

Horizon Science Academy Elementary School
Franklin 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 of Directors
Horizon Science Academy Elementary School
2835 Morse Road
Columbus, Ohio 43231

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy Elementary School, Franklin 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 Elementary School 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 7, 2011

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Horizon Science Academy Elementary School

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Independent Auditor's Report

Members of the Board
Horizon Science Academy Elementary School
2835 Morse Road
Columbus, OH 43231

We have audited the accompanying financial statements of the business-type activities of the Horizon Science Academy Elementary School, Franklin 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 our audit provides a reasonable basis for our opinion.

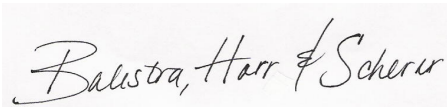
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Horizon Science Academy Elementary School, Franklin County, Ohio, as of June 30, 2010, and the respective changes in financial 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 4, 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 Elementary School
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 4, 2011

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

The discussion and analysis of Horizon Science Academy Elementary School'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 \$1,067,272 from 112,617 to \$1,179,889
- The School had total operating revenues of \$2,039,743
- The School had total operating expenses of \$2,574,340
- The current liabilities increased by \$62,161
- The School received Federal and State Grants totaling of \$1,350,731

In its second year, the School gained academic and financial stability by increasing its enrollment up to 300 students and accumulating net assets over a million dollars. Along with the second and final phase of its start-up grant which was \$150,000 for the fiscal year, the School was granted an additional \$400,000 by ODE. The School also received a \$250,000 start-up donation from Walton Family Foundation. With the addition of American Recovery and Reinvestment Act (ARRA) and State Fiscal Stabilization Fund (SFSF) funds, grants and donations made up 37% of the School's revenues for the year. In the fiscal year, the School purchased \$298,115 worth of capital assets.

In the fiscal year the School also issued two short term loans to two other Concept Schools, Horizon Science Academy- Cincinnati and Noble Academy Columbus for a total of \$80,000. Both loans were paid off before the end of the fiscal year. The School also issued a one year note to NOG- Ohio LLC for \$500,000 with an interest rate of 6.25%.

Using this Financial Report:

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

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 *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 can be found on pages 8 and 9 of this report.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

The *Statement of Cash Flows* provides information about how the School finances and meets the cash flow needs of its operations. The School uses enterprise presentation for all of its activities. The *Statement of Cash Flows* can be found on page 10 of this report.

Table 1 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>
Assets		
Current Assets	\$919,276	\$53,948
Non-Current Assets	20,000	20,000
Capital Assets	449,091	193,304
Total Assets	<u>\$1,388,367</u>	<u>\$267,252</u>
Liabilities		
Current Liabilities	197,278	135,117
Long Term Liabilities	11,200	19,518
Total Liabilities	<u>\$208,478</u>	<u>\$154,635</u>
Net Assets	<u><u>\$1,179,889</u></u>	<u><u>\$112,617</u></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the School's net assets totaled \$1,179,889. Current assets represent cash and intergovernmental receivables. Liabilities of \$208,478 represent the amount due at June 30, 2010 for professional services provided, payroll, and capital leases.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

The Statement of Revenues, Expenses and Change 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 June 30, 2009.

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
<u>Operational Income/Expense</u>		
Income		
Foundation Payments	1,999,534	1,355,963
Extracurricular Activities	9,595	1,978
Other Local Revenue	30,614	17,006
Total Operational Income	2,039,743	1,374,947
Expense		
Salaries	948,538	781,006
Benefits	270,194	149,721
Purchased Services	997,888	587,647
Supplies & Materials	226,104	226,202
Other Objects	89,288	63,444
Depreciation Expense	42,328	24,048
Total Operational Expense	2,574,340	1,832,068
Net Operational Loss	(534,597)	(457,121)
<u>Non-Operational Income/Expense</u>		
Federal Grants	1,339,987	566,719
State Grants	10,744	5,000
Interest Payments	0	(1,981)
Contributions and Donations	250,000	0
Interest from Investments	1,138	0
Net Non-Operational Income	1,601,869	569,738
<u>Net Assets</u>		
Change in Net Assets	1,067,272	112,617
Net Assets at Beginning of Year	112,617	0
Net Assets at End of Year	\$ 1,179,889	\$ 112,617

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

The 47% Increase in Foundation payments is due to increase in enrollment from 200 to 300. The salaries also increased 21% due to an increase in student population. Purchased services increased 70% due to an increase in annual rent (in the previous fiscal year the School paid rent only for 10 months), an increase of management fees from 10% to 12% of foundation income, and an increase in additional instructional services and advertisement under the scope of start-up funds.

Capital Assets:

As of June 30, 2010, Horizon Science Academy Columbus Elementary School had \$449,091 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.

Capital Assets				
	Balance			Ending
	July 1, 2009	Additions	Deletions	June 30, 2010
Equipment- Instructional	\$ 163,533	\$ 287,279	\$ -	\$ 450,812
Equipment- Office	41,759	10,836	-	52,595
Improvements	12,060	-	-	12,060
Total Fixed Assets	\$ 217,352	\$ 298,115	\$ -	\$ 515,467
Less: Accumulated Depreciation	(24,048)	(42,328)	-	(66,376)
Net Fixed Assets	\$ 193,304	\$ 255,787	\$ -	\$ 449,091

For additional information regarding capital assets, please see Note 4 in the Notes to the Basic Financial Statements.

Long Term Obligations:

In September of 2009, the School leased copy machines and computer equipment from CIT Technologies. These transactions have been recorded as capital leases. As of June 30, 2010, the capital lease principal balance is \$19,517. For additional information regarding these leases, please refer to Note 11 in the Notes to the Basic Financial Statements.

Budget

Pursuant to the Sponsor’s contract with the Governing Authority, the School prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The School will from time to time adopt budget revisions as necessary.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

Restrictions and Other Limitations

The future stability of the School is not without challenges. The School does not receive any funds from taxes. The primary source of funding is the state foundation program. An economic slowdown in the state could result in budgetary cuts to education, which would have a negative impact on the School.

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 ELEMENTARY SCHOOL
FRANKLIN COUNTY

Statement of Net Assets
As of June 30, 2010

ASSETS

Current Assets

Cash and Cash Equivalents	300,243
Intergovernmental Receivable	119,033
Note Receivable- NOG-Ohio	500,000
Total Current Assets	919,276

Non-Current Assets

Security Deposit	20,000
Capital Assets (Net of Accumulated Depreciation)	449,091
Total Non-Current Assets	469,091

Total Assets	1,388,367
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LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	92,589
Accrued Wages	71,981
Payroll Liabilities	24,391
Capital Leases- Due within One Year	8,317
Total Current Liabilities	197,278

Long Term Liabilities

Capital Leases- Long Term	11,200
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Total Liabilities	208,478
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	429,574
Unrestricted	750,315
Total Net Assets	\$ 1,179,889

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY

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

Operational Income/Expense

Income

Foundation Payments	1,999,534
Extracurricular Activities	9,595
Other Local Revenue	30,614

Total Operational Income 2,039,743

Expense

Salaries	948,538
Benefits	270,194
Purchased Services	997,888
Supplies & Materials	226,104
Other Objects	89,288
Depreciation Expense	42,328

Total Operational Expense 2,574,340

Net Operational Loss (534,597)

Non-Operational Income/Expense

Federal Grants	1,339,987
State Grants	10,744
Contributions and Donations	250,000
Interest from Investments	1,138

Net Non-Operational Income 1,601,869

Net Assets

Change in Net Assets	1,067,272
Net Assets at Beginning of Year	112,617
Net Assets at End of Year	<u>\$ 1,179,889</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

Cash Flows from Operating Activities	
Cash Received from State of Ohio	1,980,249
Cash Received from Other Operating Revenues	40,209
Cash Payments to Suppliers for Goods and Services	(1,182,455)
Cash Payments to Employees for Services	(943,210)
Cash Payments for Employee Benefits	(255,521)
Other Cash Payments	(89,288)
Net Cash Used for Operating Activities	(450,016)
Cash Flows from Noncapital Financing Activities	
Grants Received from Federal Government	1,266,754
Grants Received from State	10,744
Donation from Walton Family Foundation	250,000
Loan to Noble Academy- Columbus	(55,000)
Loan to HAS- Cincinnati	(25,000)
Note Receivable- NOG Ohio	(500,000)
Loan Payments	80,000
Interest from Note Investments	1,138
Net Cash Provided by Noncapital Financing Activities:	1,028,636
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(298,115)
Payments for Capital Leases	(7,695)
Net Cash Used for Capital and Related Financing Activities	(305,810)
Net Increase in Cash and Cash Equivalents	\$ 272,810
Cash and Cash Equivalents, Beginning of Year	\$ 27,433
Cash and Cash Equivalents, End of Year	\$ 300,243

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY

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

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

Operating Loss	\$	(534,597)
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**Adjustments to Reconcile Operating Loss to Net Cash
Used for Operating Activities**

Depreciation	42,328
Increase in Accounts Payable	41,537
Increase in Accrued Wages	5,328
Increase in Payroll Liabilities	14,673
Increase in IG Receivable	(19,285)
Total Adjustments	84,581

Net Cash Used for Operating Activities	\$	(450,016)
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN 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 Columbus Elementary School (the School), is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades K through five in Columbus. The School, which is part of the State's education program, is independent of any School and is nonsectarian in its programs, admission policies, employment practices, and all other operations.

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

The School was approved for operation under contract with the Buckeye Hope Foundation (the Sponsor) for a period of one year commencing March 31, 2008. The contract has been extended in May 2010 until June 30, 2015.

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 31 personnel for up to 300 students.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN 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 Changes in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the School finances meets the cash flow needs of its enterprise activities.

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

C. Budgetary Process

Unlike 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 less than 90 days is considered a cash equivalent and any investment with an original maturity 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.

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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets and Depreciation (Continued)

	<u>Useful Life</u>
Improvements	3 to 10 years
Buildings	30 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

F. Intergovernmental Revenues

In fiscal year 2010 the School participated in the State Foundation Program, State Poverty Based Assistance Program and Special Education Program. Revenues received from these and other State programs are recognized as operating revenues. Amounts awarded under these programs in the fiscal year 2010 totaled \$1,999,534.

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 in fiscal year 2010 totaled \$1,350,731.

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.

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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Custodial credit risk is the risk that in the event of a bank failure, the School's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. The institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of governmental securities valued at least 105% of the total value of public monies on deposit at the institution. The School's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

On June 30, 2010, the total carrying book balances of the School's two bank accounts at Chase Bank were \$49,544 and \$250,699 and the cleared bank balances were \$79,076 and \$250,699. The bank balances were either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

4. CAPITAL ASSETS

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

Capital Assets				
	Balance			Ending
	July 1, 2009	Additions	Deletions	June 30, 2010
Equipment- Instructional	\$ 163,533	\$ 287,279	\$ -	\$ 450,812
Equipment- Office	41,759	10,836	-	52,595
Improvements	12,060	-	-	12,060
Total Fixed Assets	\$ 217,352	\$ 298,115	\$ -	\$ 515,467
Less: Accumulated Depreciation	(24,048)	(42,328)	-	(66,376)
Net Fixed Assets	\$ 193,304	\$ 255,787	\$ -	\$ 449,091

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN 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% of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14% 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% 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% for plan members and 14% 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 and 2009 were \$18,770 and \$13,182, respectively; 86% has been contributed during the fiscal year, and 100% has been contributed for 2009.

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.

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 an age 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% 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 ELEMENTARY SCHOOL
FRANKLIN 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% of their annual covered salaries. The School was required to contribute 14%; 13% 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% for members and 14% 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 and 2009 were \$122,026 and \$88,104, respectively; 91% has been contributed for 2010, and 100% has been contributed for 2009.

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 % 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 % 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 ELEMENTARY SCHOOL
FRANKLIN 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 contribution for health care for the fiscal years ended June 30, 2010 and 2009 were \$1,167 and \$3,916, respectively; 86% has been contributed for 2010 and 100% has been contributed for 2009.

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% of covered payroll. The School's contribution for Medicare Part B for the fiscal years ended June 30, 2010 and 2009 were \$1,018 and \$723, respectively; 86% has been contributed for 2010 and 100% has been contributed for 2009.

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 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 1% of covered payroll to the Health Care Stabilization Fund. The School's contribution for health care for the fiscal years ended June 30, 2010 and 2009 were \$8,716 and \$6,291; 91% has been contributed 2010 and 100% as been contributed for 2009.

7. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School contracted with Great American Insurance Company for property and general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate with \$1,000 deductible. The School did not make any claims in the fiscal year.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN 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:

Purchased Services	
Type	Amount
Instructional Services	\$ 137,675
Other Professional Services	147,106
Management Fees	233,420
Rent and Property Services	366,427
Advertising and Communications	80,968
Pupil Transportation	18,331
Extra-Curricular Activities	13,130
Staff Travel Expenses	831
Total	\$ 997,888

10. OPERATING LEASES

In August 2008, the School entered into a lease agreement for the School building at 2835 Morse Road with Charter Schools Development Corporation for ten years. The contracted lease amount was \$240,000 per year with an annual increase of 4%. In April 2009, the contracted lease amount was increased to \$309,609 due to increased construction costs. In the fiscal year 2010, the School paid total rent of \$246,400. The required lease payments for the following three years will be as follows:

Sep 2010 – Aug 2011	\$334,872
Sep 2011 – Aug 2012	\$348,267
Sep 2012 – Aug 2013	\$362,198

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

11. CAPITAL LEASES

In September 2009 the School leased two copy machines/printers and Thin Client computer systems (30) from CIT Technologies. 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. Capital assets of \$32,603 have been recorded, which represents the present value of equipment's at time of acquisition. The accumulated depreciation for the capital lease assets was \$6,005 for the fiscal year. Principal payments for fiscal year 2010 totaled \$7,695. The following is a schedule of the future minimum lease payments required for the capital leases as of June 30, 2010.

Capital Leases Payment Schedule			
	Lease Payments	Interest	Principal
2011	9,545	1,228	8,317
2012	6,050	649	5,401
2013	4,884	290	4,594
2014	1,221	16	1,205
Total	\$ 21,700	\$ 2,183	\$ 19,517

12. CONTINGENCIES

A. Grants

In fiscal year 2010, the School received Federal and State grants in total of \$1,350,731. In the fiscal year the School also received \$250,000 of start-up grant from Walton Family Foundation. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability for the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of 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 \$19,285. This amount is reflected under Intergovernmental Receivables in the Statement of Net Assets.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

13. NOTE RECEIVABLES TO OTHER RELATED PARTIES

In August 2009, the School issued a \$25,000 loan to H.S.A.- Cincinnati and a \$55,000 loan to Noble Academy- Columbus. Both loans were paid off before the end of the fiscal year. The School recorded interest income of \$440 from H.S.A. Cincinnati.

In June 2010, the School also issued a Note to NOG- Ohio LLC for \$500,000 for a term of one year with the option of extension for another year with an interest rate of 6.25%. The interest will be paid quarterly. NOG- Ohio is a subsidiary of New Plan Learning which is a non-profit organization schools established to acquire and manage school facilities for schools managed by Concept Schools.

14. SPONSORSHIP AGREEMENT

On March 31, 2008, the School signed a sponsorship agreement with Buckeye Hope Foundation for one year. The contract is renewed every year in one year terms. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. According to the contract agreed by both parties, the School pays 3% of its foundation revenues to the Sponsor. In fiscal year 2010, the School's compensation to the Sponsor was \$59,140.

15. MANAGEMENT COMPANY AGREEMENT

The School contracted with Concepts Schools, Inc. on March 15, 2008 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 State. The total management fees incurred in fiscal year 2010 was \$233,420.

Horizon Science Academy Elementary School
Franklin 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	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
National School Lunch Program	3L60	10.555	\$ 132,525	\$ 12,961	\$ 132,525	\$ 12,961
School Breakfast Program	3L70	10.553	47,826	-	47,826	-
Total Nutrition Cluster			180,351	12,961	180,351	12,961
Child Nutrition Program Discretionary Grants	3DC0	10.579	5,075	-	5,075	-
Total United States Department of Agriculture			185,426	12,961	185,426	12,961
United States Department of Education						
<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	261,303	-	246,589	-
Title I Grants to Local Education Agencies, ARRA	3DK0	84.389	142,355	-	138,052	-
Total Title I, Part A Cluster			403,658	-	384,641	-
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	30,897	-	30,897	-
Special Education - Grants to States, ARRA	3DJ0	84.391	37,306	-	37,306	-
Total Special Education Cluster			68,203	-	68,203	-
Safe and Drug-Free Schools and Communities - State Grants	3D10	84.186	825	-	825	-
Charter Schools	3T40	84.282	453,228	-	489,164	-
Education Technology State Grants	3S20	84.318	2,268	-	2,268	-
Improving Teacher Quality State Grants	3Y60	84.367	9,472	-	9,472	-
State Fiscal Stabilization Fund (SFSF) - Education State Grants, ARRA	GRF	84.394	133,587	-	137,174	-
Total United States Department of Education			1,071,241	-	1,091,747	-
Total Federal Financial Assistance			\$ 1,256,667	\$ 12,961	\$ 1,277,173	\$ 12,961

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

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

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.

NOTE C – FOOD DONATION

Program regulations do not require the School to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received as assessed by the U.S. Department of Agriculture.



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 Elementary School
2835 Morse Road
Columbus, Ohio 43231

We have audited the financial statements of the business-type activities of the Horizon Science Academy Elementary School, Franklin 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 4, 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School's internal control over financial reporting.

A 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.

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*.

Members of the Board

Horizon Science Academy Elementary School

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

Page 2

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.

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 4, 2011



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 Elementary School
2835 Morse Road
Columbus, Ohio 43231

Compliance

We have audited the compliance of Horizon Science Academy Elementary School (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 Elementary School'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 Elementary School 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. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2010-001.

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 Elementary School

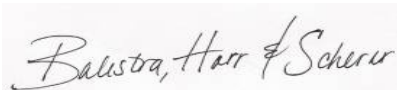
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 4, 2011

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

Summary of Auditor's Results

<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?	Yes
<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 Charter Schools – CFDA #84.282
<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.

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2010-001
CFDA Title and Number	Title I – CFDA #84.010 Title I (ARRA) – CFDA #34.389 State Fiscal Stabilization Fund (SFSF) – Education State Grants (ARRA) – CFDA #84.394 Charter Schools – CFDA #84.282
Federal Award Year	2009-2010
Federal Agency	United States Department of Education

Noncompliance Citation – Reporting

Circular A-133 and Title 31 of the United States Code requires that the audit shall be completed and the data collection form and reporting package shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The School did not submit the required reports within this time frame for fiscal year 2009.

The School should ensure that the audits required by Circular A-133 are properly performed and submitted when due. When extensions to the report submission due date are granted by the cognizant or oversight agency for audit, the School should promptly notify the Federal clearinghouse designated by OMB and each pass-through entity providing Federal awards of the extension.

Horizon Science Academy Elementary School
Franklin County
Corrective Action Plan
OMB Circular A-133 §315(c)
June 30, 2010

Corrective Action Plan for Finding 2010-001:

Finding Control Number: 2010-001

Summary of Finding: The School did not submit the data collection form and reporting package within the required time frame for fiscal year 2009.

Statement of Concurrence: The School is aware of Finding 2010-001 and agrees that the finding as stated is correct.

Corrective Action: The School is working closely with its independent public accountant to ensure that all appropriate deadlines are met. The School will ensure that this deadline is complied with for 2010 and all future years.

Contact Person: The official responsible for completing the corrective action is listed below:

Ryan Uysaler
Treasurer
Phone: (614) 428-7656
Email: uysaler@conceptschoools.org



Independent Auditor’s Report on Applying Agreed-Upon Procedures

Members of the Board
Horizon Science Academy Elementary School
Franklin County
2835 Morse Road
Columbus, Ohio 43231

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.”

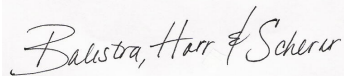
Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Horizon Science Academy Elementary School, Franklin County, Ohio, (the School) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 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 September 19, 2009.
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 4, 2011

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Dave Yost • Auditor of State

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL

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
MAY 5, 2011**