



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY

SINGLE AUDIT

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



Dave Yost • Auditor of State

Board of Trustees
Horizon Science Academy Elementary School
2835 Morse Road
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy Elementary School, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 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 Elementary School is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

April 4, 2012

This page intentionally left blank.

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-6
Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses, and Change in Net Assets.....	8
Statement of Cash Flows.....	9-10
Notes to the Basic Financial Statements.....	11-20
Schedule of Federal Awards Receipts and Expenditures	21
Notes to the Schedule of Federal Awards Receipts and Expenditures	22
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23-24
Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	25-26
Schedule of Findings – OMB Circular A-133 §.505	27-28
Schedule of Prior Audit Findings	29
Independent Auditor's Report on Applying Agreed Upon Procedures	30

This page intentionally left blank.



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

Independent Auditor's Report

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

We have audited the accompanying financial statements of the business-type activities of the Horizon Science Academy Elementary School, Franklin County, Ohio, (the School), as of and for the year ended June 30, 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.

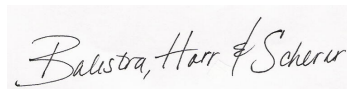
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform 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 Elementary School, Franklin County, Ohio, as of June 30, 2011, and the change in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2012, 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.
January 28, 2012

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

The discussion and analysis of Horizon Science Academy Elementary School's (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 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 increased by \$10,905 from \$1,179,889 to \$1,190,794
- The School had total operating revenues of \$2,137,022
- The School had total operating expenses of \$3,111,070
- The current liabilities increased by \$120,225
- The School received Federal and State Grants totaling of \$867,815

In its third fiscal year ended June 30, 2011, the School gained academic and financial stability by increasing its enrollment up to 322 students and increasing its net assets up to \$1,190,794. The School also performed outstanding academic achievement by earning *Efficient Rating* from Ohio Department of Education in its third academic year. In the fiscal year 2011, the School received \$85,244 worth of technological equipment and service under the scope of E-Rate program.

Using this Financial Report:

This annual report consists of three parts; Management's Discussion and Analysis, the Financial Statements and Notes to the 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.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

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 of this report.

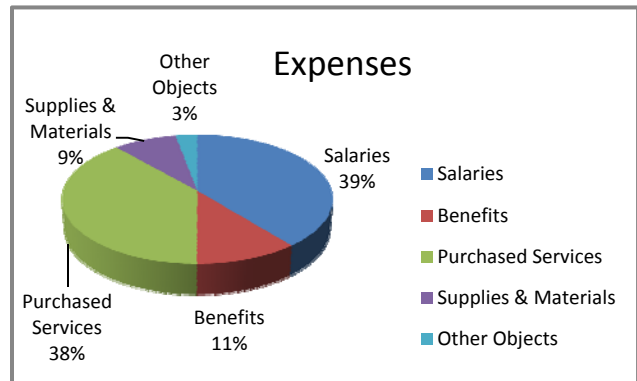
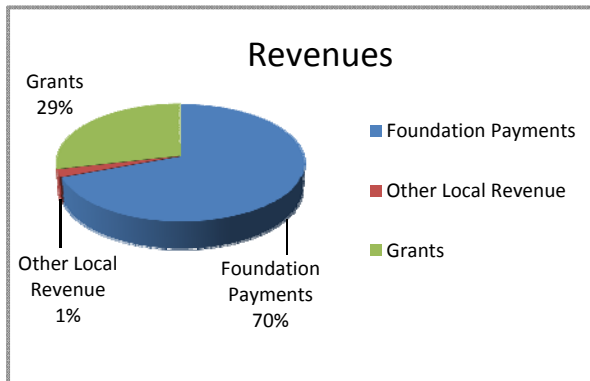
The following table provides a comparison of the School’s Net Assets in fiscal years 2011 and 2010.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Assets		
Current Assets	\$1,018,706	\$919,276
Non-Current Assets	20,000	20,000
Capital Assets	475,390	449,091
Total Assets	<u>\$1,514,096</u>	<u>\$1,388,367</u>
Liabilities		
Current Liabilities	\$317,503	\$197,278
Long Term Liabilities	5,799	11,200
Total Liabilities	<u>\$323,302</u>	<u>\$208,478</u>
Net Assets	<u>\$ 1,190,794</u>	<u>\$ 1,179,889</u>

In the fiscal year 2011 the School increased its cash reserves up to \$512,046. Its total assets increased by \$125,729. The School’s capital assets increased by \$26,299. Current liabilities also increased by \$120,225. The School’s Other Current Assets includes a \$500,000 Note Receivable from NOG Ohio LLC.

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

The *Statement of Revenues, Expenses and Change in Net Assets* shows the operating and non-operating activities took place during the fiscal year. The following charts are a summary of the School’s Revenues and Expenses for the fiscal year ended June 30, 2011.



**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

The following table is a summary of the Statement of *Revenues, Expenses and Change in Net Assets* for the fiscal years 2011 and 2010.

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
<u>Operational Income/Expense</u>		
Income		
Foundation Payments	\$2,106,224	\$1,999,534
Other Local Revenue	30,798	40,209
	<hr/>	<hr/>
Total Operational Income	2,137,022	2,039,743
Expense		
Salaries	1,178,480	948,538
Benefits	329,344	270,194
Purchased Services	1,158,766	997,888
Supplies & Materials	258,386	226,104
Other Objects	88,277	89,288
Depreciation Expense	97,817	42,328
	<hr/>	<hr/>
Total Operational Expense	3,111,070	2,574,340
Net Operational Loss	<u>(974,048)</u>	<u>(534,597)</u>
<u>Non-Operational Income/Expense</u>		
Federal Grants	858,358	1,339,987
State Grants	9,457	10,744
Contribution and Donations	85,244	250,000
Interest from Investments	31,894	1,138
	<hr/>	<hr/>
Net Non-Operational Income	984,953	1,601,869
<u>Net Assets</u>		
Change in Net Assets	10,905	1,067,272
Net Assets at Beginning of Year	<hr/> 1,179,889	<hr/> 112,617
Net Assets at End of Year	<u>\$ 1,190,794</u>	<u>\$ 1,179,889</u>

In fiscal year 2011 foundation revenues increased by 5% due to increase in enrollment from 298 to 322. Salaries increased by 24% and benefits 22%, due to hiring of five extra teachers for intervention programs. Purchased Services and Supplies and Materials expenses increased by 16% and 14%, respectively. Federal Grants decreased by 36%, because the School withdrew most of its two-year ARRA Title (American Recovery and Reinvestment Act) allocations in the fiscal year 2010. The School received \$76,643 of ARRA funds in fiscal year 2011; whereas it received \$179,661 in fiscal year 2010. Another reason for this decline is the \$550,000 Start-up grant the School received in fiscal year 2010. Under Contributions and Donations, the School received \$250,000 of start-up grant from Walton Family Foundation in 2010 and \$85,244 from Federal E-Rate Program for upgrading its network in 2011.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

Capital Assets:

As of June 30, 2011, Horizon Science Academy Elementary School had \$475,390 invested in capital assets such as school furniture, office equipment, improvements and computers net of depreciation. The following table is a summary of Capital Assets as of June 30, 2011.

Capital Assets				
	Beginning July 1, 2010	Additions	Deletions	Ending June 30, 2011
Equipment- Instructional	450,812	\$26,791	-	\$477,603
Equipment- Office	52,595	2,609	-	55,204
Improvements	12,060	94,716	-	106,776
Total Fixed Assets	515,467	124,116	-	639,583
Less: Accumulated Depreciation	(66,376)	(97,817)	-	(164,193)
Net Fixed Assets	\$ 449,091	\$26,298	-	\$ 475,390

Contacting the School's Financial Management:

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

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY

Statement of Net Assets
As of June 30, 2011

ASSETS

Current Assets

Cash and Cash Equivalents	\$512,046
Intergovernmental Receivable	6,660
Note Receivable- NOG-Ohio	500,000
Total Current Assets	1,018,706

Non-Current Assets

Security Deposit	20,000
Capital Assets (Net of Accumulated Depreciation)	475,390
Total Non-Current Assets	495,390

Total Assets	\$1,514,096
---------------------	--------------------

LIABILITIES & EQUITY

Current Liabilities

Accounts Payable	\$161,567
Intergovernmental Payable	4,724
Accrued Wages	105,323
Payroll Liabilities	40,488
Capital Leases- Due within One Year	5,401
Total Current Liabilities	317,503

Long Term Liabilities

Capital Leases- Long Term	5,799
---------------------------	-------

Total Liabilities	323,302
--------------------------	----------------

NET ASSETS

Investment in Capital Assets, net of related debt	464,190
Unrestricted	726,604
Total Net Assets	\$ 1,190,794

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY

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

<u>Operational Income/Expense</u>	
Income	
Foundation Payments	\$2,106,224
Other Local Revenue	30,798
Total Operational Income	<u>2,137,022</u>
Expense	
Salaries	1,178,480
Benefits	329,344
Purchased Services	1,158,766
Supplies & Materials	258,386
Other Objects	88,277
Depreciation Expense	97,817
Total Operational Expense	<u>3,111,070</u>
Net Operational Loss	<u>(974,048)</u>
<u>Non-Operational Income/Expense</u>	
Federal Grants	858,358
State Grants	9,457
Contributions and Donations	85,244
Interest from Investments	31,894
Net Non-Operational Income	<u>984,953</u>
<u>Net Assets</u>	
Change in Net Assets	10,905
Net Assets at Beginning of Year	<u>1,179,889</u>
Net Assets at End of Year	<u>\$ 1,190,794</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

Cash Flows from Operating Activities	
Cash Received from State of Ohio	\$2,130,233
Cash Received from Other Operating Revenues	30,798
Cash Payments to Suppliers for Goods and Services	(1,348,174)
Cash Payments to Employees for Services	(1,145,138)
Cash Payments for Employee Benefits	(313,247)
Other Cash Payments	(88,277)
Net Cash Used for Operating Activities	(733,805)
Cash Flows from Noncapital Financial Activities	
Grants Received from Federal Government	951,446
Grants Received from State	9,457
Contributions and Donations	85,244
Interest from Investments	31,894
Net Cash Provided by Noncapital Financial Activities:	1,078,041
Cash Flows from Capital and Related Activities	
Payments for Capital Acquisitions	(124,116)
Payments for Capital Leases	(8,317)
Net Cash Used for Capital and Related Activities	(132,433)
Net Increase in Cash and Cash Equivalents	211,803
Cash and Cash Equivalents at Beginning of Year	300,243
Cash and Cash Equivalents at End of Year	\$ 512,046

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY

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

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$(974,048)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	97,817
Changes in Assets and Liabilities	
Increase in Accounts Payable	68,978
Increase in Accrued Wages	33,342
Increase in Payroll Liabilities	16,097
Increase in Intergovernmental Payable	4,724
Increase in Intergovernmental Receivable (state portion)	19,285
Total Adjustments	<u>240,243</u>
Net Cash Used for Operating Activities	\$ (733,805)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

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

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

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

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

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

The School operates under the direction of a self-appointed five-member Board of Trustees. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. In fiscal year 2011 the School employed 36 personnel for up to 322 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, change in net assets, financial position, and cash flows.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the School are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Change in Net Assets presents 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 located 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. 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 and Cash Equivalents" in the Statement of Net Assets. Any investment with an original maturity less than 90 days is considered a cash equivalent and any investment with an original maturity greater than 90 days is considered an investment. As an investment at June 30, 2011, the School had a note receivable from NOG-Ohio LLC for \$500,000.

E. Capital Assets and Depreciation

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

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

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets and Depreciation (Continued)

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

F. Intergovernmental Revenues

In FY 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 \$2,106,224.

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 \$867,815.

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 ELEMENTARY SCHOOL
FRANKLIN COUNTY**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Estimates

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

3. DEPOSITS AND INVESTMENTS

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

On June 30, 2011, the total carrying book balance of the School’s two bank accounts at Chase Bank was \$512,046 and the cleared bank balances were \$205,309 and \$325,486. The bank balances were insured by FDIC up to \$250,000.

4. CAPITAL ASSETS

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

Capital Assets				
	Beginning			Ending
	July 1, 2010	Additions	Deletions	June 30, 2011
Equipment- Instructional	\$450,812	\$26,791	-	\$477,603
Equipment- Office	52,595	2,609	-	55,204
Improvements	12,060	94,716	-	106,776
Total Fixed Assets	515,467	124,116	-	639,583
Less: Accumulated Depreciation	(66,376)	(97,817)	-	(164,193)
Net Fixed Assets	\$ 449,091	\$ 26,299	-	\$ 475,390

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

5. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy – Plan members are required to contribute 10 % of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14% of annual covered payroll. A portion of the School’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 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 \$21,362, \$18,770 and \$13,182 respectively; 94% has been contributed for the fiscal year 2011 and 100% has been contributed for the 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.

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 age that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

5. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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

Funding Policy – For the fiscal year ended June 30, 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 \$138,106, \$122,026 and \$88,104 respectively; 85% has been contributed for the fiscal year 2011 and 100% has been 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% 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 2011, this amount was \$35,800.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

6. POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status. The School's contribution for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,182, \$1,167 and \$3,916; 94% has been contributed for the fiscal year 2011 and 100% has been contributed for previous years.

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 were \$1,160, \$1,018 and \$723 respectively; 94% has been contributed for the fiscal year 2011 and 100% has been contributed for previous years.

B. State Teachers Retirement System

Plan Description – The School contributes to the cost-sharing, multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org 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 \$9,865, \$8,716 and \$6,291 respectively; 85% has been contributed for the fiscal year 2011 and 100% has been contributed for previous 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 fiscal year 2011, the School contracted with Selective Insurance Company for property and general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate with no deductible. The School did not make any claims in the fiscal year.

The School also pays the State Workers Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that is calculated by the State. The School paid 100% of its premiums for the fiscal year ended June 30, 2011.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

8. EMPLOYEE MEDICAL AND DENTAL BENEFITS

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

9. PURCHASED SERVICES

Purchased service expenses during fiscal year 2011 were as follows:

Purchased Services	
Type	Amount
Instructional Services	\$193,174
Other Professional Services	123,304
Management Fees	276,147
Rent and Property Services	516,652
Advertising and Communications	22,342
Pupil Transportation	13,303
Extra-Curricular Activities	8,905
Staff Travel Expenses	4,939
Total	\$ 1,158,766

10. OPERATING LEASES

In August 2008, the School entered into a lease agreement for the School building at 2835 Morse Road with Charter Schools Development Corporation for ten years. In the fiscal year 2011, the School paid a total rent of \$300,117 per the contract. Also after the review of initial tenant improvement costs per lease agreement, an accrued rent of \$80,766 has been incurred for the second year of the lease. The required lease payments with an annual increase of 2% for the following three years will be as follows;

Sep 2011 – Aug 2012	\$337,356
Sep 2012 – Aug 2013	\$344,103
Sep 2013 – Aug 2014	\$350,985

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

11. CAPITAL LEASES

In September 2009 the School leased two copy machines/printers and Thin Client computer systems (30) from CIT Technologies. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets of \$32,603 have been recorded, which represents the present value of equipment at time of acquisition. At the end of the fiscal year the accumulated depreciation for the capital lease assets was \$20,317. Principal payments for fiscal year 2011 totaled \$8,317. The following is a schedule of the future minimum lease payments required for the capital leases as of June 30, 2011.

	Lease Payments	Interest	Principal
2012	\$ 6,050	\$ 649	\$ 5,401
2013	4,884	290	4,594
2014	1,221	16	1,205
Total	\$ 12,155	\$ 955	\$ 11,200

12. CONTINGENCIES

A. Grants

In fiscal year 2011 the School received Federal and State grants in total of \$867,815. In the fiscal year the School also received \$85,244 of E-Rate Grant in the form of network upgrade and equipment. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability for the School. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School at June 30, 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 was overpaid by \$4,724. This amount is reflected under Intergovernmental Payables in the Statement of Net Assets.

13. NOTE RECEIVABLES TO OTHER RELATED PARTIES

In June 2010, the School issued a Note to NOG- Ohio LLC for \$500,000 for a term of one year with the option of extension for another year with an interest rate of 6.25%. The Note was extended for the second year in May 2011. The interest is paid quarterly. In the fiscal year 2011 the School received a total of \$31,894 of interest from the Note. NOG- Ohio is a subsidiary of New Plan Learning which is a non-profit organization established to acquire and manage school facilities for charter schools.

**HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL
FRANKLIN COUNTY**

14. SPONSORSHIP AGREEMENT

On March 31, 2008, the School signed a sponsorship agreement with Buckeye Hope Foundation for one year. The contract has been extended in May 2010 until June 30, 2015. The Sponsor is responsible for evaluating the performance of the School and has the authority to deny renewal of the contract at its expiration or terminate the contract prior to its expiration. According to the contract agreed by both parties, the School pays 3% of its foundation revenues to the Sponsor. In fiscal year 2011, the School's compensation to the Sponsor was \$63,229.

15. MANAGEMENT COMPANY AGREEMENT

School contracted with Concepts Schools, Inc. on March 15, 2008 to serve as the School's Management Company. The contract is renewed automatically every year in one year terms unless the school or the management company decides otherwise. According to the contract, the school transfers 12% of the funds received from State. The total management fees incurred in fiscal year 2011 was \$276,147.

Horizon Science Academy Elementary School
Franklin 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	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
National School Lunch Program	3L60	10.555	\$ 133,263	\$ 5,499	\$ 133,263	\$ 5,499
School Breakfast Program	3L70	10.553	57,055	-	57,055	-
Total Nutrition Cluster			190,318	5,499	190,318	5,499
Total United States Department of Agriculture			190,318	5,499	190,318	5,499
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
<i>Title I, Part A Cluster:</i>						
Title I Grants to Local Education Agencies	3M00	84.010	295,139	-	292,163	-
Title I Grants to Local Education Agencies, ARRA	3DK0	84.389	85,159	-	85,159	-
Total Title I, Part A Cluster			380,298	-	377,322	-
<i>Special Education Cluster:</i>						
Special Education - Grants to States	3M20	84.027	39,597	-	39,597	-
Total Special Education Cluster			39,597	-	39,597	-
<i>State Fiscal Stabilization Fund Cluster:</i>						
State Fiscal Stabilization Fund (SFSF) - Education State Grants, ARRA	GRF	84.394	179,719	-	179,719	-
Total State Fiscal Stabilization Fund Cluster			179,719	-	179,719	-
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	3FD0	84.395	22,009	-	22,009	-
Educational Technology State Grants	3S20	84.318	974	-	974	-
Safe and Drug-Free Schools and Communities - State Grants	3D10	84.186	1,035	-	1,245	-
Charter Schools Start Up	3T40	84.282	96,772	-	96,772	-
Education Jobs Fund	3ET0	84.41	25,879	-	25,879	-
Improving Teacher Quality State Grants	3Y60	84.367	10,033	-	10,033	-
			156,702	-	156,912	-
<i>Passed through Horizon Science Academy of Dayton</i>						
Foreign Language Assistance	N/A	84.293	6,467	-	5,736	-
Total United States Department of Education			762,783	-	759,286	-
Total Federal Financial Assistance			\$ 953,101	\$ 5,499	\$ 949,604	\$ 5,499

N/A- Pass through number not available
See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

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

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

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

NOTE C – FOOD DONATION

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



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

We have audited the financial statements of the business-type activities of Horizon Science Academy Elementary School, Franklin County, Ohio, (the School), as of and for the year ended June 30, 2011, and have issued our report thereon dated January 28, 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 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.

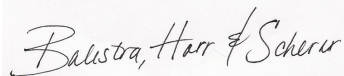
A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies 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.
January 28, 2012



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

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

Compliance

We have audited the compliance of Horizon Science Academy Elementary School, Franklin 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 Elementary School'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 Elementary School complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

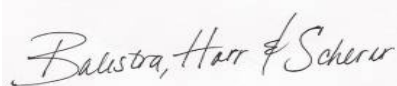
The School's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance 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.

Horizon Science Academy Elementary School
Report on Compliance with Requirements Applicable to each Major Federal Program and on
Internal Control Over Compliance Required by OMB Circular A-133
Page 2

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or 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.
January 28, 2012

**Horizon Science Academy Elementary School
Franklin 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 Cluster: 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 Elementary School
Franklin County, Ohio**

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

**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

Horizon Science Academy Elementary School
Schedule of Prior Audit Findings
June 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2010-001	Date collection form and reporting package was not submitted within the required time frame for fiscal year 2009.	Yes	



Balestra, Harr & Scherer, CPAs, Inc.

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

www.bhscpas.com

Independent Auditor's Report on Applying Agreed Upon Procedures

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

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 Elementary School (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.
January 28, 2012



Dave Yost • Auditor of State

HORIZON SCIENCE ACADEMY ELEMENTARY SCHOOL

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 17, 2012**