WESTSIDE ACADEMY
FRANKLIN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2007

Mary Taylor, CPA
Auditor of State

WESTSIDE ACADEMY
FRANKLIN COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Westside Academy
Franklin County
4330 Clime Road North
Columbus, Ohio 43228

To the Academy Board:

We have audited the accompanying basic financial statements of Westside Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2007, as listed in the table of contents. These financial statements are the responsibility of the Academy'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 financial position of Westside Academy, Franklin County, Ohio, as of June 30, 2007, and the change in its 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 December 9, 2008, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 9, 2008

The discussion and analysis of the Westside Academy (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, net assets were ($20,653) at June 30, 2007.

- The Academy had operating revenues of $669,035, operating expenses of $929,224, non-operating revenues of $241,030, and non-operating expenses of $1,494 for fiscal year 2007.

Using these Basic Financial Statements

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

Reporting the Academy's Financial Activities

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

These documents look at all financial transactions and asks the question, How did we do financially during 2007? The statement of net assets and the statement of revenues, expenses and change in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

The table below provides a summary of the Academy's assets, liabilities and net assets for fiscal year 2007. Since this is the Academy's first year of operation, comparative information is not available.

WESTSIDE ACADEMY
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Assets, Liabilities and Net Assets

	2007
Assets	
Current assets	$ 95,161
Total assets	95,161
Liabilities	
Current liabilities	115,814
Total liabilities	115,814
Net Assets	
Restricted	80,109
Unrestricted	(100,762)
Total net assets	$ (20,653)

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the Academy's net assets were ($20,653).

A portion of the Academy's net assets, $80,109, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of $100,762.

The table below shows the change in net assets for fiscal year 2007. Since this is the Academy's first year of operation, comparative information is not available.

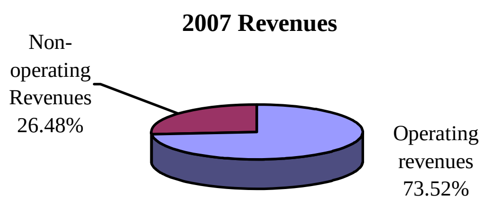
WESTSIDE ACADEMY
FRANKLIN COUNTY

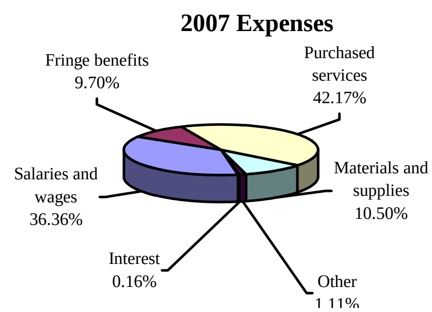
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(UNAUDITED)

Change in Net Assets

	2007
Operating Revenues:	
State foundation	$ 657,915
Other	11,120
Total operating revenue	669,035
Operating Expenses:	
Salaries and wages	338,373
Fringe benefits	90,316
Purchased services	392,470
Materials and supplies	97,722
Other	10,343
Total operating expenses	929,224
Non-operating Revenues and Expenses:	
Federal and state grants	241,005
Interest expenses	(1,494)
Interest income	25
Total non-operating revenues and expenses	239,536
Change in net assets	(20,653)
Net assets at beginning of year	-
Net assets at end of year	$ (20,653)

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





Debt Administration

During fiscal year 2007, the Academy borrowed and repaid a $50,000 loan from International Academy of Columbus. The Academy also utilized an additional $50,000 through a line of credit from International Academy of Columbus during fiscal year 2007(see Note 13 to the basic financial statements for detail). The Academy had no debt obligations outstanding at June 30, 2007.

Current Financial Related Activities

The Academy is sponsored by the Buckeye Community Hope Foundation. The Academy is reliant upon State Foundation monies and State and Federal Grants to offer quality, educational services to students.

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

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Barbara Henry, Treasurer, Westside Academy, 4330 Clime Road, Columbus, Ohio 43228.

WESTSIDE ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2007

Assets:		
Current assets:		
Cash.	$	75,130
Intergovernmental.		19,780
Prepaids.		251
Total current assets		95,161
Total assets		95,161
Liabilities:		
Current:		
Accounts payable.		3,511
Related party rent payable		50,000
Accrued wages and benefits		47,867
Pension obligation payable.		11,261
Intergovernmental payable		3,175
Total liabilities		115,814
Net Assets:		
Restricted for:		
State funded programs.		6,200
Federally funded programs		73,909
Unrestricted (deficit)		(100,762)
Total net assets	$	(20,653)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WESTSIDE ACADEMY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

Operating revenues:	
State foundation	$ 657,915
Other	11,120
Total operating revenues.	669,035
Operating expenses:	
Salaries and wages.	338,373
Fringe benefits.	90,316
Purchased services.	392,470
Materials and supplies	97,722
Other.	10,343
Total operating expenses.	929,224
Operating loss.	(260,189)
Non-operating revenues (expenses):	
Federal and state grants	241,005
Interest expense	(1,494)
Interest income.	25
Total non-operating revenues (expenses). . . .	239,536
Change in net assets	(20,653)
Net assets at beginning of year	-
Net assets at end of year	$ (20,653)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

WESTSIDE ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash flows from operating activities:	
Cash received from State foundation	$ 658,580
Cash received from other revenues	11,120
Cash payments for salaries and benefits	(367,051)
Cash payments to suppliers for goods and services	(339,595)
Cash payments for materials and supplies	(97,337)
Cash payments for other operating activities	(10,343)
Net cash used in operating activities	(144,626)
Cash flows from noncapital financing activities:	
Principal payment on loan	(50,000)
Interest payment on loan	(1,494)
Proceeds of loan	50,000
Federal and state grants	221,225
Net cash provided by noncapital financing activities	219,731
Cash flows from investing activities:	
Interest received	25
Net cash provided by investing activities	25
Net increase in cash and cash equivalents	75,130
Cash and cash equivalents at beginning of year	-
Cash and cash equivalents at end of year	$ 75,130
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (260,189)
Changes in assets and liabilities:	
(Increase) in prepayments	(251)
Increase in accounts payable	3,511
Increase in rent payable	50,000
Increase in intergovernmental payable	3,175
Increase in accrued wages and benefits	47,867
Increase in pension obligation payable	11,261
Net cash used in operating activities	$ (144,626)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE ACADEMY

The Westside Academy (the "Academy") was established pursuant to Ohio Revised Code Chapters 3314 and 1702. The mission of the Academy is to provide a high quality education, global consciousness, and a competency-based education program from kindergarten to eighth grade. The Academy strives to meet the needs of a growing diverse population in Central Ohio, including the population that is considered Limited English Proficiency (LEP) and may come with an interrupted educational background. The Academy, which is part of the state's education program, is nonsectarian in its programs, admission 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 was approved under contract with the Buckeye Community Hope Foundation (the "Sponsor") for a period of three years commencing December 20, 2005. The Academy began operations on September 30, 2006. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration.

The Academy operates under the direction of a self-appointed five-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers. The Academy is staffed by 4 non-certified staff members and 11 certificated teaching personnel who provide services to 84 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The Academy's significant accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and change in net assets, and a statement of cash flows.

The Academy uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Academy are included on the statement of net assets. The statement of revenues, expenses and changes in net assets presents increases (e.g. revenues) and decreases (e.g. expenses) in total net assets. The statement of cash flows reflects how the Academy finances meet its cash flow needs.

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

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, the Academy is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the contract between the Academy and its sponsor. Pursuant to the sponsorship agreement, on or before June 30, each year, a revised school budget shall be submitted to the Sponsor. The budget must detail estimated revenues and expenses. Revenues include the base formula amount that will be used for the purposes of funding calculations under section 3314.08 of the Ohio Revised Code. All projected and actual revenue sources must be included in the budget and projected expenses must include the total estimated per pupil expenditure amount for each year.

E. Cash

Cash received by the Academy is reflected as “Cash” on the statement of net assets. The Academy did not have any investments during 2007.

F. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of $1,000. The Academy does not have any infrastructure. Leasehold improvements are capitalized. 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. The Academy does not capitalize interest.

All capital assets are depreciated. Leasehold improvements are depreciated over the remaining useful lives of the related capital assets, currently five years. Land improvements are depreciated over ten years. Furniture and equipment is depreciated over five years. Depreciation is computed using the straight-line method. At June 30, 2007, the Academy had no capital assets.

G. Prepaid Items

A prepaid item is an asset that occurs when a vendor is paid for services that will benefit a future accounting period. When items meet these criteria, they are reported as assets on the statement of net assets using the consumption method. Under the consumption method, a current asset for the prepaid amount is recorded at the time of the purchase and the expense is reported in the year in which services are consumed. The Academy had $251 in prepaid insurances as of June 30, 2007.

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

H. Intergovernmental Revenue

The Academy participated in the State Foundation Program through the Ohio Department of Education. Revenue from this program was recognized as operating revenue in the accounting period in which all eligibility requirements had been met.

Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility includes timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis.

I. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or 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 assets are available.

J. 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.

K. Estimates

The preparation of financial statements in conformity with GAAP 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.

NOTE 3 - 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, 2007, the carrying amount of the Academy's deposits was $75,130 and the bank balance was $87,344. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC).

NOTE 4 - BUILDING LEASE

The Academy operations are located in space leased from the Unified Investment Corporation. Lease payments for fiscal year 2007 were $148,000. As of June 30, 2007, the Academy owes $50,000 in payments related to 2007. This amount has been recorded as a liability on the financial statements. The lease expires on June 30, 2011. See note 14 for related party transaction note disclosure.

NOTE 5 - RECEIVABLES

At June 30, 2007, receivables consisted of intergovernmental receivables of $19,780 in State and Federal grants. The receivables are expected to be collected in full within one year.

NOTE 6 - PENSION PLANS

A. School Employees Retirement System

The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

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 2007, 10.68 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, up to statutory maximum amounts, by the SERS' Retirement Board. The Academy's required contribution for pension obligations to SERS for fiscal year ended June 30, 2007 was $10,299; 88.89 percent has been contributed for fiscal year 2007. $1,144 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability.

B. State Teachers Retirement System of Ohio

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. 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 43215-3371 or by calling (614) 227-4090 or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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.

NOTE 6 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio - (Continued)

Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2007, 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 recommendation 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 fund pension obligations to the DB Plan for the fiscal year ended June 30, 2007 were $26,334; 89.21 percent has been contributed for fiscal year 2007. $2,841 represents the unpaid contribution for fiscal year 2007 and is recorded as a liability.

NOTE 7 - POSTEMPLOYMENT BENEFITS

The Academy provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Ohio Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the Academy, this amount equaled $2,026 for fiscal year 2007.

NOTE 7 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 the balance in the Health Care Stabilization Fund was $4.1 billion. For the fiscal year ended June 30, 2007, the net health care costs paid by STRS Ohio were $265.558 million and STRS Ohio had 122,934 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer’s 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, a decrease of .10 percent from fiscal year 2006. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member’s pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay was established at $35,800. Total surcharge is capped at 2 percent of each employer’s SERS salaries. For the 2007 fiscal year, the Academy paid $3,201 to fund health care benefits.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next year. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available) were $158.751 million. At June 30, 2006 (the latest information available), SERS had net assets available for payment of health care benefits of $295.6 million. At June 30, 2006 (the latest information available), SERS had 59,492 participants currently receiving health care benefits.

NOTE 8 - RISK MANAGEMENT

A. Property and Liability

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the period ended June 30, 2007, the Academy contracted with Wells Fargo Insurances Services for property and general liability insurance with a $1,000,000 single occurrence limit and $2,000,000 annual aggregate.

B. Workers’ Compensation

The Academy pays the State Workers’ Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor determined by the state. The Academy owed $1,366 for this premium on January through June 2007 wages and accrued wages. The liability is reflected in the financial statements at June 30, 2007.

NOTE 9 - EMPLOYEE BENEFITS

The Academy provides health, drug, and dental insurance for all eligible employees through Anthem Blue Cross Blue Shield. The Academy pays a portion of the monthly premium based on the coverage chosen. An employee who works a minimum of 30 hours per week will receive 85%-80%-75%, for coverage of employee-only, employee-spouse/children or family coverage, respectively. An employee who works between 20 to 29 hours per week will be offered 75% prorated benefits. The Academy provides life insurance and accidental death and dismemberment insurance to employees through Anthem Blue Cross and Blue Shield.

NOTE 10 - PURCHASED SERVICES

For fiscal year ended June 30, 2007, purchased services expenses were as follows:

Professional and Technical Services	$ 58,524
Property Services	226,517
Communications	3,195
Utility services	16,485
Other Purchased Services	87,749
Total	$ 392,470

NOTE 11 - CONTRACTS

Sponsor Contract

The Academy entered into a three-year contract commencing on December 20, 2005 and continuing through June 30, 2009 with Buckeye Community Hope Foundation (the "Sponsor") for its establishment. Under the contract, the Sponsor agreed to provide oversight and guidance to the Academy including but not limited to the following:

- Monitoring the Academy's compliance with applicable laws and terms of the Sponsorship contract.
- Monitoring and evaluating the academic and fiscal performance and the organization and operation of the Academy.
- Reporting annually the results of its evaluation to the Ohio Department of Education and to parents of students enrolled in the Academy.
- Providing technical assistance to the Academy in complying with applicable laws and the Sponsorship contract.
- Intervening as the Sponsor deems necessary in the Academy's operation to correct problems with overall performance. The Sponsor may, at its sole discretion, require a plan of action from the Academy to cure any issues or violations.
- Preparing and assisting with contingency plans in the event the Academy experiences difficulties or closes before the end of the school year.

The agreed upon fee for the above services provided by the Sponsor is 2% of the total State funds received each year. For fiscal year 2007, the Academy paid $12,712 to the Sponsor.

NOTE 12 - CONTINGENCIES

A. Grants

The Academy received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Academy at June 30, 2007.

B. Ohio Department of Education Enrollment Review

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the review after fiscal year end, the Academy owes $665 to the Ohio Department of Education, which is reflected on the basic financial statements as an intergovernmental payable.

NOTE 13 - LINE OF CREDIT / LOAN

On July 26, 2006, International Academy of Columbus' Board of Trustees approved a start-up loan for $50,000 and a line of credit for $50,000 to the Westside Academy Community School. For the line of credit, Westside Academy agreed to pay a four percent service fee on materials and supplies purchased by the International Academy on Westside Academy's behalf. The International Academy did not advance funds to Westside Academy for the line of credit, but rather purchased $50,000 worth of merchandise, turned the merchandise over to Westside Academy, and in return, Westside Academy paid International Academy the $50,000 plus a portion of the four percent owed on the purchases during fiscal year 2007 ($1,494). The remaining portion of the four percent fee is still owed by Westside Academy as of June 30, 2007, in the amount of $592. Separately, regarding the start up loan, Westside Academy agreed to repay the loan in six months. In November 2006, the repayment of the loan was extended to June 2007. This interest free loan was then repaid in its entirety on June 25, 2007.

NOTE 14 – RELATED PARTY TRANSACTION

On March 1, 2006, the Academy entered into a lease agreement with Unified Investment Corp., a related party of the Academy, for the purposes of leasing the premises used to provide services by the Academy. The original term of the lease agreement is for a period of four years and four months with two renewal options of five years each. The following is a summary of the agreed-upon monthly rental amounts to be paid by the Academy as part of the agreement:

PERIOD	MONTHLY RENT
July 1, 2006 through June 30, 2007	$14,000
July 1, 2007 through June 30, 2008	$14,500
July 1, 2008 through June 30, 2009	$15,000
July 1, 2009 through June 30, 2010	$15,500

NOTE 14 – RELATED PARTY TRANSACTION – (Continued)

During fiscal year 2007, the Academy paid a total of $189,238.86 to Unified Investment Corp. Of this total, $148,000 represented rental payments while the additional $41,238.86 represented payments for utilities, ground maintenance, property taxes, security, and certain building repairs.

Dr. Mouhamed Tarazi is a prior President of, and currently holds an investment interest in, Unified Investment Corp. Dr. Tarazi is the Director of International Academy of Columbus, which is governed by the same Board as governs Westside Academy. Additionally, although not an actual employee or official of Westside Academy, Dr. Tarazi was an integral part of the Westside Academy's start up in fiscal year 2007.

NOTE 15 – MANAGEMENT PLAN

Westside Academy began operation as a community school in August 2006 as a start up school and anticipated funding from a Federal Government Grant of $450,000 and a state start up grant of $50,000. The federal grant was received over two years of operation. The state grant was not released by the Ohio Department of Education due to monies being received from the Federal Government Grant before the state grant was released. The school maintained operation which resulted in a deficit. Therefore, the following changes were made for fiscal year 2008:

1.) Attempted to obtain additional funding to make up for the deficit;
2.) Received the 21st Century Grant in July 2008;
3.) Eliminated staff positions to reduce cost;
4.) Reduced operational cost, including having the Academy's rent lowered;
5.) Increased student enrollment.

The Academy believes these efforts will allow the Academy to sustain operations in the subsequent years.

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

Westside Academy
Franklin County
4330 Clime Road North
Columbus, Ohio 43228

To the Academy Board:

We have audited the basic financial statements of Westside Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 9, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-002 through 2007-008.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe finding numbers 2007-002 and 2007-004 through 2007-007 are also material weaknesses.

We also noted certain internal control matters that we reported to the Academy's management in a separate letter dated December 9, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 and 2007-007.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated December 9, 2008.

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the Academy Board, management, and the Academy's sponsor. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 9, 2008

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

Finding Number	**2007-001**

Finding for Recovery Repaid Under Audit / Material Non-Compliance
Unsupported Debit Card Purchases

Ohio Revised Code Section 149.351 states, in part, that "all records are the property of the public office concerned and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions."

The Academy has debit cards issued from their operating and payroll bank accounts. During fiscal year 2007, the Academy Director/Principal made 13 debit card transactions totaling $406.32 for which the Academy has no supporting documentation.

The failure to maintain adequate support for expenditures could result in a loss of accountability over the Academy's finances, make it difficult to identify errors which could go undetected, and possibly result in expenditures that are not for a proper public purpose.

In accordance with the foregoing facts and pursuant to Ohio Rev Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Heather O'bannon, the Academy Director/Principal, in the amount of four hundred six dollars and thirty-two cents ($406.32) and in favor of Westside Academy.

On December 13, 2008, $406.32 was repaid to Westside Academy by Ms. O'bannon.

Finding Number	**2007-002**

Significant Deficiency / Material Weakness
Monthly Bank Reconciliations

Monthly bank reconciliations should be performed by the Treasurer to determine if all receipts and disbursements have been properly posted. Reconciling items should be investigated at the time of the reconciliation and resolved in a timely manner. Documentation supporting all reconciling items should be included with the reconciliation. Once completed, the reconciliation should be reviewed for completeness and accuracy by the Academy Board.

Although the Treasurer performed monthly bank reconciliations to reconcile the Academy's accounting ledgers to the bank balances, these monthly reconciliations included unsupported and unreconciled balances that accumulated throughout the year, totaling approximately $17,600. Furthermore, the Treasurer did not post interest receipts or the entirety of the Academy's debit card account activity to the accounting ledgers. Additionally, other items creating reconciling differences throughout fiscal year 2007 included differences between recorded versus transferred payroll, certain unrecorded bank transfers and receipts, and unrecorded retirement payments withheld from state settlements. Audit adjustments were made as described in Finding 2007-005.

When bank reconciliations are not properly performed, monthly fund balances may be understated or overstated and management cannot be assured that the ledgers reflect the proper financial activities of the Academy. Also, lack of legislative monitoring of the monthly bank reconciliations may lead to errors, irregularities, or misappropriation of the Academy's assets and could result in a potentially material misstatement of the Academy's financial statements.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	**2007-002 (Continued)**

Significant Deficiency / Material Weakness
Bank Reconciliations (Continued)

We recommend the Treasurer perform monthly bank to book reconciliations that properly account for all transactions during the respective month. Unreconciled differences should be investigated and documented and appropriate entries should be made to the accounting system. All receipts and expenditures should be posted to the accounting ledgers in a timely manner to aid in the reconciliation process. In addition, the bank reconciliations, including supporting documentation, should be reviewed by the Academy Board in order to assure accuracy and that all errors and/or irregularities are detected in a timely manner.

Finding Number	**2007-003**

Significant Deficiency
Capital Assets

The Academy does not have procedures in place to track and account for assets purchased (i.e. tag numbers).

Lack of an asset tracking system increases the likelihood of an asset not being properly included in the Academy's asset listing. Additionally, it limits the ability of management to inventory and account for all assets.

We recommend the Academy Board develop an asset tracking system to properly account for all Academy assets.

Finding Number	**2007-004**

Significant Deficiency / Material Weakness
Debit Card Policy and Activity

The Academy utilized a debit card to make purchases. While some debit card transactions were recorded on the Academy's ledgers, approximately 20 debit card transactions throughout fiscal year 2007 totaling over $2,000 were not recorded or included in the monthly bank reconciliations.

Debit cards may be an effective tool for purchasing in certain limited circumstances; however, the usage relating to these debit cards should be specified in a policy established by the Academy Board. Additionally, control procedures, similar to those of check writing, should be in place to properly monitor debit card transactions. Lack of such policy and/or procedures limits the ability of the Academy Board to monitor purchases made, ensure only authorized employees are using the debit cards for allowable purposes and that purchases include detailed supportive documentation.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2007-004 (Continued)

Significant Deficiency / Material Weakness
Debit Card Policy (Continued)

We recommend the Academy Board establish a debit card policy and procedures for the use of debit cards. The policy should, at a minimum, indicate which employees are authorized to use the debit cards, specifically what types of purchases are allowable, what types of purchases are prohibited, and any maximum use amount in total and/or by purchase type. This policy should also require original supporting detailed receipts/invoices for every purchase made. The policy should further establish a system of supervisory review and approval of debit card purchases and a system of monitoring to ensure the proper procedures are being followed. Establishing a policy will help to ensure debit cards are only used for authorized and necessary purposes, are properly approved, and are appropriately accounted for.

We further recommend the Academy Board ensure all debit card usage is appropriately supported and timely and accurately recorded within the financial ledgers of the Academy.

Finding Number	2007-005

Significant Deficiency / Material Weakness
Financial Reporting

Sound financial reporting is the responsibility of the Treasurer and the Academy Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were made to the June 30, 2007 financial statements:

1. To properly remove capital assets that were either not owned by the Academy or were expenditures capitalized related to rent payments, totaling $37,144. Also, to remove related accumulated depreciation and depreciation expense, totaling $5,853.
2. To properly adjust Academy receipts, expenditures, and cash balance for errors noted within substantive testing over 6/30/07 cash reconciliations, resulting in an increase in revenues of $9,877, an increase in expenditures of $7,834, and an increase in cash balance of $2,043.

The adjustments identified above should be reviewed by the Treasurer and Academy Board to ensure that similar errors are not reported on financial statements in subsequent years. In addition, the Academy should develop procedures for the periodic review of the activity posted to the accounting records, as well as, for the review of the financial statement information to ensure it accurately reflects the Academy's activity.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2007-006

Significant Deficiency / Material Weakness
Payroll Clearing Account

The Academy maintains a payroll clearing account which should maintain a $0 reconciled balance at all times. Funds should only be deposited or transferred into this account sufficient to cover net payroll expenditures plus any additional withholdings and employer share benefits paid out of the account.

During fiscal year 2007, the Academy did not transfer the proper amounts from the Academy's operating account to the payroll account. As a result, the Academy's payroll bank account did not reconcile to $0, and amounts paid out of the account differed from amounts recorded in the Academy's ledgers. The monthly unreconciled balances ranged from ($15,928.39) to $20,068.30 during the audit period. This also resulted in overdrafts of the Academy's payroll account resulting in the use of an overdraft charge account as well as related fees and finance charges. Fees and finance charges incurred by the Academy on this overdraft charge account during fiscal year 2007 totaled $111.14 and could potentially result in significantly more unnecessary fees and finance charges.

The financial statements and accounting records have been adjusted to properly report the payroll bank account activity.

Failure to properly maintain and reconcile the Academy's payroll clearing account limits the ability of management to ensure all payroll transactions are appropriately paid and recorded, increases the likelihood of the Academy accruing unnecessary fees and finance charges, and could result in a potential material misstatement of the Academy's financial statements.

We recommend the Academy implement procedures to ensure the payroll bank account is properly reconciled on a monthly basis. Unreconciled balances should be investigated at the time of the reconciliation and resolved in a timely manner. Additionally, we recommend the Academy discontinue the use of an overdraft charge account and eliminate any future fees or finance charges for such an account. The proper use of the payroll clearing account eliminates the need for an overdraft charge account.

Finding Number	2007-007

Significant Deficiency / Material Weakness / Material Non-Compliance
Loan and Line of Credit Activity

On July 26, 2006, the Academy entered into a loan agreement with International Academy of Columbus. As part of this agreement, International Academy of Columbus loaned the Academy $50,000 for start-up costs. The agreement did not indicate that this $50,000 loan was interest bearing. The loan was to be repaid in six months; however, in November 2006, this was extended through June 2007. On June 28, 2007, the Academy repaid the $50,000, along with $1,494.44 for interest calculated at four percent.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2007-007 (Continued)

Significant Deficiency / Material Weakness / Material Non-Compliance
Loan and Line of Credit Activity (Continued)

Also, as part of this agreement, the International Academy of Columbus extended a $50,000 line of credit to the Academy to be used for textbooks and supplies during the Academy's first year in operation. The agreement indicated a four percent service fee would be charged for all items purchased on the Academy's behalf through the line of credit.

During fiscal year 2007, the Academy made payments totaling $50,000; however, at June 30, 2007, of the payments made by International Academy of Columbus on behalf of the Academy, there was an unpaid amount remaining of $2,086.25, including the agreed-upon four percent service fee. Additionally, documentation received and maintained in the records of the Academy to support such expenditures was simply comprised of a spreadsheet completed by the previous Business Manager of International Academy of Columbus and did not include original invoices or other appropriate supporting documentation. The financial statements and accounting records have been adjusted to reflect this debt activity.

Failure to review debt agreements and to properly monitor debt repayments limits the ability of management to ensure debt payments are made timely and accurately and increases the likelihood that the Academy will not make proper debt repayments and could result in a potential material misstatement of the Academy's financial statements.

We recommend the Academy review debt agreements and ensure repayment of any such debt is appropriately supported by the debt agreement itself or by supporting original invoices, as applicable. We further recommend the Academy repay the remaining outstanding amount of $591.81 to International Academy of Columbus, representing the unpaid portion of line of credit expenditures totaling $2,086.25 made on behalf of the Academy less the unsupported interest payment of $1,494.44.

Finding Number	2007-008

Significant Deficiency
Review of Detailed Monthly Financial Reports

During fiscal year 2007, the Academy Board was provided a manually-prepared monthly financial packet. This financial packet includes a Fund Balances Report which shows the beginning monthly balance, monthly receipts and expenditures, and ending balance for each fund. The financial packet also includes the 5 year forecast and related assumptions as well as a listing of monthly revenues and expenditures by line item for the General Fund.

Monitoring comprises regular management activities established to oversee whether management's financial objectives are being achieved. Data from such reports may indirectly provide assurance as to the reliability of financial reporting information if it conforms with the users' expectations.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2007-008 (Continued)

Significant Deficiency
Review of Detailed Monthly Financial Reports (Continued)

We recommend the Treasurer provide the Academy Board monthly financial reports that are detailed for each fund and are systems-generated (i.e. Revenue Summary Report, Budget Summary Report, Appropriation Summary Report, etc.). These reports should be reviewed by the Academy Board and appropriate follow-up should be made regarding any unusual balances or transactions.

Officials' Response

Suffice it to say the Board was very dismayed at the results of the audit. We will speak to our Treasurer regarding the issues described within the audit results. Efforts are currently being made to rectify your findings.

We would like to emphasize that the audit encompassed our first year which was a start-up year for Westside Academy.

Regarding Finding Number 2007-007, the Board's understanding was that no interest was to be charged to Westside Academy for the loan from International Academy of Columbus, but rather an administrative fee. We will follow up on that item.

Mary Taylor, CPA
Auditor of State

WESTSIDE 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 26, 2009

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us