

Horizon Science Academy of Columbus

Franklin County, Ohio

Financial Statements and
Independent Auditor's Reports
June 30, 2006





Mary Taylor, CPA

Auditor of State

Board of Trustees
Horizon Science Academy of Columbus
1070 Morse Road
Columbus, Ohio 43219

We have reviewed the *Independent Auditor's Report* of the Horizon Science Academy of Columbus, Franklin County, prepared by Kennedy Cottrell Richards, for the audit period July 1, 2005 through June 30, 2006. 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.

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. There are two criteria that demonstrate whether an expenditure is for a public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

During fiscal year 2005, the Horizon Science Academy of Columbus issued a payment of \$3,830 to Concept School Inc. for legal fees for the purpose of assisting Kemal Gezgin, an employee of the School, and his family with a non-immigrant H1B Expedited visa application. The portion of the legal fees payment associated with Kemal Gezgin's family members was \$395. Kemal Gezgin's family members are not employees of the School. There is no authority that allowed this portion of the payment to be made, nor does the nature of the expense relate to the School's normal activities and operations.

Ohio Rev. Code 3314.01(B) states in part that a community school is a public school. . . and is part of the state's program of education. Because Kemal Gezgin's family members are neither employees nor students, there is no demonstrable connection between these payments and the state's program of education.

Board of Trustees
Horizon Science Academy of Columbus
Page -2-

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a finding for recovery for public monies illegally expended would have been issued against Kemal Gezgin in the amount of \$395.

The finding was repaid by Kemal Gezgin and deposited into the School Treasury on April 12, 2007.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Horizon Science Academy of Columbus is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 14, 2007

This Page is Intentionally Left Blank.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Statement of Net Assets | 7 |
| Statement of Revenues, Expenses, and Changes in Net Assets..... | 8 |
| Statement of Cash Flows..... | 9 |
| Notes to the Basic Financial Statements | 12 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based Upon the Audit Performed in Accordance with <i>Government Auditing Standards</i> | 23 |
| Schedule of Findings..... | 24 |
| Schedule of Prior Year Findings | 25 |

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying basic financial statements of the enterprise fund of Horizon Science Academy of Columbus, Franklin County, Ohio (School), as of and for the year ended June 30, 2006, which collectively comprise the School's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of School 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 *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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the enterprise fund of Horizon Science Academy of Columbus, Franklin County, Ohio as of June 30, 2006, and the respective changes in financial position and cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2007, 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. 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 the 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 read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.



Kennedy Cottrell Richards LLC
April 13, 2007

THIS PAGE INTENTIONALLY LEFT BLANK

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED**

The discussion and analysis of Horizon Science Academy of Columbus, Inc.'s (the School) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2006. 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 2006 are as follows:

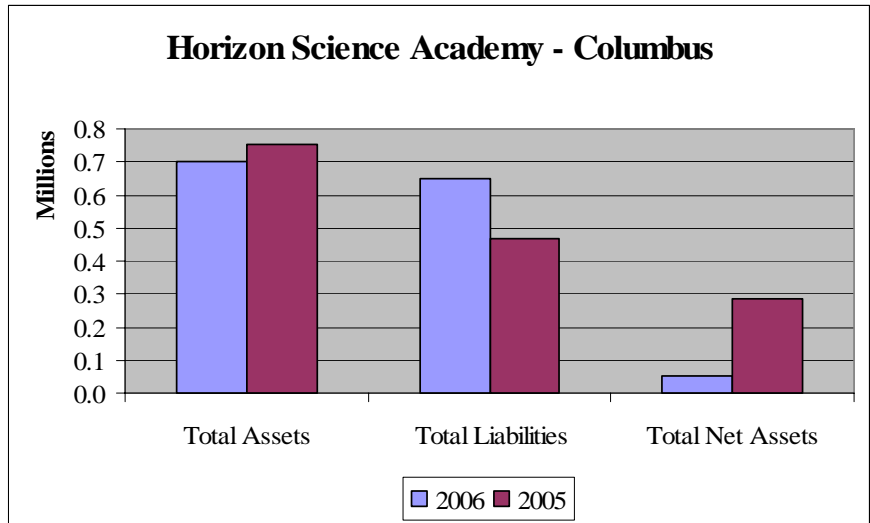
- Total net assets decreased \$236,238 in fiscal year 2006.
- Due to increased enrollment, total revenue increased from \$3,033,522 in fiscal year 2005 to \$3,524,011 in fiscal year 2006.
- Similarly, total expenses increased from \$3,120,209 in fiscal year 2005 to \$3,760,249 in fiscal year 2006.
- Current liabilities increased \$220,469 with current assets decreasing \$716 in fiscal year 2006.
- The School's long term debt decreased by \$39,054 in fiscal year 2006.

Using this Financial Report

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

The *Statement of Net Assets* and *Statement of Revenues, Expenses, and Changes in Net Assets* reflect how the School did financially during fiscal year 2006. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting includes all of the current year revenues and expenses regardless of when cash is received or paid.

These statements report the School's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether the *financial position* of the School has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School's student enrollment, per-pupil funding as determined by the State of Ohio, change in technology, required educational programs and other factors.



The School uses enterprise presentation for all of its activities.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED**

Statement of Net Assets

The Statement of Net Assets answers the question of how the School did financially during 2006. This statement includes all assets and liabilities, both financial and capital, and short-term and long-term using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

Table 1 provides a summary of the School's net assets for fiscal years 2006 and 2005.

Table 1
Net Assets

| | <u>2006</u> | <u>2005</u> |
|---|-------------|-------------|
| <u>Assets:</u> | | |
| Cash and Other Current Assets | \$100,779 | \$101,495 |
| Non-Current Assets | 43,375 | 43,375 |
| <u>Capital Assets, Net</u> | 554,784 | 608,891 |
| Total Assets | 698,938 | 753,761 |
| <u>Liabilities:</u> | | |
| Current Liabilities | 614,447 | 393,978 |
| <u>Long Term Liabilities</u> | 33,096 | 72,150 |
| Total Liabilities | 647,543 | 466,128 |
| <u>Net Assets:</u> | | |
| Invested in Capital Assets, Net of Related Debt | 482,634 | 500,922 |
| Restricted | 43,375 | 43,375 |
| <u>Unrestricted</u> | -474,614 | -256,664 |
| Total Net Assets | \$51,395 | \$287,633 |

Cash and other current assets decreased from \$101,495 in 2005 to \$100,779 in 2006. This decrease is a result of payments for operations during the year.

In addition, Capital Assets, Net decreased by \$54,107 from 2005 to 2006. This is the amount by which depreciation exceeded capital outlays during the year.

Liabilities increased by \$181,415 due to increases in current liabilities such as accrued wages, unpaid management company fees, and the school's line of credit.

Total net assets decreased by \$236,238. This is the amount by which the School's expenses outstripped its revenues during the fiscal year.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED**

Statement of Revenues, Expenses and Changes in Net Assets

Table 2 shows the changes in net assets for fiscal year 2006, as well as a listing of revenues and expenses. This change in net assets is important because it tells the reader that, as a whole, the financial position of the School has improved or diminished. The cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

Table 2
Changes in Net Assets

| | 2006 | 2005 |
|----------------------------------|-----------------|----------------|
| <u>Operating Revenues</u> | | |
| State Aid | \$3,008,400 | \$2,498,033 |
| Other Operating Revenue | 93,858 | 98,416 |
| <u>Non-Operating Revenues</u> | | |
| Grants | 420,765 | 435,769 |
| Other Non-Operating | 988 | 1,304 |
| Total Revenues | 3,524,011 | 3,033,522 |
| <u>Operating Expenses</u> | | |
| Salaries | 1,805,191 | 1,393,554 |
| Fringe Benefits | 411,069 | 255,523 |
| Purchased Services | 1,158,382 | 940,187 |
| Materials and Supplies | 259,659 | 366,058 |
| Depreciation | 106,653 | 102,123 |
| Other Operating Expenses | 10,727 | 50,081 |
| <u>Non-Operating Expenses</u> | | |
| | 8,568 | 12,683 |
| Total Expenses | 3,760,249 | 3,120,209 |
| Total Decrease in Net Assets | (\$236,238) | (\$86,687) |

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal grant programs. Foundation payments made up 85% of revenues for the School in fiscal year 2006. Other operating revenue increased due to increased contributions to aide in the daily operations of the school. The growth in funding and salaries corresponds to the growth in enrollment. Enrollment (based on FTE) for fiscal year 2005 was 485 compared to 503 in fiscal year 2006.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED**

Budgeting Highlights

The School is not required to follow the budgetary provisions set forth in Ohio Revised Code Section 5705, except for section 5705.391 as it relates to five-year forecasts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2006, the School had \$554,784 net of depreciation invested in capital assets. The notes to the basic financial statements provide additional information about the School's capital assets.

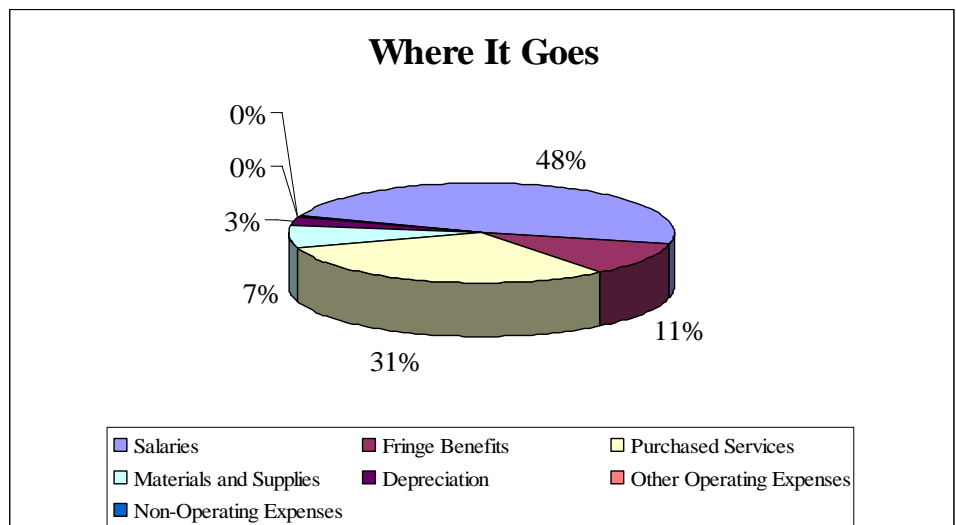
Debt

At June 30, 2006, the School had long term liabilities due to additional office equipment/furniture purchased for its new facility.

Current Financial Related Activities

The School's financial outlook over the next several years shows continued growth as enrollment is projected to increase.

In October 2004, the School added a new facility on Morse Rd. This site will house the high school, while the Bethel Rd facility will maintain the middle school. This new facility is an integral part of the growth that was required to maintain the program. The new building has a large multipurpose room for the gymnasium and lunch room. Splitting up the middle school and high school will allow for continued growth at both locations.



Contacting the School's Financial Management

This financial report is designed to provide citizens, taxpayers, and 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 Steve Gulkesen, Treasurer/Business Manager, Horizon Science Academy of Columbus, Inc. 1070 Morse Rd. Columbus, OH 43219.

Horizon Science Academy of Columbus
Statement of Net Assets
June 30, 2006

Assets

Current Assets:

| | |
|------------------------------|----------------|
| Cash and Cash Equivalents | \$9,846 |
| Accounts Receivable | 420 |
| Intergovernmental Receivable | <u>90,513</u> |
| | |
| Total Current Assets | <u>100,779</u> |

Noncurrent Assets:

| | |
|---|----------------|
| Security Deposit | 43,375 |
| Capital Assets, Net of Accumulated Depreciation | <u>554,784</u> |

| | |
|--------------------------------|----------------|
| <i>Total Noncurrent Assets</i> | <u>598,159</u> |
|--------------------------------|----------------|

| | |
|--------------|----------------|
| Total Assets | <u>698,938</u> |
|--------------|----------------|

Liabilities

Current Liabilities:

| | |
|----------------------------|---------------|
| Accounts Payable | 174,794 |
| Accrued Wages and Benefits | 270,542 |
| Capital Lease-Current | 39,054 |
| Compensated Absences | 5,325 |
| Intergovernmental Payable | 75,889 |
| Line of Credit | <u>48,843</u> |

| | |
|---------------------------|----------------|
| Total Current Liabilities | <u>614,447</u> |
|---------------------------|----------------|

Long-Term Liabilities:

| | |
|----------------|--------|
| Capital Leases | 33,096 |
|----------------|--------|

| | |
|------------------------------------|---------------|
| <i>Total Long-Term Liabilities</i> | <u>33,096</u> |
|------------------------------------|---------------|

| | |
|-------------------|----------------|
| Total Liabilities | <u>647,543</u> |
|-------------------|----------------|

Net Assets

| | |
|----------------------------|------------------|
| Invested In Capital Assets | 482,634 |
| Restricted | 43,375 |
| Unrestricted | <u>(474,614)</u> |

| | |
|------------------|-----------------|
| Total Net Assets | <u>\$51,395</u> |
|------------------|-----------------|

See accompanying notes to the basic financial statements

Horizon Science Academy of Columbus
Statement of Revenues,
Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2006

| | |
|--|----------------------------|
| <u>Operating Revenues</u> | |
| State Aid | \$3,008,400 |
| Extracurricular Revenue | 12,145 |
| Instructional Fees | 18,290 |
| Food Service | 26,134 |
| Other Operating | <u>37,289</u> |
| Total Operating Revenues | <u>3,102,258</u> |
| <u>Operating Expenses</u> | |
| Salaries | 1,805,191 |
| Fringe Benefits | 411,069 |
| Purchased Services | 1,158,382 |
| Materials and Supplies | 259,659 |
| Depreciation | 106,653 |
| Other | <u>10,727</u> |
| Total Operating Expenses | <u>3,751,681</u> |
| Operating Income (Loss) | <u>(649,423)</u> |
| <u>Non-Operating Revenues (Expenses)</u> | |
| Grants | 420,765 |
| Contributions & Donations | 988 |
| Interest Expense on Capital Lease | (7,487) |
| Interest Expense on Notes | <u>(1,081)</u> |
| Total Non-Operating Revenues (Expenses) | <u>413,185</u> |
| Change in Net Assets | (236,238) |
| Net Assets Beginning of Year | <u>287,633</u> |
| Net Assets End of Year | <u><u>\$51,395</u></u> |

See accompanying notes to the basic financial statements

Horizon Science Academy of Columbus
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006

| | |
|---|-----------------------|
| Increase (Decrease) in Cash and Cash Equivalents | |
| <u>Cash Flows from Operating Activities</u> | |
| Cash Received from State | \$3,008,400 |
| Cash Received from Students | 56,569 |
| Other Cash Receipts | 36,869 |
| Cash Payments for Employees for Services | (2,109,837) |
| Cash Payments for Goods and Services | (1,356,074) |
| Other Cash Payments | <u>(10,727)</u> |
| Net Cash Provided by (Used in) Operating Activities | (374,800) |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Grants Received | 346,772 |
| Contributions and Donations | 988 |
| Net Cash Provided by (Used in) Noncapital Financing Activities | <u>347,760</u> |
| <u>Cash Flows from Capital and Related Financing Activities</u> | |
| Payments for Capital Acquisitions | (52,544) |
| Line of Credit-Proceeds | 48,843 |
| Line of Credit-Interest | (1,082) |
| Capital Lease-Principal | (35,819) |
| Capital Lease-Interest | (7,487) |
| Net Cash Provided by (Used in) Capital Financing Activities | <u>(48,089)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (75,129) |
| Cash and Cash Equivalents Beginning of Year | <u>84,975</u> |
| Cash and Cash Equivalents End of Year | <u><u>\$9,846</u></u> |

Horizon Science Academy of Columbus
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006
(Continued)

Reconciliation of Operating Gain (Loss) to Net Cash
Provided by (Used in) Operating Activities

| | |
|---|---------------------------|
| Operating Gain (Loss) | (\$649,423) |
| Adjustments: | |
| Depreciation | 106,653 |
| (Increase) Decrease in Assets: | |
| Accounts Receivable | (420) |
| Increase (Decrease) in Liabilities: | |
| Accounts Payable | 61,967 |
| Accrued Wages | 103,276 |
| Compensated Absences | (2,125) |
| Intergovernmental Payable | <u>5,272</u> |
| Net Cash Provided by (Used in) Operating Activities | <u><u>(\$374,800)</u></u> |

See accompanying notes to the basic financial statements

THIS PAGE INTENTIONALLY LEFT BLANK

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

1. DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Horizon Science Academy of Columbus, Inc. (the School), also known as Horizon Educational Services of Columbus, Inc., is a nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through nine, which has since been modified to include grades ten through twelve. The School, which is part of the State's education program, is independent of any School and is nonsectarian in its programs, admission policies, employment practices, and all other operations.

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

The School originally was approved for operation with the Ohio Department of Education which expired on June 30, 2004. The School is currently under contract with the Lucas County Education Service Center (the Sponsor) for a period of five years commencing July 1, 2004.

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. The Board of Trustees controls the School's two instructional/support facilities staffed by 7 classified and 42 certificated full time teaching personnel who provide services to up to 503 students during the year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation

The School's basic financial statements consist of a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows.

Auditor of State of Ohio Bulletin No. 2000-005 requires the presentation of all financial activity to be reported within one enterprise fund for year-end reporting purposes. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 associated with the operation of the School are included on the Statement of Net Assets. The Statement of Revenues, Expenses, and Changes in Net Assets present increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

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, unless specifically provided in the contract between the School and its sponsor. The contract between the School and its Sponsor does not prescribe a budgetary process for the School. However, the School does have to follow the provisions of Ohio Rev. Code Section 5705.391 as it relates to five-year forecasts.

D. Cash

To improve cash management, all cash received by the School is pooled in a central bank account. The School did not have any investments during fiscal year 2006.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment and an expense is reported in the year in which benefit is received.

F. 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 maintains a capitalization threshold of one thousand dollars per the capital asset policy. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. The School does not capitalize interest.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets and Depreciation (Continued)

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

Useful Life:

| | |
|------------------------|------------------------------|
| Furniture and Fixtures | 10 years |
| Equipment and Vehicles | 5 - 10 years |
| Leasehold Improvements | 5 - 10 years (life of lease) |

G. Intergovernmental Revenues

The School currently participates in the State Foundation Program, Special Education Program, and the State Disadvantaged Pupil Impact Aid (DPIA) Program which are reflected under "State Aid". Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

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 when use is first permitted, matching requirements, in which the school must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the school on a reimbursement basis.

Amounts awarded under these programs for the 2006 school year totaled \$3,429,165.

H. 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.

I. Compensated Absences

School policy indicates that all leave earned by employees must be used in the current period and balances are not carried forward, and, therefore, are not recorded as a liability. For the fiscal year ending June 30, 2006, the School elected to pay employees for unused leave, which amounted to \$5,325 and has been recorded as a payable as of June 30, 2006.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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. The School had restricted net assets related to amounts held by a lessor as part of the School's lease agreement.

K. 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

Custodial credit risk is the risk that, in the event of bank failure, the School's deposits may not be returned. The school does not have a policy for custodial credit risk. At June 30, 2006, the carrying amount of the School's deposits was \$9,846, and the bank balance was \$37,523. All of the total bank balance was insured by FDIC. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$0 was uninsured and uncollateralized. There are no significant statutory restrictions regarding deposit and investment of funds by the School. The School had no investments at June 30, 2006 or during the fiscal year.

4. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

| | Balance 30-Jun-05 | Additions | Deletions | Ending 30-Jun-06 |
|-----------------------------------|------------------------------|--------------------|------------------|-----------------------------|
| Leasehold Improvements | \$ 519,320 | \$ 24,278 | \$ - | \$ 543,598 |
| Furniture and Fixtures | 259,509 | - | - | 259,509 |
| Equipment | 206,636 | 28,268 | - | 234,904 |
| Vehicles | 7,875 | - | - | 7,875 |
| Total Fixed Assets | 993,340 | 52,546 | - | 1,045,886 |
| Less: Accumulated Depreciation | (384,449) | (106,653) | - | (491,102) |
| Net Fixed Assets | \$ 608,891 | \$ (54,107) | \$ - | \$ 554,784 |

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

5. SECURITY DEPOSIT

According to the terms of the School's operating lease for the middle school buildings, the School paid the lessor \$43,375 during fiscal year 2000 as a security deposit for the building lease. This amount is being held by B&A Realty and will be remitted to the School at the end of the lease if all lease commitments are paid.

6. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit 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 43215-3476 or by calling 614-222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute at an actuarially determined rate. The current School rate is 14 percent 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 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2005, 10.57 percent 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, up to statutory maximum amounts, by the SERS Retirement Board.

The School's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$17,051, \$12,221, and \$10,555, respectively; 42% has been contributed for fiscal year 2006 and 100% has been contributed for the remaining fiscal years .

B. State Teachers Retirement System

The School participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost sharing, multiple-employer public employee retirement system. 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 43215-3371, by calling (614) 227-4090.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

6. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times 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 Combined Plan offers features of both the DB Plan and the DC 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service that 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. 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 School's required contributions for pension obligations for the fiscal years ended June 30, 2006, 2005, and 2004 were \$204,160, \$156,164, and \$115,275 respectively; 83 percent has been contributed for fiscal year 2006 and 100 percent has been contributed for the remaining fiscal years .

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

7. POSTEMPLOYMENT BENEFITS

The School provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School, this amount equaled \$15,534 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the fiscal year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries.

For the School, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$7,902. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2006 (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million, which is about 221% of next year's project net health care costs. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for the health care reserve equal to 150% of estimated annual net health care costs. SERS has approximately 59,492 participants currently receiving health care benefits.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

8. RISK MANAGEMENT

A. Property and Liability

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 2006, the School contracted with Auto Owner Insurance Company for property and general liability insurance with a \$1,000,000 single occurrence limit and \$3,000,000 annual aggregate and no deductible. There has been no reduction in coverage over the prior year. There have been no settlements exceeding coverage in the last three years.

B. Workers Compensation

The School 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 did not owe for this premium as of June 30, 2006.

9. EMPLOYEE MEDICAL AND DENTAL BENEFITS

The School has contracted with a private carrier to provide employee medical/surgical benefits. The School pays 60% of the monthly premium and the employee is responsible for the remaining 40%. The School has also contracted with private carriers to provide dental coverage. The School pays 60% of the monthly premium and the employee is responsible for the remaining 40%.

10. PURCHASED SERVICES

Purchased service expenses during fiscal year 2006 were as follows:

| Type | Amount |
|-----------------------------------|------------------|
| Professional Services | 436,799 |
| Rent and Property Services | 559,839 |
| Travel | 1,945 |
| Advertising and Communications | 57,941 |
| Utilities | 81,381 |
| Pupil Transportation | 7,335 |
| Other Purchased Services | 13,142 |
| Total | 1,158,382 |

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

11. CAPITAL LEASES - LESSEE DISCLOSURE

During current and prior years, the School entered into several capitalized lease agreements for equipment. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases,"* which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital assets of \$131,677 have been recorded, which represents the present value of the minimum lease payments at time of acquisition. The accumulated depreciation for the capital lease assets was \$52,672 at June 30, 2006. Principal payments for fiscal year 2006 totaled \$35,819. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2006.

| Fiscal Year end June 30, | Lease Payments |
|---|-----------------|
| 2007 | 43,306 |
| 2008 | 19,449 |
| 2009 | 11,628 |
| 2010 | <u>3,036</u> |
| Total Minimum Lease Payments | <u>77,419</u> |
| Less Interest | (5,269) |
| Present Value of Minimum Lease Payments | <u>\$72,150</u> |

12. LINE OF CREDIT

The School entered into a promissory note for a line of credit with National City Bank during fiscal year 2006 in the amount of \$50,000. The School must make minimum interest payment each month. The interest rate is tied to the prime rate and re-indexed as this rate moves. As of June 30, 2006, the School interest rate on the loan was 7 percent and the amount due was \$48,843.

13. OPERATING LEASES

The School entered into an operating lease in fiscal year 1999 for school facilities on Bethel Rd. The operating lease included an annual increase. Under generally accepted accounting principles, the School was recognizing lease expenses on a straight line basis and recorded an operating lease payable for the difference between cash payments and the amount expensed.

On June 30, 2003, the School renegotiated the lease agreement. The new six year lease includes an annual 4% increase that management considers to be a normal cost of living increase. Required payments for the renegotiated lease are as follows:

| Fiscal year ending: | Amount to be paid |
|---------------------|-------------------|
| June 30, 2007 | 209,731 |
| June 30, 2008 | 218,120 |
| June 30, 2009 | 226,845 |

The School also entered into a lease agreement for school facilities on Morse Road with Breeze, Inc.. Since the facilities were not ready for occupancy, the school entered into another lease agreement with Equity Dublin Associates from September 7, 2004 to October 7, 2004 for 11,400 rentable space located at Corporate Park of Dublin, Ohio. The School was responsible for paying \$11,100 as security deposit as well as one months' rent in the same amount.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

13. OPERATING LEASES (Continued)

The School resumed its lease with Breeze, Inc. on July 1, 2004 for a lease term of three (3) years at 1070 Morse Road. The lease was extended through 2009. The lease includes an annual 4% increase over the rent for the preceding years. Required payments for the lease are as follows:

| <u>Fiscal year ending:</u> | <u>Amount to be paid</u> |
|----------------------------|--------------------------|
| June 30, 2007 | 389,376 |
| June 30, 2008 | 404,951 |
| June 30, 2009 | 421,149 |

14. CONTINGENCES

A. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

B. Pending Litigation

A suit was filed in the US District Court, Southern District of Ohio, Western Division on October 6, 2004, which challenges the funding of charter schools under Equal Protection, Due Process and claims violation of a right to vote on the bodies administering public schools. The case is still pending. The effect of this suit, if any, on the School is not presently determinable.

C. Full Time Equivalency

The Ohio Department of Education 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. The conclusions of this review could result in state funding being adjusted. However, in the opinion of the School, any such adjustments will not have a material adverse effect on the financial position of the School.

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

15. STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The School is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

16. SPONSORSHIP AGREEMENT

On July 1, 2004, Lucas County Educational Service Center assumed responsibility for sponsorship of the School. 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. Fees paid to the sponsor during fiscal year 2006 were \$39,070.

17. RELATED PARTY TRANSACTIONS

A. Concept Schools, Inc.

The original founders of the school are also the founders and current owners of Concept Schools, Inc. While the founders are no longer members of the Board, Concept Schools still maintains a close relationship with the Board. This is evidenced by the fact that Concept waived \$50,000 of its management fees for the second half of fiscal year 2006 due to the operating loss sustained by the School. Concept Schools does not impose its will on the School Board. However, Concept Schools, Inc does influence the Board's decisions on budgeting, personnel, and authorizes all expenditures. Total Fees represented about 5% of total revenues. Description of services and total fees paid are listed below:

| | |
|--------------------------|------------|
| Management Fees | \$ 145,507 |
| Legal Fees | 12,950 |
| Professional Development | 2,100 |
| Equipment and Furniture | 31,852 |
| Total | \$ 192,409 |

In addition to the amounts paid to Concept Schools, Inc. noted above, the School owed Concept Schools, Inc. \$110,643 in unpaid fees as of June 30, 2006.

B. Breeze, Inc.

One of the School's original Founder's, Vedat Akgun, is the owner of Breeze, Inc and is also employed by Concept Schools, Inc. Breeze owns the Morse Rd building which houses grades 9-12. Breeze was paid \$263,000 in rent in fiscal year 2006. Furthermore, the Board guaranteed a loan on behalf of Breeze in the amount of \$2,300,000 on May 11, 2006 for the Morse Rd building.

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

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

We have audited the financial statements of the enterprise fund of Horizon Science Academy of Columbus, Franklin County, Ohio (School), as of and for the year ended June 30, 2006, and have issued our report thereon dated April 13, 2007. 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

In planning and performing our audit, we considered the School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2006-1.

This report is intended solely for the information and use of the Members of the Board and management, and is not intended to be, and should not be used by anyone other than these specified parties.



Kennedy Cottrell Richards LLC
April 13, 2007

**HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY**

SCHEDULE OF FINDINGS

2006-1 NONCOMPLIANCE: PAYMENT OF TAXES

Ohio Rev. Code Section 3314.082 states, "It is the intent of the general assembly that no state moneys paid to a community school under Section 3314.08 of the Revised Code be used by the school to pay any taxes the school might owe on its own behalf, including, but not limited to, local, state, and federal income taxes, sales taxes, and personal and real property taxes."

During our testing we noted the School was paying their landlord for property taxes, as called for in their operating lease agreement.

We recommend the School discontinue the practice of paying their landlord for property taxes to avoid noncompliance in future fiscal periods.

Views of Responsible Officials

The School concurs with the finding and plans to discontinue paying for property taxes.

HORIZON SCIENCE ACADEMY OF COLUMBUS
FRANKLIN COUNTY

SCHEDULE OF PRIOR YEAR FINDINGS

| <u>Fiscal Year</u> | <u>Finding Number</u> | <u>Status</u> |
|--------------------|-----------------------|---------------|
| 2005 | 2005-1 | Corrected. |
| 2005 | 2005-2 | Corrected. |
| 2005 | 2005-3 | Corrected. |
| 2005 | 2005-4 | Corrected. |
| 2005 | 2005-5 | Corrected. |
| 2005 | 2005-6 | Corrected. |



Mary Taylor, CPA
Auditor of State

HORIZON SCIENCE ACADEMY OF COLUMBUS

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 29, 2007**