

Horizon Science Academy of Dayton  
Montgomery County, Ohio

Single Audit

July 1, 2009 through June 30, 2010  
Fiscal Year Audited Under GAGAS: 2010



**Balestra, Harr & Scherer, CPAs, Inc.**

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# Dave Yost • Auditor of State

Board Members  
Horizon Science Academy of Dayton  
545 Odlin Ave.  
Dayton, Ohio 45405

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy of Dayton, Montgomery County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

April 21, 2011

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**Horizon Science Academy of Dayton**  
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*For the Fiscal Year Ended June 30, 2010*

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### Independent Auditor's Report

Members of the Board  
Horizon Science Academy of Dayton  
545 Odlin Ave.  
Dayton, OH 45405

We have audited the accompanying financial statements of the business-type activities of the Horizon Science Academy of Dayton, Montgomery County, Ohio, (the School), as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

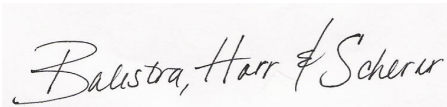
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Horizon Science Academy of Dayton, Montgomery County, Ohio, as of June 30, 2010, and the respective changes in financial position and cash flows thereof 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 March 1, 2011 on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Members of the Board  
Horizon Science Academy of Dayton  
Independent Auditor's Report  
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

March 1, 2011

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

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The discussion and analysis of Horizon Science Academy of Dayton's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2010. Readers should also review the financial statements and notes to enhance their understanding of the School's financial performance.

**Financial Highlights:**

Key financial highlights for fiscal year 2010 are as follows:

- Total net assets increased by \$142,292 from \$117,744 to \$260,036
- The School had total operating revenues of \$1,339,217
- The School had total operating expenses of \$1,708,148
- The current liabilities decreased by \$96,658
- The School received Federal and State Grants total of \$516,238

In the fiscal year ended June 30, 2010, the School split into two; grade levels seven through twelve were transferred to Horizon Science Academy-Dayton High School, which started its education in August 2009 at 250 Shoup Mill Road. Horizon Science Academy-Dayton became a kindergarten through sixth grade elementary school by adding grades kindergarten through four into its student population. During the year, even though the School's enrollment decreased by 10 students from 201 to 191, it significantly improved its financial standing. Its net assets increased from \$117,744 to \$260,036.

In the fiscal year 2010, the School received a total of \$81,431 of American Recovery and Reinvestment Fund (ARRA) grants as a part of Title grants and \$88,996 of State Fiscal Stabilization Fund (SFSF) allocations as a part of its foundation revenues.

**Using this Financial Report:**

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

The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Change in Net Assets* reflect how the School did financially during fiscal year 2010. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

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

The School uses enterprise presentation for all of its activities.



**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

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**The Statement of Net Assets:**

The *Statement of Net Assets* shows how the School performed financially during the fiscal year. This statement includes all assets and liabilities using the accrual basis of accounting which is similar to the accounting method used by most private-sector companies. The accrual basis of accounting takes into account all revenues earned and expenses incurred during the fiscal year regardless of when cash is received or paid. The following table provides a comparison of the School's Net Assets in fiscal years 2010 and 2009.

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
<b>Assets</b>		
Cash	\$ 162,349	\$ 86,839
Other Current Assets	71,125	55,777
Capital Assets	139,447	190,560
<b>Total Assets</b>	<b><u>372,921</u></b>	<b><u>333,176</u></b>
<b>Liabilities</b>		
Current Liabilities	\$ 95,792	\$ 192,450
Long Term Liabilities	17,093	22,982
<b>Total Liabilities</b>	<b><u>112,885</u></b>	<b><u>215,432</u></b>
<b>Net Assets</b>	<b><u><u>\$ 260,036</u></u></b>	<b><u><u>\$ 117,744</u></u></b>

Cash increased \$75,510 from 2009 due to greater receipts than expenditures during the fiscal year. Capital assets decreased \$51,113 mainly due to the depreciation of the assets. Current liabilities decreased \$96,658 due to the School paying off the short term borrowing from Breeze, Inc. in the amount of \$87,000. The increase in net assets is a direct result of increased assets and decreased liabilities at year end.

**The Statement of Revenues, Expenses and Changes in Net Assets:**

The Statement of Revenues, Expenses and Change in Net Assets shows the operating and non-operating activities took place during the fiscal year. The following table is a summary of the Statement of Revenues, Expenses and Change in Net Assets for the fiscal year ended June 30, 2010, as compared to fiscal year ended June 30, 2009.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

	<u>June 30, 2010</u>	<u>June 30, 2009 *</u>
<b><u>Operational Income/Expense</u></b>		
<b>Income</b>		
Foundation Payments	\$ 1,314,499	\$ 1,421,732
Instructional Fees	2,740	5,065
Other Local Revenue	21,978	24,807
<b>Total Operational Income</b>	<b>1,339,217</b>	<b>1,451,604</b>
<b>Expense</b>		
Salaries	671,627	775,540
Benefits	150,082	183,790
Purchased Services	531,087	479,668
Supplies & Materials	229,650	154,622
Other Objects	48,049	39,321
Depreciation Expense	77,653	64,789
<b>Total Operational Expense</b>	<b>1,708,148</b>	<b>1,697,730</b>
<b>Net Operational Income</b>	<b>(368,931)</b>	<b>(246,126)</b>
<b><u>Non-Operational Income/Expense</u></b>		
Federal Grants	508,564	493,808
State Grants	7,674	7,629
Interest Payments	(5,015)	(2,161)
Loss from Disposal of Assets	-	(6,327)
<b>Net Non-Operational Income</b>	<b>511,223</b>	<b>492,949</b>
<b><u>Net Assets</u></b>		
<b>Change in Net Assets</b>	142,292	246,823
<b>Net Assets at Beginning of Year</b>	117,744	(129,079)
<b>Net Assets at End of Year</b>	<b>\$ 260,036</b>	<b>\$ 117,744</b>

\* Certain reclassifications were made for consistency with current year reporting. There is no effect on net assets.

The 8% decrease in Foundation revenues is due to decrease in enrollment by 10 students and also 6% cut from State's foundation payments. This cut was compensated with Federal State Fiscal Stabilization Fund allocations. Purchased services increased 11% due to an increase in advertisement and postage expenses and a 2% increase in management fees. In fiscal year 2010 the School spent \$66,182 for advertisement and postage whereas it spent only \$23,989 in fiscal year 2009. Due to the split, the School had to recruit 90% of its student body from new enrollments. Supplies and Materials also increased by 49% due to classroom supplies and textbook purchases for new elementary school grades.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

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**Capital Assets:**

As of June 30, 2010, Horizon Science Academy of Dayton had \$139,447 invested in capital assets, such as office equipment, school furniture, and computers, net of depreciation. The following table is a summary of Capital Assets as of June 30, 2010.

<b>Capital Assets</b>				
	<b>Beginning July 1, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending June 30, 2010</b>
Instructional Furniture & Equipment	\$ 257,841	\$ 26,539	\$ (22,889)	\$ 261,491
Office Furniture & Equipment	12,697	-	-	12,697
Improvements	22,174	-	-	22,174
<b>Total Fixed Assets</b>	<b>292,712</b>	<b>26,539</b>	<b>(22,889)</b>	<b>296,362</b>
Less: Accumulated Depreciation	(102,151)	(77,653)	22,889	(156,915)
<b>Net Fixed Assets</b>	<b>\$ 190,561</b>	<b>\$ (51,114)</b>	<b>\$ -</b>	<b>\$ 139,447</b>

For more information regarding the School's capital assets, please see Note 4 to the Basic Financial Statements.

**Debt:**

At June 30, 2010, the School had capital leases in which \$22,982 is still due. \$5,889 is due within one year with the remaining amount of \$17,093 due in more than one year.

The Notes to the Basic Financial Statements provide additional information about the School's long-term liabilities.

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

This financial report is designed to provide citizens, grantors and potential creditors with a general overview of the School's finances. Questions concerning any of the information in this report or requests for additional information should be directed to Ryan Uysaler, Treasurer by mail at Concept Schools South Ohio Regional Office, 2356 Morse Rd. Columbus, OH 43235 or by phone at 614- 428-7656.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**Statement of Net Assets  
For the Fiscal Year Ended June 30, 2010**

**ASSETS**

<b>Current Assets</b>	
Cash and Cash Equivalents	162,349
IG Receivable	37,486
Prepaid Payroll Liabilities	<u>33,639</u>
<b>Total Current Assets</b>	<b>233,474</b>
<b>Non-Current Assets</b>	
Capital Assets (Net of Accumulated Depreciation)	139,447
<b>Total Assets</b>	<b><u>372,921</u></b>

**LIABILITIES & EQUITY**

<b>Current Liabilities</b>	
Accounts Payable	36,791
Accrued Wages	53,112
Capital Leases- Current	<u>5,889</u>
<b>Total Current Liabilities</b>	<b>95,792</b>
<b>Long Term Liabilities</b>	
Capital Leases- Long Term	17,093
<b>Total Liabilities</b>	<b><u>112,885</u></b>

**NET ASSETS**

Invested in Capital Assets (net of related debt)	116,465
Unrestricted	143,571
<b>Total Net Assets</b>	<b><u>\$ 260,036</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**Statement of Revenues, Expenses  
and Change in Net Assets  
For the Fiscal Year Ended June 30, 2010**

<b><u>Operational Income/Expense</u></b>	
<b>Income</b>	
Foundation Payments	1,314,499
Instructional Fees	2,740
Other Local Revenue	<u>21,978</u>
<b>Total Operational Income</b>	<b>1,339,217</b>
<b>Expense</b>	
Salaries	671,627
Benefits	150,082
Purchased Services	531,087
Supplies & Materials	229,650
Other Objects	48,049
Depreciation Expense	<u>77,653</u>
<b>Total Operational Expense</b>	<b>1,708,148</b>
<b>Net Operational Income</b>	<b>(368,931)</b>
<b><u>Non-Operational Income/Expense</u></b>	
Federal Grants	508,564
State Grants	7,674
Interest Payments	<u>(5,015)</u>
<b>Net Non-Operational Income</b>	<b><u>511,223</u></b>
<b><u>Net Assets</u></b>	
<b>Change in Net Assets</b>	<b>142,292</b>
<b>Net Assets at Beginning of Year</b>	<b><u>117,744</u></b>
<b>Net Assets at End of Year</b>	<b><u>\$ 260,036</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**Statement of Cash Flows  
For Fiscal Year Ended June 30, 2010**

<b>Cash Flows from Operating Activities</b>	
Cash Received from State of Ohio	1,282,665
Cash Received from Other Operating Revenues	24,718
Cash Payments to Suppliers for Goods and Services	(760,481)
Cash Payments to Employees for Services	(682,423)
Cash Payments for Employee Benefits	(156,967)
Other Cash Payments	(48,049)
<b>Net Cash Used for Operating Activities</b>	<b>(340,537)</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Grants Received from Federal Government	531,936
Grants Received from State Government	7,674
Loan Payments	(87,000)
Interest Payments	(5,015)
<b>Net Cash Provided by Noncapital Financing Activities:</b>	<b>447,595</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	(26,539)
Payments for Capitalized Leases	(5,009)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(31,549)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>75,510</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>86,839</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 162,349</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**Statement of Cash Flows  
For Fiscal Year Ended June 30, 2010  
(Continued)**

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

Operating Loss	<b>(368,931)</b>
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**Adjustments to Reconcile Operating Loss to Net  
Cash Used for Operating Activities**

Depreciation	77,653
Increase in IG Receivable	(31,834)
Increase in Prepaid Payroll Liabilities	(6,885)
Increase in Accounts Payable	256
Decrease in Wages Payable	(10,796)
<b>Total Adjustments</b>	<b><u>28,394</u></b>

<b>Net Cash Used for Operating Activities</b>	<b><u><u>\$ (340,537)</u></u></b>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

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

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

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

The School was approved for operation under contract with the Lucas County Education Service Center (the Sponsor) for a period of five years commencing November 18, 2004. In May 2010, the contract was amended to extend automatically in one year terms unless terminated by either of the parties.

The School 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 qualifications of teachers. In fiscal year 2010 the School employed 20 full time and part time personnel for 191 students.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The School's basic financial statements consist of a Statement of Net Assets; a Statement of Revenues, Expenses, and Change in Net Assets; and a Statement of Cash Flows. The School uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.



**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

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

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

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

**C. Budgetary Process**

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705, except House Bill 364, which took effect April 8, 2003, added Ohio Rev. Code Section 3314.03 (11)(d), which states that community schools must comply with Ohio Rev. Code Section 5705.391. This requires each community school to submit to the Ohio Department of Education (ODE) a five year forecast no later than October 31 of each year.

**D. Cash**

To improve cash management, all cash received by the School is pooled in a central bank account. Any investment with an original maturity date less than 90 days is considered a cash equivalent and any investment with a maturity date greater than 90 days is considered an investment. The School did not have any investments during the fiscal year 2010.

**E. Capital Assets and Depreciation**

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School maintained a capitalization threshold of \$1,000 for inventory assets and \$10,000 dollars for fixtures and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

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

All capital assets are depreciated. Furniture, computers, office equipment, and vehicles are depreciated using straight-line method over the following estimated useful lives. Improvements to capital assets are depreciated using straight-line method over the remaining useful lives of the related capital assets. Leasehold improvements are depreciated using the straight-line method over the life of the lease.

	<u>Useful Life</u>
Improvements	3 to10 years
Heavy Duty Office or Classroom Furniture	5 to 10 years
Computers and Other Electronic Equipment	3 to 5 years
Vehicles	3 to 10 years
Buildings	30 years

**F. Intergovernmental Revenues**

The School currently participates in the State Foundation Program, Special Education Program, and the Parity Aid Program which are reflected under “Foundation Payments”. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Amounts awarded under these programs for fiscal year 2010 totaled \$1,314,499.

Grants from State and Federal Governments and donations are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the school must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the school on a reimbursement basis. Amounts awarded under these programs for 2010 school year totaled \$516,238.

**G. Operating Revenues and Expenses**

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

**H. Compensated Absences**

The School’s policy indicates that all full time employees are entitled to eight days of sick/personal days in a school year. All leave earned by employees must be used within the current school year and cannot be transferred to the next school year. At the end of the year employees are awarded \$125 per each unused sick/personal day.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

**I. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the School or through external restrictions imposed by creditors, grantors, or contracts. The School applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. At the end of the fiscal year ended June 30, 2010 the School did not have any restricted net assets.

**J. Estimates**

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

**3. DEPOSITS AND INVESTMENTS**

At June 30 2010, the carrying book balance of the School's bank account at Chase Bank was \$162,349, and the cleared bank balance was \$174,118. The bank balance was insured by FDIC up to \$250,000. The School had no investments at June 30, 2010 or during the fiscal year.

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

<b>Capital Assets</b>				
	<b>Beginning July 1, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending June 30, 2010</b>
Instructional Furniture & Equipment	\$ 257,841	\$ 26,539	\$ (22,889)	\$ 261,491
Office Furniture & Equipment	12,697	-	-	12,697
Improvements	22,174	-	-	22,174
<b>Total Fixed Assets</b>	<b>292,712</b>	<b>26,539</b>	<b>(22,889)</b>	<b>296,362</b>
Less: Accumulated Depreciation	(102,151)	(77,653)	22,889	(156,915)
<b>Net Fixed Assets</b>	<b>\$ 190,561</b>	<b>\$ (51,114)</b>	<b>\$ -</b>	<b>\$ 139,447</b>

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**5. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent of annual covered payroll. A portion of the School’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$5,887, \$6,976, and \$5,711, respectively; 100 percent has been contributed for all three fiscal years.

**B. State Teachers Retirement System**

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

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

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

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

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

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$89,270, \$101,544, and \$77,440, respectively; 100 percent has been contributed for all three fiscal years.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, two members of the Board of Education have elected Social Security. The remaining Board members contribute to SERS. The Board's liability is 6.2 percent of wages paid.

**6. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**6. POSTEMPLOYMENT BENEFITS (Continued)**

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

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The School's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$193, \$3,013, and \$2,952, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$319, \$374, and \$269, respectively; 100 percent has been contributed for all three fiscal years.

**B. State Teachers Retirement System**

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$6,376, \$7,253, and \$5,957, respectively; 100 percent has been contributed for all three fiscal years.

**7. RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2010, the School contracted with Great American Insurance for property and general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate with no deductible. There have been no settlements exceeding coverage in the last three years. The School also 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 that is calculated by the State. The School paid 100% of its premiums for the fiscal year ended June 30, 2010.

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**8. EMPLOYEE MEDICAL AND DENTAL BENEFITS**

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

**9. PURCHASED SERVICES**

Purchased service expenses during fiscal year 2010 were as follows:

<b>Purchased Services</b>	
<b>Type</b>	<b>Amount</b>
Instructional Services	23,827
Other Professional Services	73,539
Management Fees	140,351
Rent and Property Services	205,326
Advertising and Communications	67,447
Pupil Transportation	5,915
Extra-Curricular Activities	9,656
Staff Travel Expenses	5,026
<b>Total</b>	<b>\$ 531,087</b>

**10. OPERATING LEASES**

The School entered into an operating sublease agreement with Breeze Inc. at the beginning of the fiscal year 2006 for school facilities at 545 Odlin Ave. With an amendment made on November 21, 2006 to the sublease agreement, the School directly involved with the landlord of the facilities which is the Congregation of Our Lady of Roman Catholic Church. The School's monthly rent in fiscal year 2010 was \$12,254. In April 2010 the lease agreement was extended for another five years. The required lease payments for the following three years will be as follows:

August 2010 – July 2011	\$96,000
August 2011 – July 2012	\$108,000
August 2012 – July 2013	\$120,000

**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**11. CAPITAL LEASES**

During the prior years, the School entered into capitalized lease agreements for equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards 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 end of fiscal year 2010, the total recorded cost of capital lease assets was \$32,882 with accumulated depreciation of \$13,504. The payment schedule for principle and interest on those capital leases is as follows:

	<b>Lease Payments</b>	<b>Interest</b>	<b>Principal</b>
2011	9,945	4,056	5,889
2012	8,665	3,018	5,647
2013	8,025	1,883	6,142
2014	5,824	520	5,304
<b>Total Lease Payments</b>	<b>\$ 32,459</b>	<b>\$ 9,477</b>	<b>\$ 22,982</b>

**12. NOTES PAYABLES**

In the fiscal year 2006 the School borrowed an interest free loan for a total of \$106,000 from Breeze Inc. The remaining balance of \$87,000 was paid off during the fiscal year 2010.

**13. CONTINGENCIES**

**A. Grants**

The school received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2010.

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

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full time equivalency (FTE) calculations made by the School. These reviews are conducted to ensure the Community School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. According to the FTE review made for fiscal year 2010, the School was underpaid by \$31,834. This amount is reflected under Intergovernmental Receivables in the Statement of Net Assets.



**HORIZON SCIENCE ACADEMY OF DAYTON  
MONTGOMERY COUNTY**

**14. SPONSORSHIP AGREEMENT**

On November 18, 2004, the School signed a sponsorship agreement with Lucas County Educational Services. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. In April 2010 the original contract was amended that it will automatically renew in one year terms unless it is terminated by any of the parties. According to the contract, the School pays 1.5% of its foundation revenues to the Sponsor. In fiscal year 2010, the Schools compensation to the Sponsor was \$19,240.

**15. MANAGEMENT COMPANY AGREEMENT**

The School contracted with Concepts Schools, Inc. on January 1, 2005 to serve as the School's Management Company. The contract is renewed automatically every year in one year terms unless the school or the management company decides otherwise. According to the contract, the school transfers 12% of the funds received from the State, except for restricted CCIP grants. Total incurred management fees in the fiscal year was \$164,651.

**16. SUBSEQUENT EVENTS**

In August 2010, the School issued an interest-free loan of \$75,000 to Horizon Science Academy Dayton Downtown. The loan will be paid back by the end of fiscal year 2011.

In fiscal year 2011, the School lost some of its students to the net sister school, Horizon Science Academy-Dayton Downtown, which started its education in August 2010 with around 150 students as a kindergarten through sixth grade elementary school. The School started the 2010-2011 school year with an enrollment of 170 students.

Horizon Science Academy of Dayton  
Montgomery County  
Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>United States Department of Agriculture</b>				
<i>Passed through Ohio Department of Education</i>				
<i>Nutrition Cluster:</i>				
National School Lunch Program	3L60	10.555	\$ 75,467	\$ 75,467
School Breakfast Program	3L70	10.553	36,455	36,455
Total Nutrition Cluster			111,922	111,922
<b>Total United States Department of Agriculture</b>			111,922	111,922
<b>United States Department of Education</b>				
<i>Passed through Ohio Department of Education</i>				
<i>Title I, Part A Cluster:</i>				
Title I Grants to Local Educational Agencies	3M00	84.010	165,248	146,861
Title I Grants to Local Educational Agencies, ARRA	3DK0	84.389	81,431	80,202
Total Title I, Part A Cluster			246,679	227,063
<i>Special Education Cluster:</i>				
Special Education - Grants to States	3M20	84.027	19,815	20,136
Special Education - Grants to States, ARRA	3DJ0	84.391	45,099	43,484
Total Special Education Cluster			64,914	63,620
<i>Safe and Drug-Free Schools and Communities -</i>				
State Grants	3D10	84.186	2,271	1,851
Education Technology State Grants	3S20	84.318	2,516	1,312
Improving Teacher Quality State Grants	3Y60	84.367	6,939	5,945
School Improvements Grant	3AN0	84.377	7,700	-
State Fiscal Stabilization Fund (SFSF) Education State Grants, ARRA	GRF	84.394	88,996	88,996
<b>Total United States Department of Education</b>			420,015	388,787
<b>Total Federal Financial Assistance</b>			<b>\$ 531,937</b>	<b>\$ 500,709</b>

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**Horizon Science Academy of Dayton**  
*Notes to the Schedule of Federal Awards Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2010*

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS**

Federal funds received from the National School Lunch and Breakfast Programs were commingled with state subsidy and local revenue from the sale of meals. It was assumed that federal dollars were expended first.



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

Members of the Board  
Horizon Science Academy of Dayton  
545 Odlin Ave.  
Dayton, Ohio 45405

We have audited the financial statements of the business-type activities of the Horizon Science Academy of Dayton, Montgomery County, Ohio (the School) as of and for the year ended June 30, 2010, which collectively comprise the School's basic financial statements and have issued our report thereon dated March 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

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

Members of the Board

Horizon Science Academy of Dayton

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

Page 2

### **Compliance and Other Matters**

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

We intend this report for the information and use of management, Members of the Board, the Community School's sponsor, federal awarding agencies, pass-through entities, and others within the School. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

March 1, 2011



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

Members of the Board  
Horizon Science Academy of Dayton  
545 Odlin Ave.  
Dayton, Ohio 45405

**Compliance**

We have audited the compliance of Horizon Science Academy of Dayton (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Horizon Science Academy of Dayton's major federal programs for the year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the School's major federal programs. The School's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the Horizon Science Academy of Dayton complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

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

Members of the Board

Horizon Science Academy of Dayton

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Page 2

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

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

We intend this report solely for the information and use of management, Members of the Board, the Community School's sponsor, federal awarding agencies, pass-through entities, and others within the School. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

March 1, 2011

**Horizon Science Academy of Dayton**  
*Schedule of Findings*  
*OMB Circular A-133 Section .505*  
*June 30, 2010*

Summary of Auditor's Results
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under Section .510?	No
<i>(d)(1)(vii)</i>	Major Program(s) (list):	Title I Cluster: Title I - CFDA #84.010 Title I (ARRA) – CFDA #84.389  State Fiscal Stabilization Fund (SFSF) – Education State Grants, (ARRA) - CFDA #84.394
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.





### Independent Auditor’s Report on Applying Agreed-Upon Procedures

Members of the Board  
Horizon Science Academy Dayton  
545 Odlin Ave.  
Dayton, Ohio 45405

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

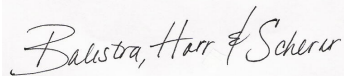
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Horizon Science Academy Dayton, Montgomery County, Ohio, (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. 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 on January 23, 2010.
2. We read the policy, noting it included the following requirements from the 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 3313.66;
  - 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;

- 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 district administration semiannually provide the president of the academy board a written summary of all reported incidents and post the summary on its web site, if the academy 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 and is not intended to be and should not be used by anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.

March 1, 2011



# Dave Yost • Auditor of State

**HORIZON SCIENCE ACADEMY OF DAYTON**

**MONTGOMERY 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  
MAY 5, 2011**