RUSHMORE ACADEMY
MARION COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

Dave Yost • Auditor of State

RUSHMORE ACADEMY
MARION COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Rushmore Academy
Marion County
910 East Church Street
Marion, Ohio 43302

To the Board of Directors:

We have audited the accompanying basic financial statements of the Rushmore Academy, Marion County, Ohio (the Academy), a component unit of the Marion City School District, 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 Academy'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 Rushmore Academy, Marion County, Ohio, as of June 30, 2011, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2012, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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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.

Dave Yost

Dave Yost
Auditor of State

February 13, 2012

The discussion and analysis of Rushmore Academy's (the Academy) financial performance provides an overall review of the Academy's financial activities for the fiscal year ended June 30, 2011. Readers should also review the basic financial statements and notes to enhance their understanding of the Academy's financial performance.

Highlights

The Academy began operations in July 2009. The Academy is a standalone brick and mortar school which served 87 students during fiscal year 2010. In fiscal year 2011, the Academy's student population increased to 120. The Academy hires and provides specialized training for its entire staff.

Using the Basic Financial Statements

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

The statement of net assets and the statement of revenues, expenses, and change in net assets reflect how the Academy did financially during fiscal year 2011. These statements include all assets and liabilities using the accrual basis of accounting similar to that which is used by most private-sector companies. This basis of accounting considers all of the current fiscal years' revenues and expenses regardless of when cash is received or paid.

These statements report the Academy's net assets and the change in those assets. This change in net assets is important because it tells the reader whether the financial position of the Academy has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

Table 1 provides a summary of the Academy's net assets for fiscal year 2011 and fiscal year 2010:

Table 1
Net Assets

	2011	2010	Change
Assets:			
Current Assets	$701,457	$273,544	$427,913
Capital Assets, Net	160,570	98,100	62,470
Total Assets	862,027	371,644	490,383
Liabilities:			
Current Liabilities	90,005	44,645	(45,360)
Net Assets:			
Invested in Capital Assets	160,570	98,100	62,470
Unrestricted	611,452	228,899	382,553
Total Net Assets	$772,022	$326,999	$445,023

The above table demonstrates several notable changes from the prior fiscal year. The increase in current and other assets reflects an increase in cash and cash equivalents; the Academy received more State foundation monies in fiscal year 2011 due to higher enrollment. In addition, there was an increase in intergovernmental receivables for amounts due to the Academy for various grants (such as Education Jobs). The increase in net capital assets and invested in capital assets reflects additional computers purchased by the Academy during the fiscal year. The increase in current liabilities reflects increased costs associated with the higher enrollment (services acquired from Marion City School District and TRECA).

Table 2 reflects the change in net assets for fiscal year 2011 and fiscal year 2010.

Table 2
Change in Net Assets

	2011	2010	Change
Operating Revenues:			
Foundation	$774,487	$559,067	$215,420
Other Operating Revenues	13,068	2,873	10,195
Non-Operating Revenues:			
Grants	418,082	324,315	93,767
Total Revenues	1,205,637	886,255	319,382
Operating Expenses:			
Purchased Services	607,818	449,127	(158,691)
Materials and Supplies	119,265	89,831	(29,434)
Depreciation	33,531	20,298	(13,233)
Total Expenses	760,614	559,256	(201,358)
Increase in Net Assets	445,023	326,999	118,024
Net Assets at Beginning of Year	326,999	0	326,999
Net Assets at End of Year	$772,022	$326,999	$445,023

As noted earlier, the Academy received more State foundation monies due to higher enrollment and an increase in grant resources (such as Education Jobs). The increase in enrollment also resulted in an increase in costs, purchased services and materials and supplies.

Budgeting

Rushmore Academy is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

Capital Assets

At the end of fiscal year 2011, the Academy had $160,570 invested in capital assets (net of accumulated depreciation). For further information regarding the Academy's capital assets, refer to Note 5 to the basic financial statements.

Current Issues

The Academy is sponsored by the Marion City School District. The Academy relies on State foundation funding as well as federal grants to provide the monies necessary to operate a drop-out/credit recovery oriented educational program. These funds will continue to help expand the current program.

The future of the Academy is dependent upon continued funding from the State as no local revenue can be generated through tuition or property taxes.

The Academy has committed itself to providing a service to those students who have either dropped-out of school or for those students in search of credit recovery. The management will aggressively pursue adequate funding to secure the financial stability of the Academy.

For the 2011/2012 school year, the Academy is committed to providing all students and staff with the necessary resources to help promote a safe and learning environment. The Academy will work independently and together with its sponsor to provide professional development and learning opportunities to all staff members.

Contacting the Academy's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Academy's finances and to reflect the Academy's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Hueston Lauderman, Treasurer, Rushmore Academy, 910 East Church Street, Marion, Ohio 43302.

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RUSHMORE ACADEMY
MARION COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2011

Assets:	
Current Assets:	
Cash and Cash Equivalents	$488,066
Intergovernmental Receivable	213,391
Total Current Assets	701,457
Non-Current Assets:	
Depreciable Capital Assets, Net	160,570
Total Assets	862,027
Liabilities:	
Current Liabilities:	
Accounts Payable	9,602
Due to Primary Government	67,233
Intergovernmental Payable	7,594
Deferred Revenue	5,576
Total Current Liabilities	90,005
Net Assets:	
Invested in Capital Assets	160,570
Unrestricted	611,452
Total Net Assets	$772,022

See Accompanying Notes to Basic Financial Statements

RUSHMORE ACADEMY
MARION COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Operating Revenues:	
Foundation	$774,487
Other Operating Revenues	13,068
Total Operating Revenues	787,555
Operating Expenses:	
Purchased Services	607,818
Materials and Supplies	119,265
Depreciation	33,531
Total Operating Expenses	760,614
Operating Income	26,941
Non-Operating Revenues	
Grants	418,082
Change in Net Assets	445,023
Net Assets at Beginning of Year	326,999
Net Assets at End of Year	$772,022

See Accompanying Notes to the Basic Financial Statements

RUSHMORE ACADEMY
MARION COUNTY

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Foundation	$780,063
Cash Received from Other Revenues	13,068
Cash Payments for Goods and Services	(687,299)
Net Cash Provided by Operating Activities	105,832
Cash Flows from Noncapital Financing Activities:	
Cash Received from Grants	268,642
Cash Flows from Capital Financing Activities:	
Cash Payments for Acquisition of Capital Assets	(96,001)
Net Increase in Cash and Cash Equivalents	278,473
Cash and Cash Equivalents at Beginning of Year	209,593
Cash and Cash Equivalents at End of Year	$488,066
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	$26,941
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation	33,531
Changes in Assets and Liabilities:	
Increase in Accounts Payable	7,680
Increase in Due to Primary Government	24,510
Increase in Intergovernmental Payable	7,594
Increase in Deferred Revenue	5,576
Net Cash Provided by Operating Activities	$105,832

See Accompanying Notes to the Basic Financial Statements

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Note 1 - Description of the School

Rushmore Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-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 Academy's tax exempt status. The Academy's objective is to deliver a comprehensive educational program of high quality, tied to state and national standards, which can be delivered to high school dropouts, formerly home schooled students, students who have experienced consistent lack of success in traditional high school settings, and other students age sixteen through twenty-one. It is to be operated in cooperation with the public schools to provide an open, non-discriminatory environment where students are encouraged to work at their own pace while staff helps to overcome barriers that have hindered past academic success. The Academy, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Academy may acquire facilities as needed and contract for any services necessary for the operation of the school.

Rushmore Academy was approved for operation under a contract with the Marion City School District (the Sponsor) for a five-year period commencing on July 1, 2009. The Sponsor is responsible for evaluating the performance of the Academy and has the authority to deny renewal of the contract at its expiration. The Sponsor is also the fiscal agent of the Academy with the Assistant Treasurer of the Sponsor performing the role of Treasurer for the Academy.

The Academy operates under the direction of a five-member Board of Directors made up of community members within the area served by the Academy. The board members are appointed by the Marion City Board of Education. Because the Marion City Board of Education is financially accountable for the Academy, the Academy is considered a component unit of the Marion City School District. The Board of Directors of the Academy 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. During fiscal year 2011, the Academy purchased services from the Tri-Rivers Educational Computer Association (TRECA).

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

The Academy'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.

Note 2 - Summary of Significant Accounting Policies (continued)

The Academy uses enterprise accounting to maintain its financial records during the fiscal year. Enterprise accounting focuses on the determination of operating income, change in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus

The Academy is accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy 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 reflects how the Academy finances and meets its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the Academy's contract with its Sponsor. The contract between the Academy and its Sponsor does prescribe a budget requirement.

E. Cash and Cash Equivalents

Cash held by the Academy is reflected as "Cash and Cash Equivalents" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2011, the Academy had no investments.

Note 2 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of five hundred dollars. The Academy does not have any infrastructure. Improvements are capitalized. 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.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Capital assets, currently consisting of equipment, are depreciated over five to twenty years.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. The Academy did not have any restricted net assets at fiscal year end.

H. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements in which the Academy must provide local resources to be used for a specified purpose, and expenditure requirements in which the resources are provided to the Academy on a reimbursement basis.

The amount of these grants is directly related to the number of students enrolled in the Academy. The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure that accurate student enrollment data is reported to the State, upon which State foundation funding is calculated.

The remaining grants and entitlements received by the Academy are recognized as non-operating revenues in the accounting period in which eligibility requirements have been met.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. For the Academy, these revenues are generally foundation payments from the State. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Academy. All revenues and expenses not meeting this definition are reported as non-operating.

Note 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.

Note 3 - Deposits

At fiscal year end, the carrying amount of the Academy's deposits was $488,066 and the bank balance was $644,423. The entire bank balance was covered by federal depository insurance.

Note 4 - Receivables

At June 30, 2011, the Academy had intergovernmental receivables, in the amount of $213,391. The receivables are expected to be collected within one year.

	Amount
Idea Part - B	$19,813
Title I	76,515
Title II-A	2,639
Title II-D	373
Education Jobs	49,027
Title IV-A	65,024
Total Intergovernmental Receivables	$213,391

Note 5 - Capital Assets

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

	Balance at 6/30/10	Additions	Reductions	Balance at 6/30/11
Depreciable Capital Assets				
Furniture and Equipment	$118,398	$96,001	$0	$214,399
Less Accumulated Depreciation	(20,298)	(33,531)	0	(53,829)
Capital Assets, Net	$98,100	$62,470	$0	$160,570

Note 6 - Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the Academy obtained the following insurance coverage through Marion City School District's insurance policy.

Coverage provided by Ohio Casualty Insurance Company:	
General Liability	
Each Occurrence	$1,000,000
Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage for the past two fiscal years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

Note 7 - Fiscal Agent

The sponsorship agreement states the Assistant Treasurer of the Sponsor shall serve as the fiscal officer of Rushmore Academy.

The Assistant Treasurer of the Sponsor shall perform the following functions while serving as the Treasurer of the Academy:

A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;

B. Comply with the policies and procedures regarding internal financial control of the Academy; and

C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

Note 8 - Contract with TRECA

Rushmore Academy entered into a contract on June 8, 2010, with Tri-Rivers Educational Computer Association (TRECA) for management consulting services. Under the contract, the following terms were agreed upon:

1. TRECA shall provide instructional, supervisory/administrative, and technical services sufficient to effectively implement the Academy's educational plan.

2. All personnel providing services to the Academy on behalf of TRECA under the agreement shall be employees of TRECA and TRECA shall be solely responsible for all payroll functions, including retirement system contributions, and all other legal withholding and/or payroll taxes with respect to such personnel. All shall possess any certification or licensure which may be required by law.

Note 8 - Contract with TRECA (continued)

3. The technical services provided by TRECA to the Academy shall include access to, and the use of, computer software, computer hardware, networking hardware, network services, and the services of technical support personnel necessary to implement the plan of operation.

4. The Academy shall provide a key contact person who shall oversee and coordinate the daily operation of the Academy and serve as a liaison between the Academy and TRECA.

5. Curricular services provided by TRECA shall be limited to the standardized curriculum developed by TRECA and requested curricular electives which are developed and agreed to by TRECA.

6. In exchange for the services and support provided by TRECA, the Academy shall pay to TRECA $150 per full-time student enrolled in the Academy per year.

7. For elective courses beyond the core curriculum, the Academy shall pay to TRECA $250 per semester per student per half (.5) credit course.

8. Under a separate agreement, any professional development provided by TRECA to the Academy for instructional training shall be at the rate of $650 per day.

For fiscal year 2011, $19,697 was paid to TRECA.

To obtain TRECA's June 30, 2011, audited financial statements contact Scott Armstrong, Treasurer, at scott@treca.org.

Note 9 - Related Party Transactions

Rushmore Academy is a component unit of the Sponsor (Marion City School District). The Academy and Marion City School District entered into a five-year sponsorship agreement on March 9, 2009, whereby terms of the sponsorship were established. Pursuant to this agreement, Marion City School District's Assistant Treasurer serves as the Academy's fiscal officer.

In fiscal year 2011, other payments made by the Academy to Marion City School District were $546,855. These represent payments of $541,508 for administrative and support services provided by Marion City School District to the Academy and $5,347 for reimbursements for supplies and equipment purchases made by Marion City School District for the Academy.

Payments made by the Academy to TRECA in fiscal year 2011 for purchased services were $19,697. This consists of the $17,717 in student charges and $1,980 in miscellaneous fees.

Note 10 - Contingencies

A. Grants

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

B. Litigation

There are currently no matters in litigation with the Academy as a defendant.

C. Full Time Equivalency

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by community 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. The Academy received an overpayment of $5,576 in fiscal year 2011. This amount has been recorded as a liability in the accompanying financial statements.

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INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Rushmore Academy
Marion County
910 East Church Street
Marion, Ohio 43302

To the Board of Directors:

We have audited the financial statements of Rushmore Academy, Marion County, Ohio, (the Academy), a component unit of the Marion City School District, as of and for the year ended June 30, 2011, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated February 13, 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 Academy's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Academy's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Academy's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and 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 Academy'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 Academy'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 did note certain matters not requiring inclusion in this report that we reported to the Academy's management in a separate letter dated February 13, 2012.

We intend this report solely for the information and use of management, the Board of Directors, the Academy's sponsor, and others within the Academy. We intend it for no one other than these specified parties.

Dave Yost

Dave Yost
Auditor of State

February 13, 2012

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Rushmore Academy
Marion County
910 East Church Street
Marion, Ohio 43302

To the Board of Directors:

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

1. In the audit report dated December 13, 2010, it was noted the Board adopted an anti-harassment policy on May 5, 2009, however, in our testing for fiscal year 2011 we noted the policy was not adopted until November 16, 2010.

2. The Board adopted the policy on November 16, 2010. We read the policy, noting it included the following requirements listed in Ohio Rev. Code 3313.666:

   (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

   (2) A procedure for reporting prohibited incidents;

   (3) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

   (4) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

   (5) A procedure for documenting any prohibited incident that is reported;

(6) A procedure for responding to and investigating any reported incident;

(7) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;

(8) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;

(9) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

3. We read the policy, noting it does not include the following requirement listed in Ohio Rev. Code 3313.666:

   (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as amended by House Bill 19 of the 128th General Assembly.

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

Dave Yost

Dave Yost
Auditor of State

February 13, 2012

Dave Yost • Auditor of State

RUSHMORE ACADEMY

MARION 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
MARCH 15, 2012

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