

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

(AUDITED)

BASIC FINANCIAL STATEMENTS

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2013*

ROBERT LOTZ, TREASURER



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Great Western Academy, Franklin County, prepared by Julian & Grube, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 28, 2014

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**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the Great Western Academy, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Great Western Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Great Western Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Great Western Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Great Western Academy, Franklin County, Ohio, as of June 30, 2013, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Great Western Academy's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents 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 also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the Great Western 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Great Western Academy's internal control over financial reporting and compliance.



Julian & Grube, Inc.
December 16, 2013

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Our discussion and analysis of the Great Western Academy's (Academy's) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2013 are as follows:

- In total, net position was \$39,156 at June 30, 2013.
- The Academy had operating revenues of \$5,524,300, operating expenses of \$6,790,402 and non-operating revenues of \$1,272,578 for fiscal year 2013. Total change in net position for the fiscal year was an increase of \$6,476.

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 position* and *statement of revenues, expenses and changes in net position* 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 Position, Statement of Revenues, Expenses, and Changes in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2013?" The statement of net position and the statement of revenues, expenses and changes in net position 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 position* and changes in those assets. This change in net position is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

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

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Table 1 provides a comparative analysis of fiscal year 2013 and 2012:

Table 1		
Net Position		
	<u>2013</u>	<u>2012</u>
<u>Assets</u>		
Current assets	\$ 578,193	\$ 916,089
Total assets	<u>578,193</u>	<u>916,089</u>
<u>Liabilities</u>		
Current liabilities	<u>539,037</u>	<u>883,409</u>
Total liabilities	<u>539,037</u>	<u>883,409</u>
<u>Net Position</u>		
Unrestricted	<u>39,156</u>	<u>32,680</u>
Total net position	<u>\$ 39,156</u>	<u>\$ 32,680</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013 and June 30, 2012, the Academy's net position totaled \$39,156 and \$32,680, respectively. This positive equity represents the excess revenues from State and Federal aid not paid out to Imagine Schools, Inc. or other vendors.

The Academy reported intergovernmental receivables for grants at June 30, 2013 and 2012 in the amount of \$480,018 and \$323,666, respectively. As a result of the full-time equivalency (FTE) reviews by the Ohio Department of Education at June 30, 2012, intergovernmental receivables in the amount of \$3,848 were reported. The fiscal year 2013 FTE review has not been completed as of the date of this report (see Note 14.B for detail). Also included in intergovernmental receivables at June 30, 2013, is a \$29,520 refund from the State Employees Retirement System. At June 30, 2012, intergovernmental receivables in the amount of \$391,893 was reported for contract services due from other Imagine community schools related to an Employee Lease Agreement for the Education Jobs program for the 2011-2012 school year and \$19,950 was reported for a refund from the School Employees Retirement System.

The Academy had accounts payable of \$539,037 and \$670,026 at June 30, 2013 and 2012, respectively, due to Imagine Schools, Inc. and other vendors. The decrease in accounts payable is due to a decrease in grants receivable at June 30, 2013 that were reported as payable to Imagine Schools, Inc. The Academy reported \$213,383 in liabilities at June 30, 2012, for accrued wages and benefits and pension obligation payable, for employees it employed for the Employee Lease/Education Jobs program during the 2011-2012 school year.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The table below shows the changes in net position for fiscal years 2013 and 2012.

**Table 2
Changes in Net Position**

	<u>2013</u>	<u>2012</u>
<u>Operating Revenues:</u>		
Sales	\$ 19,385	\$ 58,625
Contract services	-	1,912,661
State foundation	<u>5,504,915</u>	<u>5,553,753</u>
Total operating revenue	<u>5,524,300</u>	<u>7,525,039</u>
<u>Operating Expenses:</u>		
Salaries and wages	1,169	1,703,865
Fringe benefits	7,930	462,051
Purchased services	6,772,829	6,595,738
Other	<u>8,474</u>	<u>7,412</u>
Total operating expenses	<u>6,790,402</u>	<u>8,769,066</u>
<u>Non-operating Revenues:</u>		
Federal and State grants	1,255,128	1,148,341
Other non-operating revenue	<u>17,450</u>	-
Total non-operating revenues	<u>1,272,578</u>	<u>1,148,341</u>
Change in net position	6,476	(95,686)
Net position at beginning of year	<u>32,680</u>	<u>128,366</u>
Net position at end of year	<u>\$ 39,156</u>	<u>\$ 32,680</u>

The Academy experienced a decrease in student enrollment of 818 students in fiscal year 2013 as compared to 824 students in fiscal year 2012, which resulted in a decrease in State foundation revenue for 2013. Sales revenue decreased in fiscal year 2013 as a result of decreased student lunch receipts.

Contract services revenue, salaries and wages, and fringe benefits expenses were reported by the Academy in fiscal year 2012 to account for the teachers employed by the Academy for an Employee Lease Agreement/Education Jobs program. The Academy leased its employees qualified to perform on-site school services for the 2011-2012 school year to other Imagine community school districts. The Academy's operating expenses during fiscal year 2012 were \$1,978,664 higher than fiscal year 2013 due to the Employee Lease/Education Jobs program.

The Academy received Federal grant monies through the Child Nutrition Breakfast and Lunch, Title I, Title I SI, Title II-A, and Title VI-B programs. During fiscal year 2012, the Academy also received federal grant monies through the Education Jobs program. The Academy received its first payment of \$17,450 in tax revenue from casino profits in January 2013, which is reported as other non-operating revenue.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

Capital Assets

At June 30, 2013, capital assets reported by the Academy are fully depreciated. Detailed information regarding capital asset activity is included in Note 6 to the basic financial statements.

Debt

The Academy had no debt outstanding as of June 30, 2013, or June 30, 2012.

Restrictions and Other Limitations

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

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

Contacting the Academy's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information please contact Mr. Robert Lotz, Treasurer, Charter School Specialists, 310 North Wilson Road, Columbus, Ohio.

**BASIC
FINANCIAL STATEMENTS**

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2013

Assets:	
Current assets:	
Cash	\$ 68,655
Receivables:	
Intergovernmental	<u>509,538</u>
Total assets.	<u>578,193</u>
 Liabilities:	
Current liabilities:	
Accounts payable	<u>539,037</u>
Total liabilities	<u>539,037</u>
 Net position:	
Unrestricted.	<u>39,156</u>
Total net position.	<u><u>\$ 39,156</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Operating revenues:	
Sales	\$ 19,385
State foundation	5,504,915
Total operating revenues	<u>5,524,300</u>
 Operating expenses:	
Salaries and wages	1,169
Fringe benefits	7,930
Purchased services	6,772,829
Other	8,474
Total operating expenses	<u>6,790,402</u>
 Operating loss	 <u>(1,266,102)</u>
 Non-operating revenues:	
Federal and State grants	1,255,128
Other non-operating revenue	17,450
Total non-operating revenues	<u>1,272,578</u>
 Change in net position	 6,476
 Net position at beginning of year	 <u>32,680</u>
 Net position at end of year	 <u>\$ 39,156</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

Cash flows from operating activities:	
Cash received from sales.	\$ 19,385
Cash received from contract services	391,893
Cash received from state foundation.	5,508,763
Cash payments for personal services.	(222,482)
Cash payments for purchased services.	(6,913,388)
Cash payments for other expenses	<u>(8,474)</u>
Net cash used in operating activities	<u>(1,224,303)</u>
Cash flows from noncapital financing activities:	
Cash received from Federal and State grants.	1,098,776
Cash received from other non-operating revenue	<u>17,450</u>
Net cash provided by noncapital financing activities.	<u>1,116,226</u>
Net decrease in cash	(108,077)
Cash at beginning of year	<u>176,732</u>
Cash at end of year.	<u><u>\$ 68,655</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (1,266,102)
Changes in assets and liabilities:	
Decrease in intergovernmental receivable	386,171
(Decrease) in accounts payable.	(130,989)
(Decrease) in accrued wages and benefits	(189,055)
(Decrease) in pension obligation payable.	<u>(24,328)</u>
Net cash used in operating activities	<u><u>\$ (1,224,303)</u></u>

The Academy reported intergovernmental receivables in the amount of \$480,018 and \$323,666 at June 30, 2013 and June 30, 2012, respectively, for non-operating grants.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

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

The Academy contracted with Imagine Schools, Inc. for most of its functions beginning February 14, 2006 (See Note 10.B). The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 2002. On May 30, 2007, the Academy entered into a sponsorship contract with the Lucas County Educational Service Center for a period of five years ending on May 14, 2012. On March 9, 2010, an amendment was made to extend the sponsorship contract through June 30, 2012. On May 21, 2012, the Academy signed a contract with a new sponsor, Buckeye Community Hope Foundation, to operate for the period of July 1, 2012 through June 30, 2015. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a Board of Directors which shall consist of not less than five members. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, State mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors controls the Academy's instructional/support facility staffed by employees of the management company who provide services to 818 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 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 position, a statement of revenues, expenses and changes in net position, and a statement of cash flows. The Academy uses enterprise accounting to track and report on its financial activities during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net position, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Enterprise accounting is used to track and report the Academy's financial activities. Enterprise accounting is used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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 position. The statement of changes in net position presents increases and decreases in net total position.

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

C. Budgetary Process

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

D. Cash

All cash received by the Academy is maintained in a demand deposit account. The Academy did not have any investments during fiscal year 2013.

E. Capital Assets and Depreciation

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

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

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

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

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, Special Education, and the Parity Aid Program. Revenue received from these programs is recognized as operating revenues. Amounts awarded under the above programs for the 2013 school year totaled \$5,504,915.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis. Amounts recognized under the above programs for the 2013 fiscal year totaled \$1,255,128.

G. Accrued Liabilities and Long-Term Obligation

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

H. Net Position

Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

I. 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.

J. Estimates

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

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2013, the Academy has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the Academy.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the Academy.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the Academy.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the Academy's financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had no effect on the financial statements of the Academy.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the Academy.

NOTE 4 - DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2013, the carrying amount of the Academy's deposits was \$68,655 and the bank balance was \$69,280. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 5 - RECEIVABLES/PAYABLES

Receivables at June 30, 2013, consisted of intergovernmental receivables arising from grants and entitlements and amounts due from other governments. All receivables are considered collectible in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	<u>Amount</u>
Title VI-B	\$ 91,777
Title I SI	2,750
Title I	383,991
Title IIA	1,500
SERS refund	<u>29,520</u>
Total intergovernmental receivables	<u>\$ 509,538</u>

Under the terms of the operating contract with Imagine Schools, Inc. (see Note 10.B for detail), the Academy has recorded accounts payable to Imagine Schools, Inc. in the amount of \$480,018, for 100 percent of any State and Federal grant monies uncollected or unpaid as of June 30, 2013 and \$29,520 for 100 percent of the amount of the SERS refund receivable at June 30, 2013.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 6 - CAPITAL ASSETS

A summary of the Academy's capital assets at June 30, 2013, follows:

	Balance			Balance
	<u>06/30/12</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/13</u>
Capital assets, being depreciated:				
Equipment	\$ 30,076	\$ -	\$ -	\$ 30,076
Less: accumulated depreciation	<u>(30,076)</u>	<u>-</u>	<u>-</u>	<u>(30,076)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Academy maintained the following coverage with Argonaut Insurance Co.

<u>Coverage</u>	<u>Limits of Coverage</u>
General Liability:	
Each occurrence	\$ 1,000,000
General aggregate	3,000,000
Products	3,000,000
Personal & advertising injury	1,000,000
Damages to rented premises	500,000
Automobile Liability:	
Combined single limit	1,000,000
Workers Compensation and Employers' Liability:	
Each accident	1,000,000
Each employee	1,000,000
Each disease	1,000,000
Excess/Umbrella Liability:	
Each occurrence	9,000,000
Aggregate limit	9,000,000
Property Liability:	
Blanket contents	3,500,000
EDP	1,000,000
Musical instruments	25,000
AV/miscellaneous equipment - each	25,000

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 7 - RISK MANAGEMENT- (Continued)

Coverage – (Continued)	Limits of Coverage
Other:	
Employee dishonesty	\$50,000 limit/\$250 deductible
Forgery	50,000 limit/250 deductible
Money & securities	25,000 limit/250 deductible

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverage.

NOTE 8 - PENSION PLANS

The Academy has contracted with Imagine Schools, Inc. (See Note 10.B) 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 Schools, Inc., on behalf of the Academy, contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, 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 Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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, 2013, 2012 and 2011 were \$145,051, \$139,979 and \$145,756, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 8 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

Plan Description - Imagine Schools, Inc., 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 website at www.strsoh.org, under "Publications".

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 2013, 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, 2013, 2012 and 2011 were \$280,097, \$612,111 and \$248,809, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$17,755 made by the Academy and \$12,682 made by the plan members.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - Imagine Schools, Inc., 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 Section 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 monthly premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the 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 2013, 0.16 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 2013, the actuarially determined amount was \$20,525.

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, 2013, 2012 and 2011 were \$1,772, \$6,062 and \$17,649, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$8,194, \$8,267 and \$9,380, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

B. State Teachers Retirement System of Ohio

Plan Description - Imagine Schools, Inc., on behalf of the Academy, contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" 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 2013, 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, 2013, 2012 and 2011 were \$21,546, \$47,085 and \$19,139, respectively; 100 percent has been contributed for fiscal years 2013, 2012 and 2011.

NOTE 10 - CONTRACTS

A. Sponsor Contract

The Academy entered into a sponsorship contract commencing on July 1, 2012 and ending on June 30, 2015, with the Buckeye Community Hope Foundation (the "Sponsor") for its establishment. The Sponsor shall carry out the responsibilities established by law, including:

- Monitor the Academy's compliance with the laws applicable to the Academy and with the terms of this contract;
- Monitor and evaluate the academic and fiscal performance and the organization of the Academy on at least an annual basis;
- Report annually the results of its evaluation to the Ohio Department of Education;
- Provide reasonable technical assistance to the Academy in complying with this contract and with applicable laws (provided, however, the Sponsor shall not be obligated to give legal advice to the Academy);

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 10 - CONTRACTS - (Continued)

- Take steps to intervene as deemed necessary in the Academy's operation to correct problems with overall performance (including but not limited to exercising its right to place the Academy on probation under Ohio Revised Code Section 3314.073, or to non-renew, suspend, or terminate the Academy under Ohio Revised Code Section 3314.07 or 3314.072);
- Prepare and assist with contingency plans in the event the Academy experiences financial difficulties or losses before the end of the school year;
- Provide in writing annual assurances to the Ohio Department of Education (ODE) no less than ten business days prior to the first day of school under Ohio Revised Code Section 3314.19;
- Adhere to and comply with this contract with ODE even if those provisions affect the Academy, and the Academy consents to such obligations of the Sponsor;
- Acknowledge the obligations in the ODE's closing guidance and consent to the authority to carry out those obligations if needed.

The Academy paid the Sponsor \$165,156 for services during fiscal year 2013.

B. Management Contract

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

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

For the services listed above, the Academy is required to pay a fee to Imagine Schools, Inc. The fee is equal to approximately 90 percent of the total per pupil allowance received from the State of Ohio and 100 percent of State and/or Federal grant funds received by the Academy for the creation and operation of its school. In the event that the year end reconciliation results in a difference between the total amount paid and the agreed fee, with a balance owed, the Imagine Schools, Inc. has the right to suspend collection until such time as the Academy determines that cash flow permits such payment. The total expenses paid under this contract for fiscal year 2013 totaled \$6,552,209.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE 10 - CONTRACTS - (Continued)

C. Service Contract

The Academy entered into a service contract for a period of twelve months, commencing on July 1, 2012 and ending on June 30, 2013, with Charter School Specialists, LLC (CSS) to provide fiscal services. The Academy paid CSS \$21,002 during fiscal year 2013 for services.

NOTE 11 - PURCHASED SERVICES EXPENSES

Purchased services expenses:	
Management fees	\$ 6,552,209
Sponsorship fees	165,156
Legal	23,392
Professional and fiscal services	<u>32,072</u>
Total	<u>\$ 6,772,829</u>

NOTE 12 - MANAGEMENT COMPANY EXPENSES

For the fiscal year ended June 30, 2013, 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>2013</u>
Direct Expenses:	
Salaries and wages	\$ 2,612,863
Employees' benefits	1,023,195
Purchased services	1,895,214
Supplies and materials	196,429
Capital outlay	26,749
Other direct costs	60,941
Indirect expenses	<u>661,052</u>
Total expenses	<u>\$ 6,476,443</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.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 13 - OPERATING LEASES

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

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

NOTE 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, 2013.

B. State Foundation Funding

The Ohio Department of Education (ODE) 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. The fiscal year 2013 review has not been completed as of the date of this report; however, the Academy does not anticipate a material impact on the financial statements as a result of the review.

C. Litigation

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

NOTE 15 - TAX EXEMPT STATUS

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

SUPPLEMENTARY DATA

GREAT WESTERN ACADEMY
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(D) PASS-THROUGH GRANT NUMBER	(A) CASH FEDERAL RECEIPTS	(A) CASH FEDERAL DISBURSEMENTS
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
Child Nutrition Cluster:				
(B)(C) School Breakfast Program	10.553	2013	\$ 156,578	\$ 156,578
(B)(C) National School Lunch Program	10.555	2013	284,545	284,545
Total U.S. Department of Agriculture and Child Nutrition Cluster			441,123	441,123
U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:				
Title I Grant Cluster:				
(E) Title I Grants to Local Educational Agencies	84.010	2012	209,558	209,558
(E) Title I Grants to Local Educational Agencies	84.010	2013	255,349	255,349
Total Title I Grants to Local Educational Agencies			464,907	464,907
(E) ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	2012	2,784	2,784
Total Title I Grant Cluster			467,691	467,691
Special Education _Grants to States	84.027	2012	43,715	43,715
Special Education _Grants to States	84.027	2013	67,411	67,411
Total Special Education _Grants to States			111,126	111,126
English Language Acquisition Grants	84.365	2013	10,508	10,508
Improving Teacher Quality State Grants	84.367	2013	2,100	2,100
Education Jobs Grant	84.410	2012	57,101	29,738
Total U.S. Department of Education			648,526	621,163
Total Federal Financial Assistance			\$ 1,089,649	\$ 1,062,286

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 "Child Nutrition Cluster" in determining major programs.
- (D) OAKS did not assign pass-through number for fiscal year 2013.
- (E) Included as part of "Title I Grant Cluster" in determining major program.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Great Western Academy, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Great Western Academy's basic financial statements and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Great Western Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Great Western Academy's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Great Western Academy's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Great Western Academy

Compliance and Other Matters

As part of reasonably assuring whether the Great Western 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Great Western Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Great Western Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Julian & Grube, Inc.
December 16, 2013



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Great Western Academy's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Great Western Academy's major federal program for the fiscal year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Great Western Academy's major federal program.

Management's Responsibility

The Great Western Academy's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Great Western Academy's compliance for each of the Great Western Academy's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Great Western Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Great Western Academy's major program. However, our audit does not provide a legal determination of the Great Western Academy's compliance.

Opinion on the Major Federal Program

In our opinion, the Great Western Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2013.

Board of Directors
Great Western Academy

Report on Internal Control Over Compliance

The Great Western Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Great Western Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Great Western Academy's internal control over compliance.

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's applicable 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
December 16, 2013

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<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>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (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)
<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>	Yes
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



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Independent Accountants' Report on Applying Agreed-Upon Procedure

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

To the Board of Directors:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on September 20, 2012 to include prohibiting harassment, intimidation, or bullying of any student “on a school bus” or by an “electronic act”.

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 the Buckeye Community Hope Foundation (the “Sponsor”) and is not intended to be and should not be used by anyone other than these specified parties.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 16, 2013



Dave Yost • Auditor of State

GREAT WESTERN ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 11, 2014**