

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

SINGLE AUDIT

JULY 1, 2011 THROUGH JUNE 30, 2012
FISCAL YEAR AUDITED UNDER GAGAS: 2012



Dave Yost • Auditor of State

Board of Directors
Great Western Academy
310 N. Wilson Road
Columbus, Ohio 43204

We have reviewed the *Independent Auditor's Report* of the Great Western Academy, Franklin County, prepared by Gueye & Associates, CPA, for the audit period July 1, 2011 through June 30, 2012. 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 Great Western Academy is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 1, 2013

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**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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INDEPENDENT AUDITOR'S REPORT

Great Western Academy
Franklin County
310 N. Wilson Road
Columbus, Ohio 43204

To the Board of Director:

We have audited the accompanying financial statements of the Great Western Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2012, which collectively comprise the Academy's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Academy's management. Our responsibility is to express opinions 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 the 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 opinions.

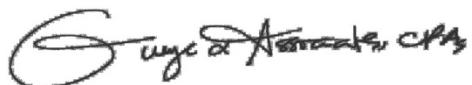
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Great Western Academy, as of June 30, 2012, and the respective changes in financial position, and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2012, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered 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 assurance.

Great Western Academy
Independent Auditor's Report
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the Academy's basic financial statements taken as a whole. The accompanying schedule of expenditure of federal awards 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 is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subjected 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.



Gueye & Associates, CPA

December 31, 2012

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Our discussion and analysis of the Great Western Academy's (Academy's) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets were \$32,680 at June 30 2012.
- The Academy had operating revenues of \$7,525,039, operating expenses of \$8,769,066 and non-operating revenues of \$1,148,341 for fiscal year 2012. Total change in net assets for the fiscal year was a decrease of \$95,686.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Academy's financial activities. The *statement of net assets* and *statement of revenues, expenses and changes in net assets* provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Reporting the Academy's Financial Activities

Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2012?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the Academy's *net assets* and changes in those assets. This change in net assets is important because it tells the reader that, for the Academy as a whole, the *financial position* of the Academy has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. These statements can be found on pages 7 and 8 of this report.

The statement of cash flows provides information about how the Academy finances and meets the cash flow needs of its operations. The statement of cash flows can be found on page 9 of this report.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Table 1 provides a comparative analysis of fiscal year 2012 and 2011:

**Table 1
Net Assets**

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Current assets	\$ 916,089	\$ 415,703
Total assets	<u>916,089</u>	<u>415,703</u>
<u>Liabilities</u>		
Current liabilities	883,409	287,337
Total liabilities	<u>883,409</u>	<u>287,337</u>
<u>Net Assets</u>		
Unrestricted	32,680	128,366
Total net assets	<u>\$ 32,680</u>	<u>\$ 128,366</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012 and June 30, 2011, the Academy's net assets totaled \$32,680 and \$128,366, respectively. This positive equity represents the excess revenues from State and Federal aid not paid out to Imagine Schools, Inc. or other vendors.

The Academy reported intergovernmental receivables for grants at June 30, 2012 and 2011 in the amount of \$323,666 and \$285,384, respectively. Also included in intergovernmental receivables is \$3,848 from the fiscal year 2012 Ohio Department of Education (ODE) full-time equivalency (FTE) review, a \$19,950 refund from the School Employees Retirement System, and \$391,893 in contract services from other Imagine community schools related to the Employee Lease Agreement for the Education Jobs program (see Note 14 for detail). The FTE review for fiscal year 2011 resulted in an amount due to the Academy from ODE in the amount of \$95,210.

The Academy had accounts payable of \$670,026 and \$287,337 for fiscal years 2012 and 2011, respectively, due to Imagine Schools, Inc. and other vendors. The increase in accounts payable is due to an increase in grants receivable at June 30, 2012 that were reported as payable to Imagine Schools, Inc., and for a \$375,000 payable to Imagine Schools, Inc. for the August 2011 foundation payment that was not paid to Imagine Schools, Inc. until September 2012, to assist with the cash flow of the Education Jobs program during fiscal year 2012. The Academy reported \$213,383 in liabilities for accrued wages and benefits and pension obligation payable for employees it employed for the Education Jobs program.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

The table below shows the changes in net assets for fiscal years 2012 and 2011.

**Table 2
Changes in Net Assets**

	<u>2012</u>	<u>2011</u>
<u>Operating Revenues:</u>		
Sales	\$ 58,625	\$ 16,442
Contract services	1,912,661	-
State foundation	5,553,753	4,878,401
Total operating revenue	<u>7,525,039</u>	<u>4,894,843</u>
<u>Operating Expenses:</u>		
Salaries and wages	1,703,865	-
Fringe benefits	462,051	-
Purchased services	6,595,738	7,054,207
Other	7,412	7,259
Total operating expenses	<u>8,769,066</u>	<u>7,061,466</u>
<u>Non-operating Revenues:</u>		
Federal and State grants	1,148,341	2,283,023
Total non-operating revenues	<u>1,148,341</u>	<u>2,283,023</u>
Change in net assets	(95,686)	116,400
Net assets at beginning of year	<u>128,366</u>	<u>11,966</u>
Net assets at end of year	<u>\$ 32,680</u>	<u>\$ 128,366</u>

The Academy experienced an increased student enrollment of 824 students in fiscal year 2012 as compared to 775 students in fiscal year 2011, which resulted in an increase in State foundation revenue for 2012. Sales revenue increased in fiscal year 2012 as a result of increased student lunch receipts.

Contract services revenue, salaries and wages, and fringe benefits expenses were reported by the Academy in fiscal year 2012 to account for the teachers employed by the Academy for the Employee Lease Agreement/Education Jobs program (see Note 14 for detail). The Academy leased its employees qualified to perform on-site school services for the 2011-2012 school year to other Imagine community school districts.

The Academy received Federal grant monies through the American Recovery and Reinvestment Act and Education Jobs program which resulted in a significant increase in Federal and State grant revenue during fiscal year 2011 as compared to fiscal year 2012. The Academy's operating expenses increased \$1,707,600 over the prior school year.

Capital Assets

At June 30, 2012, capital assets reported by the Academy are fully depreciated. Detailed information regarding capital asset activity is included in Note 6 to the basic financial statements.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012
UNAUDITED**

Debt

The Academy had no debt outstanding as of June 30, 2012.

Restrictions and Other Limitations

The future financial stability of the Academy is not without challenges.

The Academy 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 Academy.

Contacting the Academy's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional information please contact Mr. Robert Lotz, Treasurer, Charter School Specialists, 310 North Wilson Road, Columbus, Ohio.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**STATEMENT OF NET ASSETS
JUNE 30, 2012**

Assets:

Current assets:

Cash.	\$ 176,732
Receivables:	
Intergovernmental.	<u>739,357</u>

Total assets 916,089

Liabilities:

Current liabilities:

Accounts payable.	670,026
Accrued wages and benefits	189,055
Pension obligation payable.	<u>24,328</u>
Total liabilities	<u>883,409</u>

Net Assets:

Unrestricted.	<u>32,680</u>
Total net assets	<u>\$ 32,680</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Operating revenues:

Sales	\$ 58,625
Contract services	1,912,661
State foundation	5,553,753
Total operating revenues.	<u>7,525,039</u>

Operating expenses:

Salaries and wages.	1,703,865
Fringe benefits.	462,051
Purchased services.	6,595,738
Other.	7,412
Total operating expenses	<u>8,769,066</u>

Operating loss	<u>(1,244,027)</u>
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Non-operating revenues:

Federal and State grants	1,148,341
Total non-operating revenues	<u>1,148,341</u>

Change in net assets	(95,686)
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Net assets at beginning of year	<u>128,366</u>
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Net assets at end of year.	<u>\$ 32,680</u>
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SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Cash flows from operating activities:

Cash received from sales.	\$ 58,625
Cash received from contract services	1,520,768
Cash received from state foundation.	5,645,115
Cash payments for personal services.	(1,952,533)
Cash payments for purchased services.	(6,232,999)
Cash payments for other expenses	<u>(7,412)</u>

Net cash used in
operating activities

(968,436)

Cash flows from noncapital financing activities:

Cash received from Federal and State grants	<u>1,110,059</u>
Net cash provided by noncapital financing activities.	<u>1,110,059</u>
Net increase in cash	141,623
Cash at beginning of year	35,109
Cash at end of year.	<u>\$ 176,732</u>

**Reconciliation of operating loss to net
cash used in operating activities:**

Operating loss.	\$ (1,244,027)
Changes in assets and liabilities:	
(Increase) in intergovernmental receivable	(320,481)
Increase in accounts payable	382,689
Increase in accrued wages and benefits	189,055
Increase in pension obligation payable	<u>24,328</u>
Net cash used in operating activities	<u>\$ (968,436)</u>

The Academy reported intergovernmental receivables in the amount of \$323,666 and \$285,384 at June 30, 2012 and June 30, 2011, respectively, for non-operating grants.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 1 - DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY

Great Western Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702 to address the needs of students in kindergarten through eighth grade. The Academy, which is part of the State's education program, is independent of any school district and is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

The Academy contracted with Imagine Schools, Inc. for most of its functions beginning February 14, 2006 (See Note 10.A). The Academy was approved for operation under contract with the Ohio Department of Education (the Sponsor) for a period of five years commencing July 1, 2002. On May 30, 2007, the Academy entered into a sponsorship contract with the Lucas County Educational Service Center for a period of five years ending on May 14, 2012. On March 9, 2010, an amendment was made to extend the sponsorship contract through June 30, 2012. On May 21, 2012, the Academy signed a contract with a new sponsor, Buckeye Community Hope Foundation, to operate for the period of July 1, 2012 through June 30, 2015. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration.

The Academy operates under the direction of a seven member Board of Directors. The Board is responsible for carrying out the provisions of the contract which include, but are not limited to, State mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Board of Directors control the Academy's instructional/support facility staffed by employees of the management company who provide services to 824 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) 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 Academy also applies Financial Accounting Standards Board (FASB) guidance issued on or before November 30, 1989, provided it does not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB guidance issued after November 30, 1989. The more significant of the Academy's accounting policies are described below.

A. Basis of Presentation

The Academy's basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows. The Academy uses enterprise accounting to track and report on its financial activities during the fiscal year. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

Enterprise accounting is used to track and report the Academy's financial activities. Enterprise accounting is used to account for operations that are financed in a manner similar to private business enterprises where the intent is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. The statement of changes in net assets presents increases and decreases in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The 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 Academy received 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. Expenses are recognized at the time they are incurred.

C. Budgetary Process

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy 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 Academy will from time to time adopt budget revisions as necessary.

D. Cash

All cash received by the Academy is maintained in a demand deposit account. The Academy did not have any investments during fiscal year 2012.

E. Capital Assets and Depreciation

Capital assets are capitalized at cost and updated for additions and retirements during the year. Donated capital assets are recorded at their fair values as of the dates received. The Academy maintains a capitalization threshold of five thousand dollars. The Academy does not possess any infrastructure. Improvements are capitalized. The cost 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.

Property, plant and equipment is depreciated using the straight line method over the following estimated useful lives. Improvements to capital assets are depreciated over the remaining useful life of the related capital assets.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

<u>Assets</u>	<u>Years</u>
Furniture and equipment	5
Computer & copier equipment	3

F. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program, Special Education, and the Parity Aid Program. Revenue received from these programs is recognized as operating revenues. Amounts awarded under the above programs for the 2012 school year totaled \$5,553,753.

Grants and entitlements 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 use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the Academy on a reimbursement basis. Amounts recognized under the above programs for the 2012 fiscal year totaled \$1,148,341.

G. Accrued Liabilities and Long-Term Obligation

All payables and other accrued liabilities are reported on the statement of net assets.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The Academy did not have any restricted net assets at fiscal year end.

I. Estimates

The preparation of the 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2012, the Academy has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the District.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the District.

NOTE 4 - DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2012, the carrying amount of the Academy's deposits was \$176,732 and the bank balance was \$233,084. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

NOTE 5 - RECEIVABLES/PAYABLES

Receivables at June 30, 2012, consisted of intergovernmental receivables arising from grants and entitlements and amounts due from other governments. All receivables are considered collectible in full. A summary of the intergovernmental receivables follows:

Intergovernmental receivables:	Amount
Title VI-B	\$ 43,715
Title III	10,508
Title I	209,558
Title I ARRA	2,784
Education Jobs	57,101
Education Jobs - Contract Services from Employee Lease Agreement	391,893
Ohio Department of Education - FY12 enrollment and full-time equivalency adjustment	3,848
SERS refund	<u>19,950</u>
Total intergovernmental receivables	<u>\$ 739,357</u>

Under the terms of the operating contract with Imagine Schools, Inc. (see Note 10.A for detail), the Academy has recorded accounts payable to Imagine Schools, Inc. in the amount of \$266,565, for 100 percent of any State and Federal grant monies uncollected or unpaid as of June 30, 2012, \$19,950 for 100 percent of the amount of the SERS refund receivable, and \$3,463 for 90 percent of the amount of the Ohio Department of Education full-time equivalency adjustment at June 30, 2012.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 6 - CAPITAL ASSETS

A summary of the Academy's capital assets at June 30, 2012, follows:

	Balance		Balance	
	<u>06/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/12</u>
Capital assets, being depreciated:				
Equipment	\$ 30,076	\$ -	\$ -	\$ 30,076
Less: accumulated depreciation	<u>(30,076)</u>	<u>-</u>	<u>-</u>	<u>(30,076)</u>
Capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 7 - RISK MANAGEMENT

The Academy is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2012, the Academy maintained the following general liability, employee benefits liability, excess/umbrella liability, and legal liability coverage with WRM America Indemnity Company, Inc

<u>Coverage</u>	<u>Limits of Coverage</u>
General Liability:	
Each occurrence	\$ 1,000,000
General aggregate	2,000,000
Products	2,000,000
Medical expenses, any one person	15,000
Personal & advertising injury	1,000,000
Damages to rented premises	500,000
Employee Benefits Liability:	
Each occurrence	1,000,000
Aggregate limit	1,000,000
Excess/Umbrella liability:	
Each occurrence	10,000,000
Aggregate limit	10,000,000
Products – completed operations aggregate limit	10,000,000
Legal Liability:	
Each claim	1,000,000
Aggregate	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in coverage.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 8 - PENSION PLANS

During fiscal year 2012 the Academy employed its own certified employees in conjunction with the Employee Lease Agreements as described in Note 14. The Academy has also contracted with Imagine Schools, Inc. (see Note 10.A) to provide employee services and to pay those employees. However, these contract services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately responsible for remitting retirement contributions to the systems noted below:

A. School Employees Retirement System

Plan Description - Imagine Schools, Inc., on behalf of the Academy, contributed to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$139,979, \$145,756 and \$98,824, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

B. State Teachers Retirement System of Ohio

Plan Description - During fiscal year 2012, the Academy and Imagine Schools, Inc., on behalf of the Academy, participated in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org, under "Publications".

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 8 - PENSION PLANS - (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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The Academy was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$612,111, \$248,809 and \$257,422, respectively; 96.31 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. All Academy contributions have been paid as required by STRS. The unpaid amount at June 30, 2012, has been reported as a liability in pension obligation payable. Contributions to the DC and Combined Plans for fiscal year 2012 were \$16,360 made by the Academy and \$11,686 made by the plan members.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - Imagine Schools, Inc., on behalf of the Academy, participated in two cost-sharing, multiple employer postemployment benefit 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, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System 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 St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, 0.55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The Academy's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$6,062, \$17,649 and \$3,557, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$8,267, \$9,380 and \$5,877, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

B. State Teachers Retirement System of Ohio

Plan Description - During fiscal year 2012, the Academy and Imagine Schools, Inc., on behalf of the Academy, contributed to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org, under "Publications" 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 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$47,085, \$19,139 and \$19,802, respectively; 96.31 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010. All Academy contributions have been paid as required by STRS. The unpaid amount at June 30, 2012, has been reported as a liability in pension obligation payable.

NOTE 10 - CONTRACTS

A. Management Contract

The Academy entered into a management contract with Imagine Schools, Inc. for management consulting services. Imagine Schools, Inc. is required to provide the following services:

- Personnel & human resources administration
- Program of instruction
- Purchasing & contracts
- Budgeting, financial reporting and audit preparation
- Compliance issues
- Curriculum research and development
- Marketing and publicity
- Equipment and facilities
- Grant preparation and management

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 10 - CONTRACTS - (Continued)

For the services listed above, the Academy is required to pay a fee to Imagine Schools, Inc. The fee is equal to approximately 90 percent of the total per pupil allowance received from the State of Ohio and 100 percent of State and/or Federal grant funds received by the Academy for the creation and operation of its school. In the event that the year end reconciliation results in a difference between the total amount paid and the agreed fee, with a balance owed, the Imagine Schools, Inc. has the right to suspend collection until such time as the Academy determines that cash flow permits such payment. The total expenses paid under this contract for fiscal year 2012 totaled \$6,433,935.

B. Service Contract

The Academy entered into a service contract for a period of twenty-four months, commencing on July 1, 2010 and ending on June 30, 2012, with Charter School Specialists, LLC (CSS) to provide fiscal services.

The Academy also entered into a contract for Education Jobs fund grant services with CSS on September 22, 2011 to assist the Academy in the navigation of this grant for a term commencing on September 22, 2011 and ending on June 30, 2012. CSS will be compensated \$850 per month for providing grant services.

The Academy paid CSS \$20,400 during fiscal year 2012 for services.

NOTE 11 - PURCHASED SERVICES EXPENSES

Purchased services expenses:

Management fees	\$ 6,433,935
Sponsorship fees	84,593
Legal	51,917
Professional and fiscal services	<u>25,293</u>
Total	<u>\$ 6,595,738</u>

NOTE 12 - MANAGEMENT COMPANY EXPENSES

For the fiscal year ended June 30, 2012, Imagine Schools, Inc. and its affiliates incurred the following expenses, which are reported on cash-basis, on behalf of the Academy:

<u>Expenses</u>	<u>2012</u>
Direct Expenses:	
Salaries and wages	\$ 2,508,795
Employees' benefits	979,203
Purchased services	1,853,507
Supplies and materials	168,372
Capital outlay	20,673
Other direct costs	44,174
Indirect expenses	<u>675,644</u>
Total expenses	<u>\$ 6,250,368</u>

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 12 - MANAGEMENT COMPANY EXPENSES (Continued)

Overhead charges included in other direct costs are assigned to the Academy based on a percentage of revenue. These charges represent the indirect cost of services in the operation of the Academy. Such services include, but are not limited to, facilities management, equipment, operational support services, management and management consulting, board relations, human resources management, training and orientation, financial reporting and compliance, purchasing and procurement, education services, technology support and marketing and communications.

NOTE 13 - OPERATING LEASES

SchoolHouse Finance, LLC entered into a lease agreement with Great Western Shopping Center Company on September 1, 2006 to lease the facilities the Academy occupies. The term of the lease commenced May 1, 2006 through August 31, 2016. The monthly rent is \$12,917 through August 31, 2011, and \$15,333 through August 31, 2016.

Subsequently, on September 1, 2006, the Academy entered into an agreement to sublease the facilities at Great Western Shopping Center from SchoolHouse Finance, LLC. The term of the lease commenced September 1, 2006 through August 31, 2016. On October 22, 2008, an amendment was made to the sublease agreement to increase the base rent to reflect the cost of improvements made by SchoolHouse Finance, LLC to the premises. Annual minimum rent for the period August 31, 2011 shall be \$960,482 and annual minimum rent for the period September 1, 2011 through August 31, 2016 shall be \$989,482.

NOTE 14 - EMPLOYEE LEASE AGREEMENT

The Academy entered into Employee Lease Agreements August 1, 2011, to lease the Academy's employees qualified to perform on-site school services for the 2011-2012 school year to the following community schools: Academy of Columbus, Bella Academy of Excellence, Clay Avenue Community School, Groveport Community School, Harrisburg Pike Community School, Harvard Avenue Community School, Imagine Akron Academy, Imagine Cleveland Academy, Imagine Schools on Superior, Klepinger Community School, Madison Avenue School of Arts, Romig Road Community School, and Sullivant Avenue Community School. The community schools agreed to pay the Academy an amount not to exceed their Education Jobs program funding allocation for the services provided under the agreement. The Academy also had employees on its own payroll for the 2011-2012 school year to offset its Education Jobs program funding allocation of \$293,044. The Academy received \$1,912,661 in contract services revenue related to the Employee Lease Agreements during fiscal year 2012 and \$391,893 has been reported as an intergovernmental receivable at June 30, 2012.

NOTE 15 - CONTINGENCIES

A. Grants and ADM

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The Academy received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

NOTE 15 – CONTINGENCIES (Continued)

Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2012, if applicable, cannot be determined at this time.

B. State Foundation Funding

The Ohio Department of Education (ODE) conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which State foundation funding is calculated. As a result of the fiscal year 2012 reviews, the Academy is due \$3,848 from ODE. This amount has been reported as an intergovernmental receivable on the statement of net assets.

NOTE 16 - TAX EXEMPT STATUS

The Academy was approved under §501(c)(3) of the Internal Revenue Code as a tax exempt organization on December 7, 1999. Management is not aware of any course of action or series of events that might adversely affect the Academy's tax exempt status.

NOTE 17 - SIGNIFICANT SUBSEQUENT EVENTS

The Academy signed a contract with CSS for Education Jobs fund additional grant services effective July 1, 2012 through September 30, 2012. CSS will be compensated \$850 per month for providing grant services.

GREAT WESTERN ACADEMY

FRANKLIN COUNTY

**SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
National School Breakfast Program	2012	10.553	150,684	150,684
National School Lunch Program	2012	10.555	271,328	271,328
Total U.S. Department of Agriculture - Nutrition Cluster			<u>422,012</u>	<u>422,012</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States	2011	84.027	4,044	4,044
Special Education Grants to States	2012	84.027	76,904	76,904
Special Education Grants to States, Recovery Act	2011	84.391	663	663
Total Special Education Cluster			<u>81,611</u>	<u>81,611</u>
Title I Part A Cluster:				
Title I Grants to Local Educational Agencies	2011	84.010	41,849	41,849
Title I Grants to Local Educational Agencies	2012	84.010	342,510	342,510
Total Title I Part A Cluster			<u>384,359</u>	<u>384,359</u>
English Language Acquisition State Grants	2012	84.365	5,476	5,476
Improving Teacher Quality State Grants	2011	84.367	2,000	2,000
Improving Teacher Quality State Grants	2012	84.367	11,968	11,968
Education Jobs Fund	2012	84.410	194,695	222,058
Total Department of Education			<u>680,109</u>	<u>707,472</u>
Totals			<u>1,102,121</u>	<u>1,129,484</u>

The accompanying notes to this schedule are an integral part of this schedule.

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED 6/30/2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Great Western Academy (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B- CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

The Academy reports commodities consumed on the Schedule at the fair value. The Academy allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

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GUEYE & ASSOCIATES, CPA

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Great Western Academy
Franklin County
310 N. Wilson Road
Columbus, Ohio 43204

To the Board of Directors:

We have audited the basic financial statements of Great Western Academy, Franklin County, Ohio (the Academy) as of and for the year ended June 30, 2012, and have issued our report thereon dated December 31, 2012. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *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 correct misstatements on a timely basis. 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 Academy's financial statements will not be prevented, or detected and corrected on a timely basis.

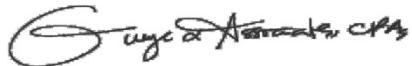
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses.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

Great Western Academy
Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance And Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the management, board of directors, Academy's sponsor, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Gueye & Associates, CPA

December 31, 2012



GUEYE & ASSOCIATES, CPA

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Great Western Academy
Franklin County
310 N. Wilson Road
Columbus, Ohio 43204

To the Board of Directors:

Compliance

We have audited the compliance of Great Western Academy (the Academy) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The Academy's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. The Academy'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 Academy'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 *Government Auditing Standards* issued by the Comptroller General of the United States; 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 obtain reasonable assurance about whether noncompliance occurred with the compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Academy'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 Academy's compliance with those requirements.

In our opinion, Great Western Academy complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2012.

Members of the Board

Great Western Academy

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct
And Material Effect on Each Major Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133

Page 2

Internal Control Over Compliance

The Academy'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 Academy's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order 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 expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Academy'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 detect and correct, noncompliance with a federal program compliance requirement on a timely basis. 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 detected and corrected, on a timely basis.

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 the management, board of directors, Academy's sponsor, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Gueye & Associates, CPA

December 31, 2012

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
6/30/2012**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material 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 significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified for all Major Programs
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	<u>School Nutrition Cluster:</u> CFDA # 10.553 National School Breakfast Program, CFDA # 10.555 National School Lunch Program; <u>Education Jobs Fund Program</u> CFDA # 84.410
(d)(1)(viii)	Dollar Threshold: Type A B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**GREAT WESTERN ACADEMY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
6/30/2012**

**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

GREAT WESTERN ACADEMY

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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
MARCH 14, 2013