

Horizon Science Academy of Columbus  
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

Members of the Board  
Horizon Science Academy of Columbus  
1070 Morse Road  
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy of Columbus, 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 of Columbus 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 14, 2011

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**Horizon Science Academy of Columbus**  
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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 Columbus  
1070 Morse Road  
Columbus, OH 43229

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Horizon Science Academy of Columbus, 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 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 Columbus  
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 COLUMBUS  
FRANKLIN 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- Columbus'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 \$65,808 from \$196,253 to \$262,061
- The School had total operating revenues of \$2,207,220
- The School had total operating expenses of \$3,109,505
- The current liabilities decreased by \$81,727
- The School received Federal and State Grants total of \$961,974

In fiscal year 2010, the School improved both financially and academically. The enrollment increased by 40 students from 330 to 370 and the School was rated "Excellent" for the second year in a row by the Department of Education. Under the scope of ARRA (American Recovery and Reinvestment Act) grants, the School received a total of \$350,842. Remaining balance of ARRA grants, a total of \$95,136 is available for the School in fiscal year 2011. The School also managed to pay all incurred management fees in the fiscal year. Due to its financial incapacity, it was granted fee forgiveness; \$181,937 in fiscal year 2009 and \$116,318 in fiscal year 2008.

**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 7 and 8 of this report.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
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 9 of this report.

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	119,723	0
Other Current Assets	68,839	163,933
Capital Assets	256,320	257,689
Other Non-Current Assets	0	43,375
<b>Total Assets</b>	<b><u>\$444,882</u></b>	<b><u>\$464,997</u></b>
<b>Liabilities</b>		
Current Liabilities	177,117	258,844
Long Term Liabilities	5,704	9,900
<b>Total Liabilities</b>	<b><u>\$182,821</u></b>	<b><u>\$268,744</u></b>
<b>Net Assets</b>	<b><u>\$262,061</u></b>	<b><u>\$196,253</u></b>

In the fiscal year the School significantly improved its cash reserves by collecting \$76,014 of accounts receivable from H.S.A. Columbus Middle School and security deposit of \$43,375 from B&A Realty upon the termination of a lease agreement. Of this refunded security deposit; \$13,375 was written off due to wear and tear on the facilities and \$15,000 was transferred to Noble Academy as a compensation for improvements on the facilities at the end of the lease term. The School also reduced its current liabilities significantly by paying off the line of credit held with PNC Bank which had a balance of \$26,636 at June 30, 2009, as well as reducing the accounts payables by \$46,109.

**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 that 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.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

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

	<b>June 30, 2010</b>	<b>June 30, 2009</b>
<b><u>Operational Income/Expense</u></b>		
<b>Income</b>		
Foundation Payments	2,169,406	2,141,493
Instructional Fees	9,365	8,797
Food Services	3,146	9,087
Other Local Revenue	25,303	31,105
<b>Total Operational Income</b>	<b>2,207,220</b>	<b>2,190,482</b>
<b>Expense</b>		
Salaries	1,441,306	1,450,396
Benefits	352,794	318,984
Purchased Services	1,025,635	961,734
Supplies & Materials	158,017	115,164
Other Objects	66,238	57,113
Depreciation Expense	65,515	71,691
<b>Total Operational Expense</b>	<b>3,109,505</b>	<b>2,975,082</b>
<b>Net Operational Loss</b>	<b>(902,285)</b>	<b>(784,600)</b>
<b><u>Non-Operational Income/Expense</u></b>		
Federal Grants	953,887	640,198
State Grants	8,087	11,497
Contributions and Donations	8,900	0
Management Fee Forgiveness	0	181,937
Interest Payments	(2,781)	(5,042)
<b>Net Non-Operational Income</b>	<b>968,093</b>	<b>828,590</b>
<b>Change in Net Assets</b>	65,808	43,990
<b>Net Assets at Beginning of Year</b>	196,253	152,263
<b>Net Assets at End of Year</b>	<b>\$ 262,061</b>	<b>\$ 196,253</b>

The 12% increase in the enrollment was not reflected in the foundation revenues due to a 6% cut in the state's education budget. Those funds were replaced with the additional State Fiscal Stabilization Fund Program Revenues (SFSF) which is included in federal grants under non-operational income/expense. The 7% increase in purchased services is partially due to an increase in management fees (from 10% of foundation payments to 12%) and partially due to increased enrollment.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

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

**Capital Assets:**

As of June 30, 2010, Horizon Science Academy- Columbus had \$256,320 invested in capital assets such as office equipment, school furniture, computers and improvements to the facility, net of depreciation. The following table is a summary of Capital Assets as of June 30, 2010.

<b>Capital Assets</b>				
	<b>Ending Balance June 30, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2010</b>
Instructional Equipment & Furniture	\$ 183,887	\$ 40,697	\$ (41,293)	\$ 183,291
Office Equipment & Furniture	156,323	10,245	(25,019)	141,549
Vehicles	11,280	-	(2,602)	8,678
Leasehold Improvements	224,041	13,985	-	238,026
<b>Total Fixed Assets</b>	<b>\$ 575,531</b>	<b>\$ 64,927</b>	<b>\$ (68,914)</b>	<b>\$ 571,544</b>
Less: Accumulated Depreciation	(317,842)	(65,515)	68,133	(315,224)
<b>Net Fixed Assets</b>	<b>\$ 257,689</b>	<b>\$ (588)</b>	<b>\$ (781)</b>	<b>\$ 256,320</b>

For additional information regarding capital assets, please see Note 4 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.

**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 OF COLUMBUS  
FRANKLIN COUNTY

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

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 119,723
Intergovernmental Receivable	40,683
Prepaid Payroll Liabilities	28,156
<b>Total Current Assets</b>	<b>188,562</b>

**Non-Current Assets**

Capital Assets (Net of Accumulated Depreciation)	256,320
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<b>Total Assets</b>	<b>\$ 444,882</b>
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**LIABILITIES & EQUITY**

**Current Liabilities**

Accounts Payable	25,469
Intergovernmental Payable	22,338
Capital Leases- Current	4,196
Accrued Wages	125,114
<b>Total Liabilities</b>	<b>177,117</b>

**Long Term Liabilities**

Capital Leases- Long Term	5,704
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<b>Total Liabilities</b>	<b>182,821</b>
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**NET ASSETS**

Invested in Capital Assets, Net of Related Debt	246,420
Unrestricted	15,641
<b>Total Net Assets</b>	<b>\$ 262,061</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY OF COLUMBUS  
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	\$ 2,169,406
Instructional Fees	9,365
Food Services	3,146
Other Local Revenue	25,303

**Total Operational Income** **2,207,220**

**Expense**

Salaries	1,441,306
Benefits	352,794
Purchased Services	1,025,635
Supplies & Materials	158,017
Other Objects	66,238
Depreciation Expense	65,515

**Total Operational Expense** **3,109,505**

**Net Operational Loss** **(902,285)**

**Non-Operational Income/Expense**

Federal Grants	953,887
State Grants	8,087
Contributions and Donations	8,900
Interest Payments	(2,781)

**Net Non-Operational Income** **968,093**

**Change in Net Assets** **65,808**

**Net Assets at Beginning of Year** **196,253**

**Net Assets at End of Year** **\$ 262,061**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENT

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

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

**Cash Flows from Operating Activities**

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Cash Received from State of Ohio	2,191,744
Cash Received from Other Operating Revenues	113,828
Cash Payments to Suppliers for Goods and Services	(1,229,761)
Cash Payments to Employees for Services	(1,449,436)
Cash Payments for Employee Benefits	(361,778)
Other Cash Payments	(68,745)
<b>Net Cash Used for Operating Activities</b>	<b>(804,148)</b>

**Cash Flows from Noncapital Financing Activities**

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Grants Received from Federal Gov.	966,776
Grants Received from State	8,087
Donations and Contributions	8,900
Return of Security Deposit	43,375
Line of Credit Payments	(26,636)
Interest Payments	(2,781)
<b>Net Cash Provided by Noncapital Financing Activities:</b>	<b>997,721</b>

**Cash Flows from Capital and Related Financing Activities**

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Payments for Capital Acquisitions	(64,146)
Payments for Capital Leases	(9,704)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(73,850)</b>

**Net Increase in Cash and Cash Equivalents** **119,723**

**Cash and Cash Equivalents at Beginning of Year** **0**

**Cash and Cash Equivalents at End of Year** **\$ 119,723**

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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY

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

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

<b>Operating Loss</b>	<b>(902,285)</b>
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</b>	
Depreciation	65,515
Decrease in Prepaid Payroll Liabilities	6,191
Decrease in Accounts Receivable	76,014
Decrease in Bank Overdrafts	(2,507)
Decrease in Accounts Payable	(46,109)
Decrease in Payroll Liabilities	(15,175)
Decrease in Wages Payable	(8,130)
Increase in IG Payable	22,338
<b>Total Adjustments</b>	<b>98,137</b>
<b>Net Cash Used for Operating Activities</b>	<b><u>\$ (804,148)</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

The School may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the School. The School qualifies 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 initially approved for operation in August 1999 under a charter with Ohio Department of Education which expired on June 30, 2004. The School is currently under contract with Lucas County Educational Service Center (the Sponsor) until May 30, 2012.

The School operates under the direction of a self-appointed five-member Board of Education. 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 41 personnel for up to 370 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 COLUMBUS  
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 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 meets the cash flow needs for 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. Unearned 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 unearned 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. Total cash amount at the end of the fiscal year is presented as "Cash" in the Statement of Net Assets. 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 one thousand dollars for inventory assets and five thousand dollars for fixtures and improvements. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. The School does not capitalize interest. Furniture, fixtures, vehicles and equipment are depreciated using the straight-line method over the following estimated useful lives.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

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

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

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

Improvements to capital assets are depreciated 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.

**F. Intergovernmental Revenues**

The School currently participates in the State Foundation Program, Special Education Program, and the Parity Aid Program which are reflected under "State Aid". 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 \$2,177,493.

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 \$953,887.

**G. Operating Revenues and Expenses**

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

**H. Compensated Absences**

School policy indicates that all full time employees are entitled to eight days of sick/personal leave 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. The School also compensates its employees \$100 per day for each unused sick/personal day. This compensation for the fiscal year was recorded under accrued wages.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

**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. Use of 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.

At June 30 2010, the carrying book balance of the School's bank account at Chase Bank was \$119,723 and the cleared bank balance was \$172,550. 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>Ending Balance June 30, 2009</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2010</b>
Instructional Equipment & Furniture	\$ 183,887	\$ 40,697	\$ (41,293)	\$ 183,291
Office Equipment & Furniture	156,323	10,245	(25,019)	141,549
Vehicles	11,280	-	(2,602)	8,678
Leasehold Improvements	224,041	13,985	-	238,026
<b>Total Fixed Assets</b>	<b>\$ 575,531</b>	<b>\$ 64,927</b>	<b>\$ (68,914)</b>	<b>\$ 571,544</b>
Less: Accumulated Depreciation	(317,842)	(65,515)	68,133	(315,224)
<b>Net Fixed Assets</b>	<b>\$ 257,689</b>	<b>\$ (588)</b>	<b>\$ (781)</b>	<b>\$ 256,320</b>

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

**5. SECURITY DEPOSIT**

According to the terms of the School's operating lease for the middle school buildings, the School paid the lessor \$43,375 during fiscal year 2000 as a security deposit for the building lease. This amount was being held by B&A Realty. In October 2009 the School and B & A Realty agreed to terminate the lease agreement. According to agreement, \$13,375 will be deducted for the damages on the building and remaining \$30,000 was paid back to the School. With the request of Noble Academy- Columbus, the School's tenant at the location and the School Board's decision, \$15,000 was transferred to Noble Academy- Columbus in order to compensate some of Noble Academy's expenses for improvements on the building. Noble Academy spent over \$40,000 in order to repair and improve the condition of the facilities.

**6. 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, 2009, and 2008 were \$24,664, \$27,077, and \$26,855, respectively; 100% 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).

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

**6. DEFINED BENEFIT PENSION PLANS (continued)**

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

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% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years 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, 2009, and 2008 were \$181,395, \$180,887, and \$213,011, respectively; 100% 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% of wages paid.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

**7. 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.

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 \$810, \$8,084, and \$8,018, respectively; 100% 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 % of covered payroll. The School's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,339, \$1,276 and \$1,266, respectively; 100% 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 \$12,957, \$15,215, and \$18,613, respectively; 100% has been contributed for all three fiscal years.

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
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. 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.

**10. PURCHASED SERVICES**

Purchased service expenses during fiscal year 2010 were as follows:

<b>Purchased Services</b>	
<b>Type</b>	<b>Amount</b>
Instructional Services	97,407
Other Professional Services	92,064
Management Fees	264,948
Rent and Property Services	499,164
Advertising and Communications	12,574
Pupil Transportation	25,195
Extra-Curricular Activities	30,460
Staff Travel Expenses	3,823
<b>Total</b>	<b>\$ 1,025,635</b>

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

**11. CAPITAL LEASES**

During current and prior years, the School entered into several 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. Capital assets of \$53,173 have been recorded, which represents the present value of equipment at time of acquisition. The accumulated depreciation for the capital lease assets was \$37,174 for the fiscal year. During the fiscal year the principal and interest payments totaled \$9,704 and \$1,023, respectively. The following is a schedule of the future minimum lease payments as of June 30, 2010.

<b>Capital Leases Payment Schedule</b>			
	<b>Lease Payments</b>	<b>Interest</b>	<b>Principal</b>
2011	\$ 4,794	\$ 598	\$ 4,196
2012	4,794	274	4,520
2013	1,199	15	1,184
<b>Total Lease Payments</b>	<b>\$ 10,787</b>	<b>\$ 887</b>	<b>\$ 9,900</b>

**12. LINE OF CREDIT**

The School entered into a promissory note for a line of credit with National City Bank during fiscal year 2006 in the amount of \$50,000. The School was supposed to make minimum interest payments each month. The interest rate is tied to the prime rate and re-indexed as this rate moves. At the beginning of the fiscal year the balance of the line of credit was \$26,636 with an interest rate of 7%. The entire balance was paid off during the fiscal year. The interest payments to National City Bank totaled \$1,758 for the fiscal year.

**13. OPERATING LEASES**

In June 2008 the School extended its lease agreement with Breeze Inc., until June 30, 2018. The School's contracted annual lease for the fiscal year 2010 was \$438,022. However Breeze Inc. agreed to reduce the rent to \$398,098 for the fiscal year. Breeze Inc. is a subsidiary of New Plan Learning which is a non-profit organization established to acquire and manage school facilities for community schools. The required lease payments according to the agreement for the next three years are as follows:

<u>Fiscal year ending</u>	<u>Contracted Lease</u>
June 30, 2011	\$ 384,000
June 30, 2012	\$ 473,765
June 30, 2013	\$ 492,715

**HORIZON SCIENCE ACADEMY OF COLUMBUS  
FRANKLIN COUNTY**

**14. 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. The review for Fiscal Year 2010 showed the School was overpaid by \$22,338 which was to be deducted from School's Foundation payments in fiscal year 2011.

**15. SPONSORSHIP AGREEMENT**

On July 1, 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. On May 2, 2007 the original contract was extended until July 1, 2012. According to the contract, the School pays 1.5% of its foundation revenues to the Sponsor. In fiscal year 2010, the School's compensation to the Sponsor was \$32,798.

**16. MANAGEMENT COMPANY AGREEMENT**

The School contracted with Concepts Schools Inc. 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 \$280,502.

Horizon Science Academy of Columbus  
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
<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	\$ 97,955	\$ 9,449	\$ 97,955	\$ 9,449
School Breakfast Program	3L70	10.553	33,233	-	33,233	-
Total Nutrition Cluster			131,188	9,449	131,188	9,449
Child Nutrition Discretionary Grants Limited Availability	3DC0	10.579	4,435	-	4,435	-
<b>Total United States Department of Agriculture</b>			135,623	9,449	135,623	9,449
<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	285,573	-	282,741	-
Title I Grants to Local Educational Agencies, ARRA	3DK0	84.389	146,461	-	152,880	-
Total Title I, Part A Cluster			432,034	-	435,621	-
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	88,685	-	58,203	-
Special Education - Grants to States, ARRA	3DJ0	84.391	53,374	-	66,029	-
Total Special Education Cluster			142,059	-	124,232	-
<i>Safe and Drug-Free Schools and Communities -</i>						
State Grants	3D10	84.186	723	-	3,327	-
Twenty-First Century Community Learning Centers	3Y20	84.287	-	-	14,982	-
School Improvements Grant	3AN0	84.377	16,190	-	-	-
Education Technology State Grants	3S20	84.318	1,220	-	2,557	-
Improving Teacher Quality State Grants	3Y60	84.367	22,438	-	22,438	-
State Fiscal Stabilization Fund (SFSF) - Education State Grants, ARRA	GRF	84.394	151,007	-	145,770	-
			191,578	-	189,074	-
<i>Received directly from the United States Department of Education</i>						
Foreign Language Assistance Program	NA	84.293	59,731	-	69,030	-
<b>Total United States Department of Education</b>			825,402	-	817,957	-
<b>Total Federal Financial Assistance</b>			\$ 961,025	\$ 9,449	\$ 953,580	\$ 9,449

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

**Horizon Science Academy of Columbus**  
*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.

**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 entitlement 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 of Columbus  
1070 Morse Road  
Columbus, Ohio 43229

We have audited the financial statements of the business-type activities of the Horizon Science Academy of Columbus, 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 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.

**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 of Columbus

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 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 Columbus  
1070 Morse Road  
Columbus, Ohio 43229

**Compliance**

We have audited the compliance of Horizon Science Academy of Columbus (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 Columbus'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 Columbus 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 Academy'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 Academy'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 Academy's internal control over compliance.

Members of the Board

Horizon Science Academy of Columbus

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 to 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 Columbus**  
*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.



# Dave Yost • Auditor of State

**HORIZON SCIENCE ACADEMY OF COLUMBUS**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 5, 2011**