



**Mary Taylor, CPA**  
Auditor of State



NOBLE ACADEMY - COLUMBUS  
FRANKLIN COUNTY

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Noble Academy – Columbus  
Franklin County  
1329 Bethel Road  
Columbus, Ohio 43220

To the Board of Directors:

We have audited the accompanying financial statements of Noble Academy, Franklin County, Ohio (the School), as of and for the year ended June 30, 2008, as listed in the table of contents. These financial statements are the responsibility of the School's 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 Noble Academy, Franklin County, Ohio, as of June 30, 2008, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2009, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

**Mary Taylor, CPA**  
Auditor of State

February 12, 2009

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

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

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The discussion and analysis of Noble Academy- Columbus, Inc.’s (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2008. Readers should also review the financial statements and notes to enhance their understanding of the School’s financial performance.

**Financial Highlights:**

Key financial highlights for fiscal year 2008 are as follows:

- Total net assets decreased by \$205,577 from \$246,179 to \$40,602
- The School had total operating revenues of \$487,785
- The School had total operating expenses of \$802,416
- The current liabilities increased by \$43,831
- The School received Federal and State Grants total of \$107,037

The School’s loss in the fiscal year occurred due to low enrollment within the year. In fiscal year ended June 30, 2008 the School’s FTE was 77. The School’s coexistence with Horizon Science Academy Columbus Middle School in the same facilities contributed to the low enrollment. It started the new education year in August 2008 with a student body of 88 students. It plans to increase its enrollment up to 100 students during the year. The loss has been compensated with the access of funds coming from previous year due to a private grant for \$230,000 that the School earned in 2006 from Walton Family Foundation. The School plans to improve its enrollment over 200 students in 2009-2010 school year after HSA- Columbus Middle School leaves the facilities.

**Using this Financial Report:**

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

The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* reflect how the School did financially during fiscal year 2008. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

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

The School uses enterprise presentation for all of its activities.

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

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

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

This financial report is designed to provide citizens, grantors and potential creditors with a general overview of the School’s finances. Questions concerning any of the information in this report or requests for additional information should be directed to Ryan Uysaler, Treasurer, Noble Academy-Columbus, Inc. 1329 Bethel Rd. Columbus, OH 43220.

**Table 1** provides a comparison of School’s net assets in fiscal years in 2007 and 2008.

	<b>June 30, 2007</b>	<b>June 30, 2008</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$246,720	\$38,909
Intergovernmental Receivable	0	21,310
HSA- Cincinnati Loan	0	20,325
Interest Receivable	0	220
<b>Total Current Assets</b>	<b>246,720</b>	<b>80,764</b>
<b>Non-Current Assets</b>		
<b>Capital Assets (Net of Accumulated Depreciation)</b>	8,880	13,090
<b>Total Assets</b>	<b>255,600</b>	<b>93,854</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Current Liabilities</b>		
Accounts Payable	4,166	2,565
Accrued Wages	5,175	32,525
Payroll Liabilities	80	18,162
<b>Total Liabilities</b>	<b>9,421</b>	<b>53,252</b>
<b>NET ASSETS</b>		
Investment in Capital Assets	8,880	13,090
Unrestricted	237,298	27,512
<b>Total Net Assets</b>	<b>\$246,179</b>	<b>\$40,602</b>

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

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

Table 2 provides a comparison of School’s Revenues & Expenses and Changes in Net Assets in fiscal years in 2007 and 2008.

	<u>June 30, 2007</u>	<u>June 30, 2008</u>
<b><u>Operational Income/Expense</u></b>		
<b>Income</b>		
Foundation Payments	\$131,108	\$478,316
Special Education	1,562	1,448
Extracurricular Activities	420	955
Other Local Revenue	3,200	7,066
	<hr/>	<hr/>
<b>Total Operational Income</b>	<b>136,289</b>	<b>487,785</b>
<b>Expense</b>		
Salaries	62,282	394,551
Benefits	8,823	80,451
Purchased Services	38,323	236,709
Supplies & Materials	9,415	68,124
Other Objects	2,159	18,196
Depreciation Expense	1,308	4,384
	<hr/>	<hr/>
<b>Total Operational Expense</b>	<b>122,311</b>	<b>789,804</b>
<b>Net Operational Income/(Loss)</b>	<b>13,979</b>	<b>(314,631)</b>
<b><u>Non-Operational Income/Expense</u></b>		
Unrestricted Grant-Other	230,000	-
Federal Grants	-	104,037
State Grants	-	3,000
Interest from Investments	-	2,017
Contributed Capital	2,200	-
	<hr/>	<hr/>
<b>Net Non-Operational Income</b>	<b>232,200</b>	<b>109,054</b>
<b>Change in Net Assets</b>	246,179	(205,577)
<b>Net Assets at Beginning of Year</b>	0	246,179
	<hr/>	<hr/>
<b>Net Assets at End of Year</b>	<b>\$ 246,179</b>	<b>\$ 40,602</b>
	<hr/>	<hr/>

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

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

Table 1 shows the distribution of revenues in Fiscal Year 2008.

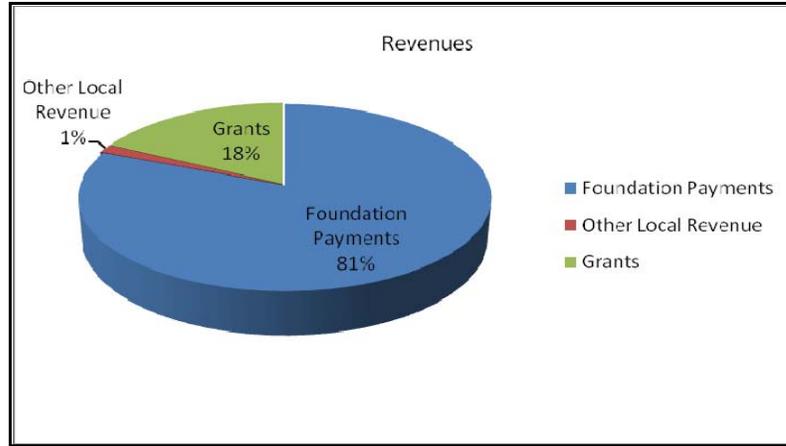


Table 2 shows the distribution of expenses in Fiscal Year 2008.

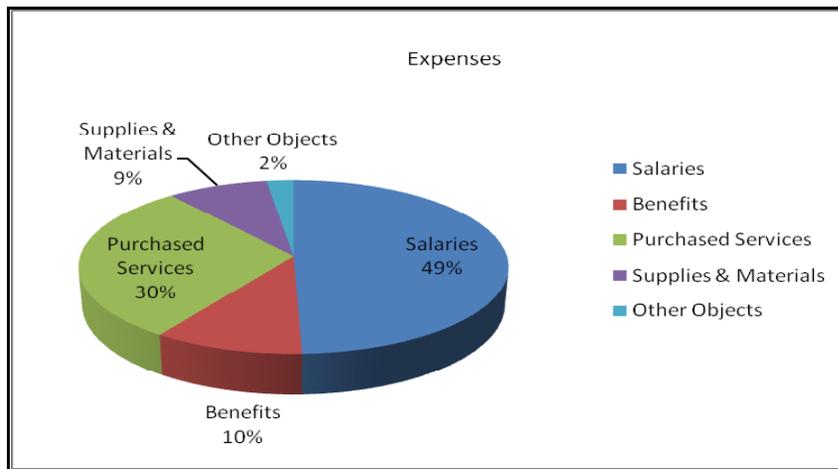


Table 3 shows the Capital Assets net of Accumulated Depreciation.

	<b>Capital Assets</b>			<b>Ending June 30, 2008</b>
	<b>Balance July 1, 2007</b>	<b>Additions</b>	<b>Deletions</b>	
Equipment- Instructional	6,888	3,783	-	10,671
Equipment- Office	3,300	4,811	-	8,111
Total Fixed Assets	10,188	8,594	-	18,782
Less: Accumulated Depreciation	(1,308)	(4,384)	-	(\$5,692)
<b>Net Capital Assets</b>	<b>\$ 8,880</b>	<b>(4,210)</b>	<b>-</b>	<b>\$ 13,090</b>

NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY

**Statement of Net Assets**  
For the Fiscal Year Ended June 30, 2008

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$38,909
Intergovernmental Receivable	21,310
HSA- Cincinnati Loan	20,325
Interest Receivable	220
<b>Total Current Assets</b>	<b>80,764</b>

**Non-Current Assets**

Capital Assets (Net of Accumulated Depreciation)	13,090
<b>Total Assets</b>	<b>\$ 93,854</b>

**LIABILITIES & EQUITY**

**Current Liabilities**

Accounts Payable	2,565
Accrued Wages	32,525
Payroll Liabilities	18,162
<b>Total Liabilities</b>	<b>\$ 53,252</b>

**NET ASSETS**

Investment in Capital Assets	13,090
Unrestricted	27,512
<b>Total Net Assets</b>	<b>\$ 40,602</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY

**Statement of Revenues, Expenses  
and Change in Net Assets**

For the Fiscal Year Ended June 30, 2008

**Operational Income/Expense**

**Income**

Foundation Payments	478,316
Special Education	1,448
Extracurricular Activities	955
Other Local Revenue	7,066

**Total Operational Income** 487,785

**Expense**

Salaries	394,551
Benefits	80,451
Purchased Services	236,709
Supplies & Materials	68,124
Other Objects	18,196
Depreciation Expense	4,385

**Total Operational Expense** 802,416

**Net Operational Loss** (314,631)

**Non-Operational Income/Expense**

Federal Grants	104,037
State Grants	3,000
Interest from Investments	2,017

**Net Non-Operational Income** 109,054

**Change in Net Assets** (205,577)

**Net Assets at Beginning of Year** 246,179

**Net Assets at End of Year** \$ 40,602

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT

NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY

**Statement of Cash Flows**  
For Fiscal Year Ended June 30, 2008

**Cash Flows from Operating Activities**

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Cash Received from State of Ohio	479,764
Cash Received from Other Operating Revenues	8,021
Cash Payments to Suppliers for Goods and Services	(306,435)
Cash Payments to Employees for Services	(367,201)
Cash Payments for Employee Benefits	(62,369)
Other Cash Payments	(18,196)
<b>Net Cash Used for Operating Activities</b>	<b>(266,416)</b>

**Cash Flows from Noncapital Financial Activities**

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Grants Received from Federal Government	82,727
Grants Received from State	3,000
Loan to Horizon Cincinnati	(80,000)
Repayment off Loan by Horizon Cincinnati	59,675
Interest Received	1,797
<b>Net Cash Provided by Noncapital Financial Activities:</b>	<b>67,199</b>

**Cash Flows from Capital and Related Activities**

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Payments for Capital Acquisitions	(8,594)
<b>Net Cash Used for Capital and Related Activities</b>	<b>(8,594)</b>

<b>Net Decrease in Cash and Cash Equivalents</b>	<b>\$ (207,811)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>\$ 246,720</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 38,909</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY

**Statement of Cash Flows**

For Fiscal Year Ended June 30, 2008

(Continued)

**Reconciliation of Operating Loss to Net Cash Used  
for Operating Activities:**

Operating Loss \$ (314,631)

**Adjustments to Reconcile Operating Loss to Net  
Cash Used for Operating Activities**

Depreciation 4,385

**Changes in Assets and Liabilities**

Decrease in Accounts Payable (1,602)

Increase in Payroll Liabilities 18,082

Increase in Wages Payable 27,350

**Total Adjustments** **43,830**

**Net Cash Used for Operating Activities** **\$ (266,416)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

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

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

Noble Academy- Columbus, Inc. (the School), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through twelve in Columbus. The School, which is part of the State's education program, is independent of any School and is nonsectarian in its programs, admission policies, employment practices, and all other operations.

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

The School was approved for operation under contract with the Buckeye Hope Foundation (the Sponsor) for a period of five years commencing March 15, 2006.

The School operates under the direction of a self-appointed five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. In FY2008 the School employed 11 personnel for up to 80 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

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

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

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

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

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

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

**C. Budgetary Process**

Unlike other public schools located in the State of Ohio, community Schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705; rather community schools are required to create a Five Year Budget Forecast that is approved by the School Board and submitted to ODE and to the School's Sponsor. The contract between the School and its Sponsor does not prescribe any other budgetary process for the School.

**D. Cash**

To improve cash management, all cash received by the School is pooled in a central bank account. Total cash amount at the end of the fiscal year is presented as "Cash" in the Statement of Net Assets.

**E. Capital Assets and Depreciation**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintained a capitalization threshold of one thousand dollars for inventory assets and five thousand dollars for fixtures and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. The School does not capitalize interest.

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

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

**E. Capital Assets and Depreciation (Continued)**

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

**F. Intergovernmental Revenues**

In FY 2008 the School participated in the State Foundation Program and Special Education Program. Revenues received from State Foundation Program, Special Education Program and other State programs are recognized as operating revenues.

**G. Operating Revenues and Expenses**

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

**H. Compensated Absences**

School policy indicates that all full time employees are entitled to eight days of sick/personal days in a school year. All leave earned by employees must be used within the current school year and cannot be transferred to the next school year. At the end of the year employees are awarded \$100 per each unused sick/personal day.

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At the end of the fiscal year ended June 30, 2008 the School did not have any restricted net assets.

**J. Estimates**

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

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

**3. DEPOSITS AND INVESTMENTS**

At June 30, 2008, the book balance of the School’s bank account at National City Bank was \$38,909 and the actual Bank balance was \$47,257. The bank balance was insured by FDIC up to \$100,000. The School had no investments at June 30, 2008 or during the fiscal year.

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

<b>Capital Assets</b>				
	<b>Balance</b>			<b>Ending</b>
	<b>July 1, 2007</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2008</b>
Equipment- Instructional	6,889	3,783	-	10,671
Equipment- Office	3,300	4,811	-	8,111
Total Capital Assets	10,189	8,594	-	18,782
Less: Accumulated Depreciation	(1,308)	(4,384)	-	(\$5,693)
<b>Net Capital Assets</b>	<b>\$ 8,880</b>	<b>(4,210)</b>	-	<b>\$ 13,090</b>

**5. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

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

The School's required contributions for pension obligations to SERS for its fiscal years ended June 30, 2008 and 2007 were \$7,835 and \$2,765 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent.

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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

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

Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008 and 2007 were \$44,070 and \$4,058 respectively, 79 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007. There were no contributions to the DC and Combined Plans for fiscal year 2008.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System.

**6. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description – The School participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$844.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**6. POSTEMPLOYMENT BENEFITS (Continued)**

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

The School's contributions for health care for the fiscal years ended June 30, 2008 and 2007 were \$2,339 and \$1,262 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2008 and 2007 were \$369 and \$199 respectively; 46 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2008 and 2007 were \$3,148, and \$312 respectively; 79 percent has been contributed for fiscal year 2008 and 100 percent for fiscal year 2007.

**7. RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the School contracted with Great American Insurance Company for property and general liability insurance with a \$1,000,000 single occurrence limit and \$2,000,000 annual aggregate with no deductible. The School did not make any claims in the fiscal year.

**8. EMPLOYEE MEDICAL AND DENTAL BENEFITS**

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

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**9. PURCHASED SERVICES**

Purchased service expenses during fiscal year 2008 were as follows:

<b>Purchased Services</b>	
<b>Type</b>	<b>Amount</b>
Professional Services	72,836
Rent and Property Services	134,548
Advertising and Communications	9,595
Pupil Transportation	2,175
Food Services	16,712
Staff Travel Expenses	842
<b>Total</b>	<b>\$236,709</b>

**10. OPERATING LEASES**

In August 2006, the School entered into a one year sublease agreement with Horizon Science Academy- Columbus for one classroom at their Bethel Road facilities. The contracted lease amount was \$1,500 per month. On August 18, 2007, the sublease agreement was renegotiated for an additional year to include exclusive use of one of the three buildings and common use of a second building. The contracted lease amount was \$9,500 per month. The Three Building campus was shared equally between Noble Academy- Columbus and Horizon Science Academy- Columbus Middle School and both schools paid the same monthly rent.

The original lease agreement for the Bethel Road facilities is between Horizon Science Academy- Columbus and B&A Realty. This current agreement was signed on June 30, 2003 and is for six year lease that includes an annual 4% increase. For fiscal year 2008, the original lease agreement was \$18,177 per month.

**11. CONTINGENCIES**

**A. Grants**

In fiscal year 2008, the School received Federal and State grants in total of \$107,037. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability for the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of Noble Academy- Columbus at June 30, 2008.

**NOBLE ACADEMY – COLUMBUS  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**11. CONTINGENCIES (Continued)**

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

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the Community School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. ODE's review of the School's 2008 student enrollment data and FTE calculations identified an overpayment of \$85. This amount is highly immaterial and was not listed as an intergovernmental payable. The amount was deducted from School's November 2008 foundation payment.

**12. NOTE RECEIVABLE – RELATED PARTIES**

In September 2007, the School's Board approved a loan of \$80,000 to Horizon Science Academy-Cincinnati, a sister school under Concept School's management with an interest rate of 6.5%, payable in eight equal payments starting in November 2007. HSA- Cincinnati made six of the payments as scheduled. The Balance of the loan at June 30, 2008 was \$20,325 with an interest receivable of \$220. In the fiscal year, a total interest of \$2,017 was recorded as Investment Income.

**13. SPONSORSHIP AGREEMENT**

On March 15, 2006, the School signed a sponsorship agreement with Buckeye Hope Foundation for five years. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. According to the contract agreed by both parties, the School pays 2% of its foundation revenues to the Sponsor. In fiscal year 2008, the schools compensation to the Sponsor occurred as \$9,593.

**14. MANAGEMENT COMPANY AGREEMENT**

School contracted with Concepts Schools, Inc. on March 15, 2006 to serve as the School's Management Company. The contract is renewed automatically every year in one year terms unless the school or the management company decides otherwise. According to the contract the school transfers 10% of the funds received from State. The total expenses recorded to Concept Schools in fiscal year 2008 amounted to \$47,965.

**15. SUBSEQUENT EVENTS**

On August 16, 2008, the Board approved a \$50,000 zero interest loan to Horizon Science Academy Columbus. However, the School only disbursed \$30,000 in two increments, \$20,000 in August and \$10,000 in October 2008.

In August 2008, the School received \$90,000 of ODE start up grant funding through January 31, 2009 and has \$460,000 available for draw down.

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# Mary Taylor, CPA

Auditor of State

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

Noble Academy - Columbus  
Franklin County  
1329 Bethel Road  
Columbus, Ohio 43220

To the Board of Directors:

We have audited the basic financial statements of Noble Academy, Franklin County, Ohio, (the School) as of and for the year ended June 30, 2008, and have issued our report thereon dated February 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

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

We noted a certain matter that we reported to the School's management in a separate letter dated February 12, 2009

### **Compliance and Other Matters**

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

We did note certain noncompliance or other matters that we reported to the School's management in a separate letter dated February 12, 2009.

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

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

**Mary Taylor, CPA**  
Auditor of State

February 12, 2009

**NOBLE ACADEMY  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
<b>2007-001</b>	<b>Material Weakness/Significant Deficiency – GAAP Conversion</b>	No	Partially Corrected – repeated as a management letter comment.
<b>2007-002</b>	<b>Noncompliance Citation - Licensed Treasurer or Fiscal Officer and Bonding of Fiscal of Officer</b>	Yes	





Mary Taylor, CPA  
Auditor of State

**NOBLE 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 19, 2009**