



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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HORIZON SCIENCE ACADEMY – CINCINNATI  
HAMILTON COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2011  
Fiscal Year Audited Under GAGAS: 2011





# Dave Yost • Auditor of State

Board of Directors  
Horizon Science Academy-Cincinnati  
1055 Laidlaw Ave  
Cincinnati, Ohio 45237

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy-Cincinnati, Hamilton County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2010 through June 30, 2011. 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-Cincinnati is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

February 3, 2012

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HORIZON SCIENCE ACADEMY - CINCINNATI  
YEAR ENDED JUNE 30, 2011

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report

Members of the Board  
Horizon Science Academy - Cincinnati  
Hamilton County, Ohio  
1055 Laidlaw Avenue  
Cincinnati, Ohio 45237

We have audited the accompanying financial statements of the business-type activities of the Horizon Science Academy - Cincinnati, Hamilton County, Ohio, (the School), as of and for the year ended June 30, 2011, 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 financial position of the business-type activities of Horizon Science Academy – Cincinnati, Hamilton County, Ohio, as of June 30, 2011, and the change in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 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 do 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. The 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the School's basic financial statements taken as a whole. The Schedule of Federal Awards Receipts and Expenditures provides additional information 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. The Schedule of Federal Awards Receipts and Expenditures is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 2011

HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

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The discussion and analysis of Horizon Science Academy- Cincinnati, Inc.'s (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2011. 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 2011 are as follows:

- Total net assets decreased by \$20,569 from \$59,592 to \$39,023
- The School had total operating revenues of \$2,208,647
- The School had total operating expenses of \$3,068,252
- The current liabilities increased by \$68,092
- The School received Federal and State Grants totaling of \$841,349

In the fiscal year ended June 30, 2011, although the School maintained its enrollment around 350, same as the previous year; it recorded a small loss of \$20,569. That was mainly due to receiving less ARRA (American Recovery and Reinvestment Act) funds in the fiscal year. The School used most of its one time ARRA Title allocations in fiscal year 2010; it received a total of \$171,543 under ARRA funds in fiscal year 2010, whereas it received only \$42,661 in fiscal year 2011.

**Using this Financial Report:**

This annual report consists of three parts; Management's Discussion and Analysis, the Financial Statements and Notes to the Basic Financial Statements. The Financial Statements part includes a *Statement of Net Assets*, a *Statement of Revenues, Expenses and Change in Net Assets* and a *Statement of Cash Flows*.

These statements report the School's *net assets* and changes to those assets. This change is important because it tells the reader whether the *financial position* of the School has improved or diminished during the fiscal year. The cause of this change may be 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* performed financially *during the fiscal year*. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting method used by most private-sector companies. This basis of accounting includes all 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.

The *Statement of Cash Flows* provides information about how the School financed and met the cash flow needs for its operations during the fiscal year. The School uses enterprise presentation for all its activities. The *Statement of Cash Flows* can be found on page 9 and 10 of this report.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

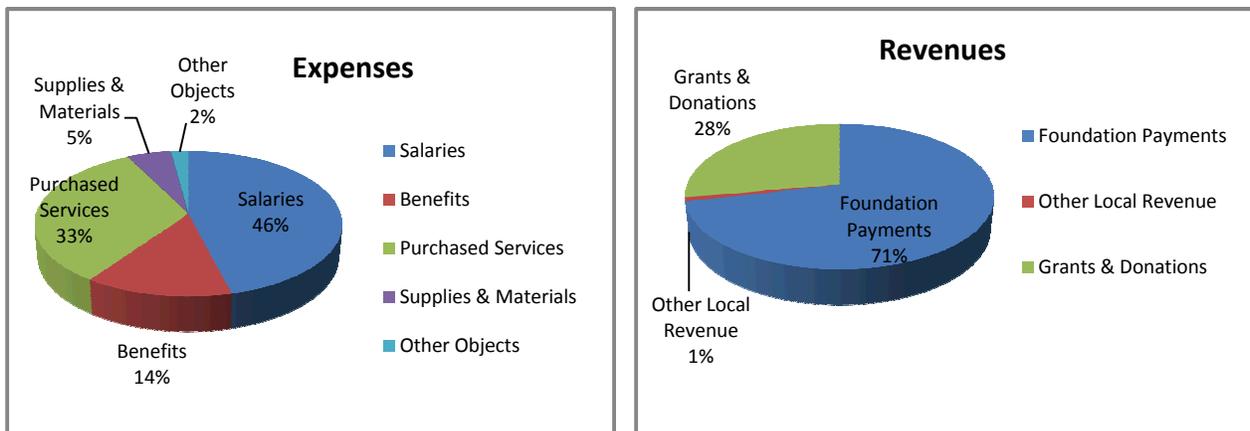
The following table provides a comparison of the School’s Net Assets in fiscal years 2011 and 2010.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b>Assets</b>		
Cash	137,153	35,132
Other Current Assets	31,137	71,402
Capital Assets	216,761	279,000
<b>Total Assets</b>	<b>385,051</b>	<b>385,534</b>
<b>Liabilities</b>		
Current Liabilities	320,844	252,752
Long Term Liabilities	25,184	73,190
<b>Total Liabilities</b>	<b>346,028</b>	<b>325,942</b>
<b>Net Assets</b>	<b>\$ 39,023</b>	<b>\$ 59,592</b>

Even though the School’s Net Assets reduced 35%, it strengthened its cash position. At the end of the fiscal year the School’s cash reserves was \$137,153. The current liabilities increased by 27% due to payroll liabilities. The School’s Long Term Liabilities were also reduced by 66%.

**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 charts and table are a summary of the Statement of Revenues, Expenses and Change in Net Assets for the fiscal year ended June 30, 2011.



HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

The following table is a comparison of the School’s Statement of Revenues, Expenses and Change in Net Assets in the fiscal years 2011 and 2010.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<b><u>Operational Income/Expense</u></b>		
<b>Income</b>		
Foundation Payments	2,180,370	2,242,381
Other Local Revenue	<u>28,277</u>	<u>28,541</u>
<b>Total Operational Income</b>	<b>2,208,647</b>	<b>2,270,922</b>
<b>Expense</b>		
Salaries	1,373,671	1,335,325
Benefits	405,838	321,311
Purchased Services	982,767	865,873
Supplies & Materials	158,299	341,212
Other Objects	62,163	99,791
Depreciation Expense	<u>85,514</u>	<u>142,174</u>
<b>Total Operational Expense</b>	<b>3,068,252</b>	<b>3,105,686</b>
<b>Net Operational Loss</b>	<b><u>(859,605)</u></b>	<b><u>(834,764)</u></b>
<b><u>Non-Operational Income/Expense</u></b>		
Federal Grants	832,249	866,205
State Grants	9,100	9,699
Contributions & Donations	6,956	11,430
Management Fee Forgiveness	0	158,749
Rent Forgiveness	0	84,000
Interest on Notes	<u>(9,269)</u>	<u>(14,367)</u>
<b>Total Non-Operational Income</b>	<b>839,036</b>	<b>1,115,716</b>
<b><u>Net Assets</u></b>		
<b>Change in Net Assets</b>	(20,569)	280,952
<b>Net Assets at Beginning of Year</b>	59,592	(221,360)
<b>Net Assets at End of Year</b>	<b><u>\$ 39,023</u></b>	<b><u>\$ 59,592</u></b>

In the fiscal year 2011, the School maintained its enrollment around 350 students, same as the previous year. Its operational revenues decreased by only 3% and operational expenses decreased by 1%. However, due to federal grants and management fee and rent write-offs, non-operational income decreased by 25%; which resulted in a small loss of its Net Assets. For the first time since its start, the School was able to pay its management fees entirely. The School started the 2011 – 2012 school year with 386 students.

HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
(UNAUDITED)**

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**Capital Assets:**

As of June 30, 2011, Horizon Science Academy- Cincinnati had \$216,761 invested in capital assets such as office equipment, school furniture, computers, vehicles and improvements to the facility, net of depreciation. The following table is a summary of Capital Assets as of June 30, 2011.

<b>Capital Assets</b>				
	<b>Beginning</b>			<b>Ending</b>
	<b>July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2011</b>
Furniture and Equipment	387,524	7,775	(8,077)	387,222
Vehicle	0	15,500	0	15,500
Facility Improvements	275,348	0	(166,065)	109,283
<b>Total Fixed Assets</b>	<b>\$ 662,872</b>	<b>\$ 23,275</b>	<b>\$ (174,142)</b>	<b>\$ 512,005</b>
Less: Accumulated Depreciation	(383,872)	(85,514)	174,142	(295,244)
<b>Net Fixed Assets</b>	<b>\$ 279,000</b>			<b>\$ 216,761</b>

**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- CINCINNATI  
HAMILTON COUNTY

**Statement of Net Assets**  
**For the Fiscal Year Ended June 30, 2011**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$	137,153
IG Receivable		<u>31,137</u>
<b>Total Current Assets</b>		<b>168,290</b>

**Non-Current Assets**

<b>Capital Assets (Net of Accumulated Depreciation)</b>		<u>216,761</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>385,051</u></b>

**LIABILITIES & EQUITY**

**Current Liabilities**

Accounts Payable	\$	91,547
Accrued Wages		136,536
Payroll Liabilities		49,237
Capital Lease- Current		18,097
Horizon- Cleveland Loan- Current		<u>25,427</u>
<b>Total Current Liabilities</b>		<b>320,844</b>

**Long Term Liabilities**

Capital Leases- Long Term		25,184
<b>Total Liabilities</b>	<b>\$</b>	<b><u>346,028</u></b>

**NET ASSETS**

<b>Investment in Capital Assets, Net of Related Debt</b>		173,480
<b>Unrestricted</b>		<u>(134,457)</u>
<b>Total Net Assets</b>	<b>\$</b>	<b><u>39,023</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY

**Statement of Revenues, Expenses  
and Change in Net Assets  
For the Fiscal Year Ended June 30, 2011**

**Operational Income/Expense**

**Income**

Foundation Payments	\$ 2,180,370
Other Local Revenue	28,277

**Total Operational Income** 2,208,647

**Expense**

Salaries	1,373,671
Benefits	405,838
Purchased Services	982,767
Supplies & Materials	158,299
Other Objects	62,163
Depreciation Expense	85,514

**Total Operational Expense** 3,068,252

**Net Operational Loss** (859,605)

**Non-Operational Income/Expense**

Federal Grants	832,249
State Grants	9,100
Contributions & Donations	6,956
Interest Payment	(9,269)

**Total Non-Operational Income** 839,036

**Net Assets/Accumulated Deficit**

**Change in Net Assets** (20,569)

**Net Assets at Beginning of Year** 59,592

**Net Assets at End of Year** \$ 39,023

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY

**Statement of Cash Flows**  
**For Fiscal Year Ended June 30, 2011**

<b>Cash Flows from Operating Activities</b>	
Cash Received from State of Ohio	\$ 2,231,968
Cash Received from Other Operating Revenues	28,277
Cash Payments to Suppliers for Goods and Services	(1,149,834)
Cash Payments to Employees for Services	(1,350,700)
Cash Payments for Employee Benefits	(355,781)
Other Cash Payments	(62,163)
<b>Net Cash Used for Operating Activities</b>	<b>(658,233)</b>
<b>Cash Flows from Noncapital Financing Activities</b>	
Federal Grants Received	820,096
State Grants Received	9,100
Contributions and Donations	6,956
Loan Payments	(23,597)
Interest Payments	(9,269)
<b>Net Cash Provided by Noncapital Financing Activities:</b>	<b>803,286</b>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	(23,275)
Payments for Capital Leases	(19,757)
<b>Net Cash Used for Capital and Related Activities</b>	<b>(43,032)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>102,021</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>35,132</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 137,153</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY

**Statement of Cash Flows**  
**For Fiscal Year Ended June 30, 2011**  
**(Continued)**

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

Operating Loss	\$ (859,605)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities</b>	
Depreciation	85,514
<b>Changes in Assets and Liabilities</b>	
Decrease in Accounts Payable	(8,768)
Increase in Payroll Liabilities	50,057
Increase in Accrued Wages	22,971
Increase in IG Receivable (State portion)	<u>51,598</u>
<b>Total Adjustments</b>	<b>201,372</b>
<b>Net Cash Used for Operating Activities</b>	<b><u><u>\$ (658,233)</u></u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2011**

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

Horizon Science Academy- Cincinnati, 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 K through twelve in Cincinnati. 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 is currently under contract for operation with the Lucas County Educational Service Center (the Sponsor) for a period of five years commencing July 1, 2011 and ending on June 30, 2016.

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 2011 the School employed 43 full time and part time personnel for up to 355 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- CINCINNATI  
HAMILTON COUNTY**

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

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

The accounting and financial reporting treatment is determined by its measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the School are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Change in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the School finances 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 other public schools in the State of Ohio, community Schools are not required to follow budgetary provisions set forth in Ohio Revised Code Chapter 5705; rather community schools are required to create a Five Year Budget Forecast that is approved by the School Board and submitted to ODE and to the School's Sponsor twice a year. The contract between the School and its Sponsor does not prescribe any other budgetary process for the School.

**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 2011.

**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- CINCINNATI  
HAMILTON COUNTY**

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

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

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

**F. Intergovernmental Revenues**

In fiscal year 2011 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 2011 totaled \$2,180,370.

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 2011 totaled \$848,305.

**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, 2011 the School did not have any restricted net assets.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON 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**

On June 30, 2011, the total carrying book balance of the School's bank account at Chase Bank was \$137,153 and the bank balance was \$181,388. The bank balance was insured by FDIC for the full amount. The School had no investments at June 30, 2011 or during the fiscal.

**4. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2011 was as follows:

<b>Capital Assets</b>				
	<b>Beginning</b>			<b>Ending</b>
	<b>July 1, 2010</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2011</b>
Furniture and Equipment	387,524	7,775	(8,077)	387,222
Vehicle	0	15,500	0	15,500
Facility Improvements	275,348	0	(166,065)	109,283
<b>Total Fixed Assets</b>	<b>\$ 662,872</b>	<b>\$ 23,275</b>	<b>\$ (174,142)</b>	<b>\$ 512,005</b>
Less: Accumulated Depreciation	(383,872)	(85,514)	174,142	(295,244)
<b>Net Fixed Assets</b>	<b>\$ 279,000</b>			<b>\$ 216,761</b>

**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.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

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

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

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 2011, 11.81% 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, 2011, 2010, and 2009 were \$19,517, \$19,573, and \$19,848 respectively; 88% has been contributed for fiscal year 2011 and 100% was contributed for previous years.

**B. State Teachers Retirement System**

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

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

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

Funding Policy – For the fiscal year ended June 30, 2011, 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, 2011, 2010, and 2009 were \$172,516, \$167,829, and \$144,448 respectively; 83% has been contributed for fiscal year 2011 and 100% was contributed for previous 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, 2011, 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 2011, 1.43% 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, 2011, 2010, and 2009 were \$1,994, \$6,431, and \$5,956 respectively; 100 percent has been contributed for all three fiscal years.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

**6. POSTEMPLOYMENT BENEFITS (Continued)**

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

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2011, 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, 2011, 2010 and 2009 was \$1,060, \$1,062, and \$940 respectively; 100% has been contributed for all three fiscal year.

**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 2011, 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, 2011, 2010 and 2009 were \$12,323, \$11,987, and \$10,317 respectively; 100% has been contributed for all three years.

**7. RISK MANAGEMENT**

The School is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year 2011, the School contracted with Selective 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 2011.

**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.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

**9. PURCHASED SERVICES**

Purchased service expenses during fiscal year 2011 were as follows:

<b>Purchased Services</b>	
<b>Type</b>	<b>Amount</b>
Professional Services	156,610
Management Fees	258,000
Rent and Property Services	370,558
Contracted Food Services	119,223
Advertising and Communications	62,160
Pupil Transportation	6,603
Staff Travel Expenses	9,613
<b>Total</b>	<b>\$ 982,767</b>

**10. LONG TERM LIABILITIES**

In 2006 the School also entered into a loan agreement with Horizon Science Academy- Cleveland, a sister school for \$100,000 with an annual interest of 6.5%. According to the note, the School was supposed to make monthly payments of \$5,845, but due to the deficit in the cash flows no payments were made until November 2007. In November 2007 a new agreement was made among the School Boards proposing monthly payments of \$1,956.61 over 60 months. The balance of the above loan as of June 30, 2011 is as follows:

	<b>Balance as of 6/30/2010</b>	<b>Payments in FY2011</b>	<b>Balance as of 6/30/2011</b>	<b>Due within One Year</b>
Note Pay. to HSA- Clev.	\$ 49,024	(\$23,597)	\$25,427	\$25,427
<b>Total</b>	<b>\$ 49,024</b>	<b>\$23,597</b>	<b>\$25,427</b>	<b>\$25,427</b>

**11. CAPITAL LEASES**

In previous years the School entered into several capitalized lease agreements. In September 2008, the School entered into a lease agreement for 60 months with Comdoc Inc. for two copy machines. At the time of the purchase the total cash value of the copiers was \$23,458. In November 2008, the School purchased 32 computers through a lease agreement with Relational LLC. The cost of the computers was \$20,992. In December 2008 the School entered into a lease agreement for installation of Playground for elementary school. The cost of the Playground was \$25,000. Also in February 2009, the School entered into another lease agreement with Comdoc for a third copy machine. The cash value of the machine was \$12,300.

All the assets acquired by the above lease agreements have been capitalized in the statement of net assets in the amount of \$81,750, which is equal to the present value of the minimum lease payments at the time of acquisition. The accumulated depreciation on those capital assets at the end of the fiscal year was \$40,667. A corresponding liability was split between long-term liabilities due within one year and long-term liabilities due in more than one year on the statement of net assets/accumulated deficit.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

**11. CAPITAL LEASES (Continued)**

All 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. During the fiscal year principal payments and interest payments totaled \$19,757 and \$7,213 respectively. The following is a schedule of the future minimum lease payments required for the capital leases as of June 30, 2011;

	<b>Total Payment</b>	<b>Interest</b>	<b>Principal</b>
2012	22,977	4,880	18,097
2013	18,984	2,645	16,339
2014	9,256	411	8,845
<b>Total Minimum Lease Payments</b>	<b>\$ 51,217</b>	<b>\$ 7,936</b>	<b>\$ 43,281</b>

**12. OPERATING LEASES**

On July 1, 2005, the school entered into a lease agreement with Breeze Inc., a subsidiary of New Plan Learning which is a non-profit organization established to acquire and manage school facilities for community schools for the facilities located at 1055 Laidlaw Ave. Cincinnati, OH 45237 for five years. In June 2007, the agreement was extended for another five years until 2015. In fiscal year 2011, the contracted annual rent was \$365,003 with an annual increase of 4%, however Breeze Inc. reduced the annual rent to \$250,000 for the fiscal year.

**13. CONTINGENCIES**

**A. Grants**

The school received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 2011.

**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 2011, the School is underpaid by \$31,137. This amount is reflected under Intergovernmental Receivables in the Statement of Net Assets.

**HORIZON SCIENCE ACADEMY- CINCINNATI  
HAMILTON COUNTY**

**14. 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. In June 2011 the original contract has been extended until June 30, 2016. According to the contract, the School pays 1.5% of its foundation revenues to the Sponsor. In fiscal year 2011, the school's compensation to the Sponsor was \$33,450.

**15. MANAGEMENT COMPANY AGREEMENT**

School contracted with Concepts Schools, Inc. on March 15, 2006 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. In fiscal year 2011 the School paid a total of \$258,000 in management fees.

Horizon Science Academy - Cincinnati  
Hamilton County  
Schedule of Federal Awards Receipts and Expenditures  
For the Fiscal Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
<b>United States Department of Agriculture</b>				
<i>Passed through Ohio Department of Education</i>				
<i>Nutrition Cluster:</i>				
National School Lunch Program	3L60	10.555	\$ 109,592	\$ 109,592
School Breakfast Program	3L70	10.553	37,966	37,966
Total Nutrition Cluster			<u>147,558</u>	<u>147,558</u>
<b>Total United States Department of Agriculture</b>			<u>147,558</u>	<u>147,558</u>
<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 Education Agencies	3M00	84.010	318,841	318,841
Title I Grants to Local Education Agencies, ARRA	3DK0	84.389	42,661	42,661
Total Title I, Part A Cluster			<u>361,502</u>	<u>361,502</u>
<i>Special Education Cluster:</i>				
Special Education - Grants to States	3M20	84.027	67,020	67,020
Total Special Education Cluster			<u>67,020</u>	<u>67,020</u>
<i>State Fiscal Stabilization Fund Cluster:</i>				
State Fiscal Stabilization Fund (SFSF) - Education State Grants, ARRA	GRF	84.394	185,248	185,248
Total State Fiscal Stabilization Fund Cluster			<u>185,248</u>	<u>185,248</u>
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	16,510	16,510
Educational Technology State Grants	3S20	84.318	3,138	1,062
Improving Teacher Quality State Grants	3Y60	84.367	12,735	12,735
			<u>32,383</u>	<u>30,307</u>
<i>Passed through Horizon Science Academy - Dayton</i>				
Foreign Language Assistance	NA	84.293	26,385	40,112
<b>Total United States Department of Education</b>			<u>672,538</u>	<u>684,189</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 820,096</u>	<u>\$ 831,747</u>

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

**Horizon Science Academy - Cincinnati**  
*Notes to the Schedule of Federal Awards Receipts and Expenditures*  
*For the Fiscal Year Ended June 30, 2011*

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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.



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### **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 - Cincinnati  
Hamilton County, Ohio  
1055 Laidlaw Avenue  
Cincinnati, Ohio 45237

We have audited the financial statements of the business-type activities of Horizon Science Academy - Cincinnati, Hamilton County, Ohio, (the School), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 21, 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.

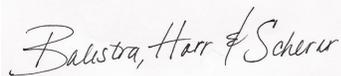
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies 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*.

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



Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 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 – Cincinnati  
Hamilton County, Ohio  
1055 Laidlaw Avenue  
Cincinnati, Ohio 45237

### Compliance

We have audited the compliance of Horizon Science Academy - Cincinnati, Hamilton County, Ohio (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 – Cincinnati’s major federal programs for the year ended June 30, 2011. 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 on the School’s compliance with those requirements.

In our opinion, Horizon Science Academy - Cincinnati 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, 2011.

### Internal Control Over Compliance

The School’s management is responsible for establishing and maintaining effective internal control over compliance with the 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 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.

*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 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, the Board Members, the Community School's sponsor, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 2011

**Horizon Science Academy - Cincinnati  
Hamilton County, Ohio**

**Schedule of Findings  
OMB Circular A-133 Section §.505  
June 30, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant internal control deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (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
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**Horizon Science Academy - Cincinnati  
Hamilton County, Ohio**

**Schedule of Findings  
OMB Circular A-133 Section §.505  
June 30, 2011**

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

**None noted**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**None noted**



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## Independent Auditor's Report on Applying Agreed Upon Procedures

Horizon Science Academy - Cincinnati  
Hamilton County  
1055 Laidlaw Avenue  
Cincinnati, Ohio 45237

To the Board of Education:

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 procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Horizon Science Academy - Cincinnati (the School) has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the School amended its anti-harassment policy at its meeting on October 29, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 the School's sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

Balestra, Harr & Scherer, CPAs, Inc.  
December 21, 2011

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# Dave Yost • Auditor of State

**HORIZON SCIENCE ACADEMY-CINCINNATI**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 16, 2012**