>
Net assets (deficit) at end of year	<u><u>\$ (18,112)</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, 2010

Cash flows from operating activities:	
Cash received from sales.	\$ 5,290
Cash received from state foundation.	2,201,552
Cash payments for professional services.	(3,155,420)
Cash payments for other expenses	<u>(19,805)</u>
Net cash used in operating activities	<u>(968,383)</u>
Cash flows from noncapital financing activities:	
Cash received from Federal and State grants	<u>970,204</u>
Net cash provided by noncapital financing activities.	<u>970,204</u>
Net increase in cash	1,821
Cash at beginning of year	<u>23,899</u>
Cash at end of year	<u><u>\$ 25,720</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (1,071,188)
Changes in assets and liabilities:	
Increase in accounts payable	107,689
Decrease in intergovernmental payable	<u>(4,884)</u>
Net cash used in operating activities	<u><u>\$ (968,383)</u></u>

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, 2010**

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 7 for detail.

The Academy signed a contract with its Sponsor, Ohio Council of Community Schools, to operate for a period of July 1, 2005 through June 30, 2010. On May 31, 2010 the contract was renewed commencing on July 1, 2010 and ending on June 30, 2011. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration.

The Academy operates under a self-appointing, seven 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 347 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 Academy has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. 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, 2010

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 transactions, in which the Academy received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

C. Budgetary Process

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

All cash received by the Academy is maintained in a demand deposit account. For purposes of the statement of cash flows and for presentation on the statement of net assets, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Academy are presented on the financial statements as cash equivalents. The Academy did not have any investments during fiscal year 2010.

E. Capital Assets

The Academy operates under a management agreement with Imagine, and as such, the Academy has no capital assets (See Note 7).

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, Special Education Program, and the Parity Aid Program. Revenue received from these programs is recognized as operating revenues. Amounts awarded under the above programs for the 2010 school year totaled \$2,206,436.

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 \$1,046,706 in State and Federal grants during fiscal year 2010.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

A. Change in Accounting Principles

For fiscal year 2010, the Academy has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the Academy.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 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, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Academy.

- B.** At June 30, 2010, the Academy's fund balance was negative \$18,112. This balance is a result of adjustments for accrued liabilities exceeding adjustments for accrued revenue. The Academy maintained a positive cash balance.

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, 2010, the carrying amount of the Academy's deposits was \$25,720 and the bank balance was \$30,986. 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 - RECEIVABLES

Receivables at June 30, 2010, consisted of intergovernmental receivables arising from grants and entitlements. All receivables are considered collectible in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	<u>Amount</u>
Title I	\$ 56,261
Title I SI	10,727
Title II-D	4,385
Title VI-B	14,096
Title I ARRA	37,827
Title VI-B ARRA	<u>14,370</u>
Total intergovernmental receivables	<u>\$ 137,666</u>

NOTE 6 - 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, during fiscal year 2010 Imagine has contracted for the following general liability, automobile liability, excess/umbrella liability, personal property liability, and crime liability through Philadelphia Indemnity Insurance Co. and workers compensation and employers liability, and school leader's liability through National Union Fire Ins. Co.:

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - RISK MANAGEMENT - (Continued)

<u>Coverage</u>	<u>Limits of Coverage</u>
General liability:	
Each occurrence	\$ 1,000,000
General aggregate	3,000,000
Products	3,000,000
Medical expenses	10,000
Personal & advertising injury	1,000,000
Damages to rented premises, per occurrence	100,000
Automobile liability - combined single limit	1,000,000
Excess/umbrella liability:	
Each occurrence	15,000,000
Aggregate	15,000,000
Retention	10,000
Personal property:	
Limit	500,000
Deductible	5,000
Crime liability	1,000,000
Workers compensation and employers liability:	
Each accident	1,000,000
Disease - each employee	1,000,000
Disease - policy limit	1,000,000
School leader's liability:	
Directors and officers/errors and omissions	3,000,000
Retention	10,000

Settled claims have not exceeded commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior fiscal year.

B. Workers' Compensation

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

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 7 - 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. 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, 2010 to Imagine of \$3,137,592. 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.

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 Imagine's 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, plus an excess or umbrella policy extending coverage as broad as the primary coverage in an amount no less than \$5 million.

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.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 - SERVICE CONTRACT

The Academy entered into a service contract for a period of fourteen months commencing August 1, 2008, with Charter School Specialists, LLC (CSS), to provide fiscal, student data, and Comprehensive Continuous Planning (CCIP) consulting services. The Academy entered into a new service contract with CSS for a period of ten months commencing on September 1, 2009 and ending on June 30, 2010, to provide fiscal, state reporting, and CCIP services. On March 28, 2010, the service contract was amended to provide only fiscal and CCIP services. The Academy paid CSS \$35,599 during fiscal year 2010 for these services.

NOTE 9 - 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, 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, 2010, there were no related party transactions to report.

NOTE 10 - PENSION PLANS

The Academy has contracted with Imagine (see Note 7) to provide employee services and to pay those employees. However, these contract services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately responsible for remitting retirement contributions to the systems noted below:

A. School Employees Retirement System

Plan Description - Imagine, on behalf of the Academy, contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

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 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 2010, 12.74 percent and .04 percent of annual covered salary was the portion used to fund pension obligations and death benefits. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$2,919, \$29,989 and \$52,754, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

Plan Description - Imagine, on behalf of 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. 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 2010, 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, 2010, 2009 and 2008 were \$126,248, \$115,284 and \$125,145, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$12,873 made by the Academy and \$9,195 made by the plan members.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - Imagine, on behalf of the Academy, participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium.

The Medicare Part B premium for calendar year 2009 was \$96.40 and SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Employers/Audit Resources*.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2010, 0.46 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the actuarially determined amount was \$35,800.

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

The Academy's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$105, \$13,724 and \$24,073, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2010, this actuarially required allocation was 0.76 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$174, \$2,474 and \$3,801, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - Imagine, on behalf of the Academy, contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 2010, 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, 2010, 2009, and 2008 were \$9,711, \$8,868 and \$9,627, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

NOTE 12 - MANAGEMENT COMPANY EXPENSES

For the fiscal year ended June 30, 2010, Imagine Schools, Inc. and its affiliates incurred the following expenses, which are reported on cash-basis, on behalf of the Academy:

<u>Expenses</u>	<u>2010</u>
Direct Expenses:	
Salaries and wages	\$ 1,092,310
Employees' benefits	348,014
Purchased services	1,243,611
Supplies and materials	97,799
Other direct costs	14,749
Indirect expenses	<u>312,022</u>
Total expenses	<u>\$ 3,108,505</u>

Overhead charges included in other direct costs 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.

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - PURCHASED SERVICES EXPENSES

For fiscal year 2010, purchased services expenses were as follows:

Purchased services expenses:

Management fees	\$ 3,137,892
Sponsorship fees	60,781
Legal	22,674
Professional and fiscal services	<u>41,762</u>
Total	<u>\$ 3,263,109</u>

NOTE 14 - 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, 2010.

B. Litigation

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

C. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the fiscal year 2010 reviews, the Academy was overpaid and owes ODE \$40,090. This amount has been reported as an intergovernmental payable on the statement of net assets.

NOTE 15 - FEDERAL TAX STATUS

The Academy was approved under §501(c)(3) of the Internal Revenue Code as a tax exempt organization on June 25, 2009. Management is not aware of any course of action or series of events that might adversely affect the Academy's tax exempt status.

SUPPLEMENTARY DATA

ACADEMY OF COLUMBUS
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(F) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
<i>Nutrition Grant Cluster:</i>				
(B)(C) School Breakfast Program	10.553	2010	\$ 63,369	\$ 63,369
(B)(C) National School Lunch Program	10.555	2010	116,965	116,965
Total U.S. Department of Agriculture and Nutrition Grant Cluste			<u>180,334</u>	<u>180,334</u>
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
<i>Title I Grant Cluster:</i>				
(D) Title I Grants to Local Educational Agencies	84.010	2009	55,603	55,603
(D) Title I Grants to Local Educational Agencies	84.010	2010	243,521	243,521
(D) Title I Grants to Local Educational Agencies	84.010	2010	34,008	34,008
Total Title I Grants to Local Educational Agencies			<u>333,132</u>	<u>333,132</u>
(D) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	131,003	131,003
<i>Total Title I Grant Cluster</i>			<u>464,135</u>	<u>464,135</u>
<i>Special Education Grant Cluster:</i>				
(E) Special Education _Grants to States	84.027	2009	12,989	12,989
(E) Special Education _Grants to States	84.027	2010	65,953	65,953
Total Special Education _Grants to States			<u>78,942</u>	<u>78,942</u>
(E) ARRA - Special Education Grants to States, Recovery Act	84.391	2010	54,882	54,882
<i>Total Special Education Grant Cluster</i>			<u>133,824</u>	<u>133,824</u>
Safe and Drug-Free Schools and Communities _State Grants	84.186	2009	96	96
Safe and Drug-Free Schools and Communities _State Grants	84.186	2010	3,889	3,889
Total Safe and Drug-Free Schools and Communities _State Grants			<u>3,985</u>	<u>3,985</u>
State Grants for Innovative Programs	84.298	2009	663	663
Education Technology State Grants	84.318	2010	1,553	1,553
Improving Teacher Quality State Grants	84.367	2010	21,348	21,348
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	153,420	153,420
Total U.S. Department of Education			<u>\$ 959,262</u>	<u>\$ 959,262</u>

Notes to the Schedule of Receipts and Expenditures of Federal Awards:

- (A) This schedule was prepared on the cash basis of accounting.
- (B) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (C) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (D) Included as part of "Title I Grant Cluster" in determining major programs.
- (E) Included as part of "Special Education Grant Cluster" in determining major programs.
- (F) OAKS did not assign pass-through number for fiscal year 2010.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**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***

Academy of Columbus
4656 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

We have audited the financial statements of the Academy of Columbus, Franklin County, Ohio, (the “Academy”) as of and for the fiscal year ended June 30, 2010, which collectively comprise the Academy of Columbus’ basic financial statements and have issued our report thereon dated December 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy of Columbus’ internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Academy of Columbus’ internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy of Columbus’ internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Academy’s financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

Board of Directors
Academy of Columbus

We intend this report solely for the information and use of management and the Board of Directors of the Academy of Columbus and federal awarding agencies and pass-through entities, and others within the Academy of Columbus. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 29, 2010



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Compliance With Requirements Applicable to Each
Major Federal Program and on Internal Control Over Compliance
in Accordance With OMB Circular A-133**

Academy of Columbus
4656 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

Compliance

We have audited the compliance of the Academy of Columbus 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 fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the Academy of Columbus's major federal programs. The Academy of Columbus'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 of Columbus'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 included in the Comptroller General of the United States' *Government Auditing Standards*; 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 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 of Columbus's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Academy of Columbus's compliance with those requirements.

In our opinion, the Academy of Columbus complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Internal Control Over Compliance

The Academy of Columbus's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Academy of Columbus's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of Academy of Columbus's internal control over compliance.

Board of Directors
Academy of Columbus

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the management and Board of Directors of the Academy of Columbus, federal awarding agencies and pass-through entities, and others within the Academy of Columbus. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
December 29, 2010

**ACADEMY OF COLUMBUS
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grant Cluster: Title I Grants to Local Educational Agencies (CFDA #84.010) and ARRA - Title I Grants to Local Educational Agencies, Recovery Act (CFDA #84.389); ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (CFDA #84.394)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No
2. FINDING RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS		

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



Dave Yost • 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
MARCH 8, 2011