



Mary Taylor, CPA  
Auditor of State



PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
General Purpose External Financial Statements:	
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Statement of Net Assets.....	7
Statement of Revenues, Expenses and Change in Net Assets.....	8
Statement of Cash Flows .....	9
Notes to the Basic Financial Statements .....	11
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	25
Schedule of Prior Audit Findings.....	27
Independent Accountant's Report on Applying Agreed-Upon Procedures.....	29

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Premier Academy of Ohio  
Franklin County  
1555 Elaine Road  
Columbus, Ohio 43227

To the Board of Directors:

We have audited the accompanying basic financial statements of the Premier Academy of Ohio, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2009, 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 that 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 the Premier Academy of Ohio, Franklin County, Ohio, as of June 30, 2009, and the changes 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.

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 18 to the financial statements, the Academy's deficit net assets (\$267,883) and operating loss (\$ 591,596) will likely continue as a going concern. Note 18 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2010, 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.

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

March 19, 2010

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY, OHIO**

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

The management's discussion and analysis of the Premier Academy of Ohio (the "Academy") financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2009. 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 and financial statements to enhance their understanding of the Academy's financial performance.

**Financial Highlights**

Key financial highlights for 2009 are as follows:

- In total, net assets were a deficit of \$(267,883) at June 30, 2009.
- The Academy had operating revenues of \$2,019,158, operating expenses of \$2,610,754 and non-operating revenues of \$428,797 and non-operating expenses of \$3,025 for fiscal year 2009.

**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 ask the question, "How did we do financially during 2009?" 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 accounts all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and change 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.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY, OHIO**

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

The Academy restated beginning net assets as described in Note 3.B. The table below provides a summary of the Academy's assets, liabilities and net assets for fiscal years 2009 and 2008.

**Assets, Liabilities and Net Assets**

	<u>2009</u>	<u>Restated 2008</u>
<b><u>Assets</u></b>		
Current assets	\$ 143,691	\$ 129,152
Capital assets, net	<u>76,994</u>	<u>73,839</u>
 Total assets	 <u>220,685</u>	 <u>202,991</u>
<b><u>Liabilities</u></b>		
Current liabilities	484,778	291,293
Long term liabilities	<u>3,790</u>	<u>13,757</u>
 Total liabilities	 <u>488,568</u>	 <u>305,050</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	64,894	54,070
Restricted	49,666	14,568
Unrestricted (deficit)	<u>(382,443)</u>	<u>(170,697)</u>
 Total net assets (deficit)	 <u>\$ (267,883)</u>	 <u>\$ (102,059)</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the Academy's net assets were a deficit of \$(267,883).

At June 30, 2009, capital assets represented 34.89% of total assets. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$64,894. These capital assets are used to provide services to the students and are not available for future spending. Although the Academy's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY, OHIO**

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

The table below shows the changes in net assets for fiscal years 2009 and 2008.

**Change in Net Assets**

	<u>2009</u>	<u>2008</u>
<b><u>Operating Revenues:</u></b>		
State foundation	\$ 2,011,197	\$ 1,813,760
Charges for services	359	78
Other	<u>7,602</u>	<u>-</u>
Total operating revenue	<u>2,019,158</u>	<u>1,813,838</u>
<b><u>Operating Expenses:</u></b>		
Salaries and wages	1,037,631	905,319
Fringe benefits	356,354	373,631
Purchased services	889,977	1,046,380
Materials and supplies	166,929	242,500
Depreciation	18,617	7,785
Other	<u>141,246</u>	<u>85,234</u>
Total operating expenses	<u>2,610,754</u>	<u>2,660,849</u>
<b><u>Non-operating Revenues and Expenses:</u></b>		
Federal and State grants	428,797	577,417
Interest expense	(3,025)	(2,836)
Other non-operating revenue	<u>-</u>	<u>27,191</u>
Total non-operating revenues and expenses	<u>425,772</u>	<u>601,772</u>
<b><u>Special item:</u></b>		
Arbitration settlement	<u>-</u>	<u>(86,022)</u>
Change in net assets	(165,824)	(331,261)
Net assets (deficit) at beginning of year (restated)	<u>(102,059)</u>	<u>229,202</u>
Net assets (deficit) at end of year	<u>\$ (267,883)</u>	<u>\$ (102,059)</u>

During fiscal year 2009, there was a 53.99% increase (163 to 251) in student enrollment from fiscal year 2008 which led to an increase in State foundation revenue.

**Capital Assets**

At June 30, 2009, the Academy had \$76,994 invested in furniture and equipment. The Academy had \$21,772 in capital asset additions and \$18,617 in depreciation expense for the year. See Note 5 to the basic financial statements for more detail on capital assets.

**Debt Administration**

The Academy has entered into capital leases for phone and copier equipment. At June 30, 2009, \$9,967 of the lease obligation was due in one year and \$3,790 was due in more than one year.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY, OHIO**

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

**Current Financial Related Activities**

The Academy is sponsored by Educational Resource Consultants of Ohio. The Academy is reliant upon State Foundation monies and State and Federal Grants to offer quality, educational services to students.

The Academy relies primarily on State foundation revenues, which are based on student enrollment. There was an increase of approximately 90 students from fiscal year 2008 to 2009. The Academy is attempting to increase its future State foundation revenues by marketing the Academy to 257 students.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources and 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 citizens 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 Arlene Wilson, Treasurer, Premier Academy of Ohio, 1555 Elaine Road, Columbus, Ohio 43227.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2009**

**Assets:**

*Current assets:*

Cash	\$ 50,781
Intergovernmental Receivable	75,481
Prepays	17,429
Total current assets	<u>143,691</u>

*Non-current assets:*

Capital assets, net	<u>76,994</u>
Total non-current assets	<u>76,994</u>

Total assets	<u>220,685</u>
--------------	----------------

**Liabilities:**

*Current:*

Accounts payable	14,718
Accrued wages and benefits	117,958
Intergovernmental payable	33,909
Note Payable	177,204
Line of Credit Payable	45,000
Litigation settlement payable	86,022
Capital lease payable	9,967
Total current liabilities	<u>484,778</u>

*Long-term liabilities:*

Capital lease payable	<u>3,790</u>
-----------------------	--------------

Total liabilities	<u>488,568</u>
-------------------	----------------

**Net Assets:**

Invested in capital assets, net of related debt	64,894
Restricted for:	
State funded programs	14,150
Federally funded programs	35,516
Unrestricted (deficit)	<u>(382,443)</u>
Total net assets	<u>\$ (267,883)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

<b>Operating revenues:</b>	
State foundation	\$ 2,011,197
Charges for services	359
Other	7,602
Total operating revenues	<u>2,019,158</u>
<b>Operating expenses:</b>	
Salaries and wages	1,037,631
Fringe benefits	356,354
Purchased services	889,977
Materials and supplies	166,929
Depreciation	18,617
Other	141,246
Total operating expenses	<u>2,610,754</u>
Operating loss	<u>(591,596)</u>
<b>Non-operating revenues (expenses):</b>	
Federal and state grants	428,797
Interest expense	(3,025)
Total non-operating revenues (expenses)	<u>425,772</u>
Change in net assets	(165,824)
<b>Net assets at beginning of year (restated)</b>	<u>(102,059)</u>
<b>Net assets at end of year</b>	<u><u>\$ (267,883)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2009**

<b>Cash flows from operating activities:</b>	
Cash received from State foundation	\$ 1,980,485
Cash received from customers	359
Cash received from other operations	7,602
Cash payments for salaries and benefits	(1,413,394)
Cash payments to suppliers for goods and services	(712,854)
Cash payments for materials and supplies	(164,137)
Cash payments for other operating activities	<u>(116,750)</u>
Net cash used for operating activities	<u>(418,689)</u>
<b>Cash flows from noncapital financing activities:</b>	
Proceeds from cash overdraft	(16,082)
Federal and state grants	482,468
Proceeds of line of credit	50,000
Principal payment on line of credit	(5,000)
Interest payment on line of credit	<u>(1,380)</u>
Net cash provided by noncapital financing activities	<u>510,006</u>
<b>Cash flows from capital and related financing activities:</b>	
Principal payment on capital lease	(12,391)
Interest payment on capital lease	(1,645)
Acquisition of capital assets	<u>(26,500)</u>
Net cash used for capital and related financing activities	<u>(40,536)</u>
Net increase in cash and cash equivalents	50,781
<b>Cash and cash equivalents at end of year</b>	<u><u>\$ 50,781</u></u>
<b>Reconciliation of operating loss to net cash used for operating activities:</b>	
Operating loss	\$ (591,596)
Adjustments:	
Depreciation	18,617
Changes in assets and liabilities:	
(Increase) in prepayments	(17,429)
(Decrease) in accounts payable	(3,712)
Increase in accrued wages and benefits	49,084
Increase in promissory notes payable	177,204
Decrease in pension obligation payable	(47,828)
Decrease in intergovernmental payable	<u>(3,029)</u>
Net cash used for operating activities	<u><u>\$ (418,689)</u></u>

**Non-Cash Transactions**

The Academy entered into a note payable with Eastman & Smith Ltd for \$177,204 to pay for legal services incurred prior to June 30, 2009.

At June 30, 2009 and 2008, the Academy purchased \$0 and \$4,728, respectively, of capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**THIS PAGE INTENTIONALLY LEFT BLANK**

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009**

**NOTE 1 - DESCRIPTION OF THE ACADEMY**

The Premier Academy of Ohio (the "Academy") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-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 Academy's tax-exempt status. The Academy specializes in providing a custom-made curriculum for each student to ensure academic success. The Academy utilizes sophisticated technology and small classroom sizes to guarantee individual attention to expose students in grades 7 through 12 to real world experience. 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.

During fiscal year 2009, the Academy was under a sponsorship contract with Educational Resource Consultants of Ohio, Inc. (the "Sponsor"). The Academy was approved under contract with the Sponsor for a period of three years commencing June 18, 2007 through June 30, 2010. 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 is located in Columbus, Ohio, Franklin County. The Academy ranks as the 703<sup>rd</sup> largest in terms of enrollment (among 922 public school districts and community schools) in the State of Ohio. The Academy 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 qualification of teachers who provide services to 251 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 accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

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

**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 Change 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 and meets its cash flow needs.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal 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 resourced to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time 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. The contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast which is updated on an annual basis.

**E. 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. 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. The Academy's capital assets consist of furniture and equipment. Depreciation is computed using the straight-line method. Equipment is depreciated over a period of five to ten years.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

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

**F. 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 balances of any borrowings 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 Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Academy first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Academy did not have any net assets restricted by enabling legislation at fiscal year end.

**G. Operating Revenues and Expenses**

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

**H. 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.

**I. Economic Dependency**

The Academy received nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

**J. Prepaid Items**

Prepayments represent cash disbursements, which have occurred and are therefore not current expendable resources. These items are reported as assets on the statement of net assets, using the allocation method, which amortized their cost over the periods benefiting from the advance payment.

**K. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2009, the Academy implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the Academy.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the Academy.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the Academy.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the Academy.

**B. Accounting Change**

The District has reported an accounting change to correct for omissions in capital assets from prior years. The prior period adjustment had the following effect on net assets as previously reported by the Academy at June 30, 2008:

Net assets (deficit) at June 30, 2008	\$ (147,704)
Adjustment to capital assets	<u>45,645</u>
Restated net assets (deficit) at June 30, 2008	\$ <u>(102,059)</u>

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 4 - DEPOSITS**

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2009, the carrying amount of the Academy's deposits was \$50,781 and the bank balance was \$80,091. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

**NOTE 5 - CAPITAL ASSETS**

The balances of capital assets at June 30, 2008 have been restated to reflect omissions in capital assets from previous fiscal years. The restatement had the following effect on capital assets as previously reported:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Adjustment</u>	<u>Restated</u> <u>Balance</u> <u>June 30, 2008</u>
Depreciable capital assets:			
Furniture and equipment	\$ 42,169	\$ 47,654	\$ 89,823
Less: accumulated depreciation	<u>(13,975)</u>	<u>(2,009)</u>	<u>(15,984)</u>
Capital assets, net	<u>\$ 28,194</u>	<u>\$ 45,645</u>	<u>\$ 73,839</u>

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Restated</u> <u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2009</u>
Depreciable capital assets:				
Furniture and equipment	\$ 89,823	\$ 21,772	\$ -	\$ 111,595
Less: accumulated depreciation	<u>(15,984)</u>	<u>(18,617)</u>	<u>-</u>	<u>(34,601)</u>
Capital assets, net	<u>\$ 73,839</u>	<u>\$ 3,155</u>	<u>\$ -</u>	<u>\$ 76,994</u>

**NOTE 6 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In a prior year, the Academy has entered into capital lease agreements for copier and phone equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the least term.

Copier equipment has been capitalized in the amount of \$30,952. This amount represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2009 was \$18,571 leaving a current book value of \$12,381.

Phone equipment in the amount of \$13,450 has not been capitalized because the individual assets do not meet the Academy's capitalization threshold.

Principal and interest payments in the 2009 fiscal year totaled \$12,391 and \$1,645, respectively.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 6 - CAPITALIZED LEASES - LESSEE DISCLOSURE – (Continued)**

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2009:

<u>Year Ending June 30</u>	<u>Copiers</u>	<u>Phones</u>	<u>Total</u>
2010	\$ 8,976	\$ 1,687	\$ 10,663
2011	<u>3,908</u>	<u>-</u>	<u>3,908</u>
Total minimum lease payment	<u>12,884</u>	<u>1,687</u>	<u>14,571</u>
Less: amount representing interest	<u>(786)</u>	<u>(28)</u>	<u>(814)</u>
Present value of minimum lease payments	<u>\$ 12,098</u>	<u>\$ 1,659</u>	<u>\$ 13,757</u>

Of the remaining capital lease obligation, \$9,967 in capital lease principal payments are due in fiscal year 2010 and \$3,790 are due in greater than one year.

**NOTE 7 – LINE OF CREDIT**

During fiscal year 2009, the Academy borrowed \$50,000 through a line of credit from Huntington Bank. Receivables and inventory are pledged to pay any outstanding balances. The following activity occurred on the line of credit during the fiscal year:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2009</u>
Line of credit	<u>\$ -</u>	<u>\$ 50,000</u>	<u>\$ (5,000)</u>	<u>\$ 45,000</u>

During fiscal year 2009, the Academy incurred \$1,380 in interest charges related to the line of credit.

**NOTE 8 - NOTE PAYABLE**

During fiscal year 2009, the Academy entered into a promissory note payable to Eastman & Smith, Ltd. to pay for legal services incurred prior to June 30, 2009. Payments on the note payable are scheduled to begin in fiscal year 2010 and are expected to be paid in full by the end of fiscal year 2010. The note is interest free. The following note payable activity occurred during the fiscal year:

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance June 30, 2009</u>
Note payable	<u>\$ -</u>	<u>\$ 177,204</u>	<u>\$ -</u>	<u>\$ 177,204</u>

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 9 – OPERATING LEASE**

The Academy school facilities are located in a space leased at 1555 Elaine Road, Columbus, Ohio. The lease agreement is with St. Phillip Church for the period of August 14, 2006 through August 13, 2009. The base rental of the lease is \$8,500 per month, with a 3% increase in rental payment after the first and second year of the lease term. Beginning in fiscal year 2008, the Academy and the Lessor agreed to a \$1,000 per month reduction in lease payments due to the Academy purchasing security cameras for the property. Payments totaling \$106,949 were made during fiscal year 2009.

The following minimum lease payments will be made for the fiscal year ending June 30:

2010	\$ 9,018
	<u>\$ 9,018</u>

**NOTE 10 - RECEIVABLES**

At June 30, 2009, receivables consisted of intergovernmental receivables of \$75,481 in State and federal grants. The receivables are expected to be collected in full within one year.

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The Academy contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided state statute per 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 can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800)878-5853. It is also posted on the SERS' website at [www.ohsers.org](http://www.ohsers.org), under **Employers/Audit Resources**.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the Academy is required to contribute 14% of annual covered payroll. 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For Fiscal year ending June 30, 2009, the allocation to pension and death benefits is 9.09%. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The Academy's contributions to SERS for the years ended June 30, 2009, 2008, and 2007 were \$24,122, \$15,362, and \$6,615, respectively, which equaled the required contributions each year.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 11 - PENSION PLANS – (Continued)**

**B. State Teachers Retirement System of Ohio**

Plan Description - The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](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 fiscal year 2009, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$94,790, \$100,765 and \$66,365, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$3,709 made by the Academy and \$3,533 made by the plan members.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

**Postemployment Benefits**

In addition to a cost-sharing multiple-employer defined benefit pension plan, the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

**Medicare Part B Plan**

The Medicare B Plan reimburses Medicare Part B Premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2009, the actuarially required allocation is .75%. The Academy's contributions for the years ended June 30, 2009, 2008, and 2007 were \$1,990, \$1,107 and \$421, respectively, which equaled the required contributions each year.

**Health Care Plan**

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members who do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2009, the health care allocation is 4.16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2009, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The Academy's contributions assigned to health care for the years ended June 30, 2009, 2008, and 2007 were \$16,815, \$12,504, and \$2,056, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 12 - POSTEMPLOYMENT BENEFITS – (Continued)**

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800)878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under **Employers/Audit resources**.

**B. State Teachers Retirement System of Ohio**

Plan Description - The Academy's contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](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 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$7,292, \$7,751 and \$5,105, respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

**NOTE 13 - 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 fiscal year ended June 30, 2009, the Academy contracted with Indiana Insurance for the following coverage:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	2,000,000
Errors and Omissions	1,000,000
Property (all locations)	222,500
Computer Coverage:	
Equipment	105,000
Software	50,000
Extra Expense	25,000

There have been no significant decreases in coverage from the previous year. Settled claims did not exceed this commercial coverage in fiscal year 2009.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 13 - RISK MANAGEMENT – (Continued)**

**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. At June 30, 2009, the Academy owed \$4,091 for this premium on January through June 2009 wages, \$2,753 for this premium on July through December 2008 wages and \$1,053 on accrued wages. The liability is reflected in the financial statements at June 30, 2009.

**NOTE 14 - EMPLOYEE BENEFITS**

The Academy provides health, drug, and dental insurance for all eligible employees through United HealthCare. The Academy pays 80% of the monthly premium and employees pay the remaining 20% for health coverage. The Academy pays 50% of the monthly premium and employees pay the remaining 50% for dental coverage. The Academy provides life insurance and accidental death and dismemberment insurance to employees through United HealthCare.

**NOTE 15 - PURCHASED SERVICES**

For fiscal year ended June 30, 2009, purchased services expenses were as follows:

Professional and technical services	\$ 631,599
Property services	161,411
Travel/mileage/meeting expense	453
Communications	83,606
Other purchased services	<u>12,908</u>
Total	<u>\$ 889,977</u>

**NOTE 16 - SPONSOR CONTRACT**

The Academy entered into a three-year contract commencing on June 18, 2007 and continuing through June 30, 2010 with the Sponsor. Under the contract, the following terms were agreed upon:

- The educational program of the Academy, including the Academy's mission, its goals, innovative instructional methods, calendar, and the focus of curriculum shall be followed and may not be changed without the written consent of the sponsor.
- The performance standards (requirements) and assessments shall include statewide proficiency tests and participation in the sponsor's assessment process at the Academy's cost, and any other standards and/or assessments required by law or recommended by the Sponsor or the Ohio Department of Education. These standards shall be met by the Academy and may be changed from time to time by the Sponsor or the Ohio Department of Education.
- In addition to the required testing, the Academy must possess and keep initial benchmarks acceptable to the Sponsor, of all new students in order to provide guidance for the Sponsor to review adequate yearly progress.

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 16 - SPONSOR CONTRACT – (Continued)**

- The Academy shall submit, not later than September 15 of the following school term, to the Sponsor, and to the parents of all students enrolled in the Academy, and the Legislative Office of Education Oversight, its financial statements and annual report of activities and progress in meeting the goals and standards of the contract.

The Academy paid \$65,174 in sponsorship fees to the Sponsor during fiscal year 2009.

**NOTE 17 - 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, 2009.

**B. Litigation/Subsequentevent**

On January 5, 2008, the Academy terminated its management contract with its management company, Premier Educational Services (PES). In December 2008, the Academy became involved in litigation and arbitration with PES. On September 25, 2009, the Academy entered into a settlement agreement in which PES was awarded \$86,022 in damages, fees and costs. This amount has been recorded as "litigation settlement payable" on the financial statements at June 30, 2009. The Academy continues operations without a management company.

**C. 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. The review resulted in no significant adjustments to State funding for fiscal year 2009.

**NOTE 18 – MANAGEMENT’S PLAN**

For fiscal year 2009, the Academy had an operating loss of (\$591,596), a decrease in net assets of (\$165,824), and a cumulative net asset deficit of (\$267,883). In an effort to improve the financial stability of the Academy, the following action steps have been implemented by management, under direction of the Board:

- Eliminated full-time Special Education Director position and replaced with part-time Special Education Director;
- Eliminated Marketing Consultant position;
- Eliminated Superintendent Position;
- Reduced/eliminated temporary clerical staff;
- Eliminated EMIS services contract with Charter School Specialists and assumed these responsibilities in-house;
- Reduced contractual obligations with Ohio Clean Group for janitorial services;
- Eliminated administrative office rental expense by closing administrative office and relocating staff to school building;

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR FISCAL ENDED JUNE 30, 2009  
(Continued)**

**NOTE 18 – MANAGEMENT’S PLAN (Continued)**

- Established repayment plan with Eastman & Smith for legal fees incurred;
- Settled Premier Educational Services lawsuit and established repayment plan within the settlement agreement. Settlement was paid in full by March 12, 2010.
- Eliminated one non-essential staff position;
- Reduced staff salaries by 25% effective March 2010 through June 2010.

The Academy’s Business Manager and Treasurer monitor financial activities on a daily basis. Financial reports are submitted to the Board for approval on a monthly basis to determine the effectiveness of the steps listed above. The Academy has passed a balanced budget for fiscal year 2010 and has a cash balance of \$2,456 as of February, 2010.

**THIS PAGE LEFT BLANK INTENTIONALLY**



# 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*

Premier Academy of Ohio  
Franklin County  
1555 Elaine Road  
Columbus, Ohio 43227

To the Board of Directors:

We have audited the basic financial statements of the Premier Academy of Ohio, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 19, 2010, wherein we noted matters which indicates the Academy's will likely continue as a going concern. 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.

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.

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

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

We noted a certain internal control matter that we reported to the Academy's management in a separate letter dated March 19, 2010.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management, Board of Directors and the Educational Resource Consultants of Ohio, Inc. 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

March 19, 2010

**PREMIER ACADEMY OF OHIO  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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>
2008-001	Expenditure Authorization	No	Repeated-Management Letter
2008-002	Federal Schedule Preparation	N/A	No Federal Schedule prepared due to Academy expenditures below the Federal Single Audit Threshold.
2008-003	Fixed Asset Policy	Yes	
2008-004	Activities Allowed/Unallowed-Charter School Program	N/A	There were no Charter School Grant expenditures made during the current audit period.
2008-005	Federal Awards Receipts and Expenditures Schedule	N/A	Not subjected to A-133 requirements for fiscal year 2009.
2008-006	Fixed Asset Policy-Charter Schools Program	N/A	No Charter School Grant expenditures were made during the audit period.

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Mary Taylor, CPA

## Auditor of State

### Independent Accountants' Report on Applying Agreed-Upon Procedures

Premier Academy of Ohio  
Franklin County  
1333 Elaine Road  
Columbus, Ohio 43227

To the Board of Directors:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting in June 7, 2008.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
  - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
  - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
  - (3) A procedure for reporting prohibited incidents;
  - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
  - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
  - (6) A procedure for documenting any prohibited incident that is reported;

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

This report is intended solely for the information and use of the Board of Directors, management, and the Educational Resource Consultants of Ohio and is not intended to be and should not be used by anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

March 19, 2010



Mary Taylor, CPA  
Auditor of State

PREMIER ACADEMY OF OHIO

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  
APRIL 15, 2010