

Focus Learning Academy of  
Northern Columbus  
Franklin County, Ohio

*Basic Financial Statements*

For the Fiscal Year Ended  
June 30, 2012





# Dave Yost • Auditor of State

Board of Directors  
Focus Learning Academy of Northern Columbus  
4795 Evanswood Drive  
Columbus, Ohio 43229

We have reviewed the *Independent Auditor's Report* of the Focus Learning Academy of Northern Columbus, Franklin County, prepared by Rea & Associates, Inc., for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

February 4, 2013

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**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS**

**FRANKLIN COUNTY**

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December 5, 2012

To the Board of Directors  
Focus Learning Academy of Northern Columbus  
4795 Evanswood Drive  
Columbus, OH 43229

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the Focus Learning Academy of Northern Columbus, Franklin County, Ohio (the "School"), as of and for the year ended June 30, 2012, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 respective financial position of the School, as of June 30, 2012, and the respective changes in financial position and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2012, on our consideration of the School's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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 considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who considers it to be an essential part of the financial reporting 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 limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the School's financial statements. The schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Hea & Associates, Inc.*



**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2012 UNAUDITED**

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

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**Financial Highlights**

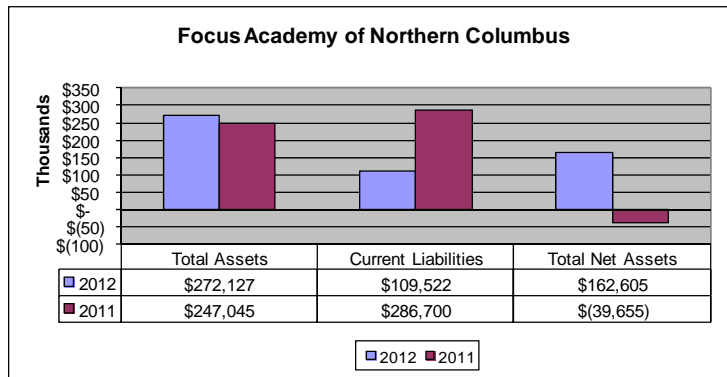
Key financial highlights for fiscal year 2012 are as follows:

- Total net assets increased \$202,260 in fiscal year 2012.
- Due to a decrease in enrollment, state aid decreased from \$2,122,627 in fiscal year 2011 to \$1,436,150 in fiscal year 2012.
- Similarly, total expenses decreased from \$3,266,514 in fiscal year 2011 to \$1,994,630 in fiscal year 2012.
- Total liabilities decreased \$177,178 with current assets increasing \$25,082 in fiscal year 2012.
- The School has no long term debt outstanding as of June 30, 2012.

**Using this Financial Report**

This report consists of three parts, the MD&A, the basic financial statements, and notes to those statements. The basic financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Net Assets, and a Statement of Cash Flows.

The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets reflect how the School did financially during fiscal year 2012. 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.



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.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2012 UNAUDITED  
(Continued)**

Table 1 provides a summary of the School's net assets for 2012 compared to the prior year.

(Table 1)

**Statement of Net Assets**

	<b>2012</b>	<b>2011</b>
<b>Assets</b>		
Current Assets	\$ 272,127	\$ 247,045
<b>Liabilities</b>		
Current Liabilities	109,522	265,037
Long Term Liabilities	-	21,663
Total Liabilities	109,522	286,700
<b>Net Assets</b>		
Unrestricted	\$ 162,605	\$ (39,655)

Cash and other current assets increased 10.2 percent (from \$247,045 in 2011 to \$272,127 in 2012). This is due to increased intergovernmental receivables from state foundation and federal grants as of June 30, 2012.

Current Liabilities decreased 61.8 percent. Accounts payable decreased from \$226,916 in 2011 to \$109,522 as a result of payment of amounts owed to various vendors during fiscal year 2012.

Total net assets increased by \$202,260. This increase is due to the reorganization of the school from a management company run school to the Board hiring staff directly.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2012 UNAUDITED  
(Continued)**

Table 2 shows Changes in Net Assets for the past 2 years.

(Table 2)

**Change in Net Assets**

	2012	2011
<b><u>OPERATING REVENUE</u></b>		
State Aid	\$ 1,436,150	\$ 2,122,627
<b><u>NON-OPERATING REVENUE</u></b>		
Grants	753,414	1,077,210
Miscellaneous Non-Operating Revenue	7,135	-
Interest Income	191	16
Total Revenues	2,196,890	3,199,853
<b><u>OPERATING EXPENSES</u></b>		
Salaries	819,985	-
Fringe Benefits	184,912	-
Purchased Services	841,126	-
Materials and Supplies	127,556	-
Depreciation	-	-
Other	21,051	36,388
Advertising	-	1,670
Facilities	-	90,603
Instructional Services	-	12,867
Legal Fees	-	18,550
Liability Insurance	-	9,118
Purchased Services: Management Fees	-	1,970,101
Purchased Services: Grant Programs	-	1,064,344
Sponsor Fees	-	62,373
Total Expenses	1,994,630	3,266,514
Change in Net Assets	\$ 202,260	\$ (66,661)

The revenue generated by a community school is almost entirely dependent on per-pupil allotment given by the State foundation and from federal entitlement programs. Foundation payments made up 66% of revenues for the School in fiscal year 2012. Grant revenue decreased from \$1,077,210 in fiscal year 2011 to \$753,414 in fiscal year 2012 due to federal stimulus monies expiring. Expenses decreased from \$3,266,514 in fiscal year 2011 to \$1,994,630 in fiscal year 2012. This is due to changes in the organizational structure. The school went from being run by an education management organization to a Board operated school. The board has hired its own staff directly and taken full control of the finances of the school. Full-time equivalent enrollment was reduced to 182 students in fiscal year 2012 from 314 students in 2011. The school's net income for fiscal year 2012 is primarily due to the change in management structure.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR FISCAL YEAR ENDED JUNE 30, 2012 UNAUDITED  
(Continued)**

***Budgeting Highlights***

Unlike other public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Chapter 5705, unless specifically provided in the community school's contract with its Sponsor. The contract between the School and its Sponsor does prescribe a budgetary process. The School has developed a one year spending plan and a five-year projection that is reviewed periodically by the Board of Directors.

**Capital Assets**

At the end of fiscal year 2012, the School has \$0 in net capital assets.

**Debt**

At June 30, 2012, the School had no long term debt. During the year, \$40,000 was forgiven by the School's previous management company.

**Current Financial Related Activities**

The School is in its first of operation without Eschool Consultants, LLC as its management company. The school operates by hiring its employees directly and offering education to students in grades K-8. The School's sponsor, Buckeye Community Hope Foundation, receives a fee of 3% of state aid. The financial outlook over the next several years shows continued growth in enrollment. But, future revenue increases are cautious due to Ohio's weak economic recovery.

**Contacting 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 Cherie Cox, Fiscal Officer for the Focus Learning Academy of Northern Columbus, 4795 Evanswood Dr., Columbus OH 43229.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
STATEMENT OF NET ASSETS  
JUNE 30, 2012**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 17,492
Accounts Receivable	14,533
Intergovernmental Receivable	<u>240,102</u>
Total Current Assets	<u>272,127</u>

**Total Assets** 272,127

**LIABILITIES**

Current Liabilities

Accounts Payable	11,864
Accrued Wages and Benefits	80,745
Intergovernmental Payable	<u>16,913</u>
Total Current Liabilities	<u>109,522</u>

**Total Liabilities** 109,522

**NET ASSETS**

Unrestricted 162,605

**Total Net Assets** \$ 162,605

See accompanying notes to the basic financial statements

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
STATEMENT OF REVENUES,  
EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<b>Operating Revenues</b>	
State Aid	<u>\$1,436,150</u>
<b>Operating Expenses</b>	
Salaries	819,985
Fringe Benefits	184,912
Purchased Services	841,126
Materials and Supplies	127,556
Other	<u>21,051</u>
<b>Total Operating Expenses</b>	<u>1,994,630</u>
Operating Loss	(558,480)
<b>Non-Operating Revenues/(Expenses)</b>	
Federal and State Grants	753,414
Miscellaneous Non-Operating Revenue	7,135
Interest Income	<u>191</u>
<b>Total Non-Operating Revenues</b>	760,740
<b>Change in Net Assets</b>	<u>202,260</u>
<b>Net Assets Beginning of Year</b>	<u>\$ (39,655)</u>
<b>Net Assets End of Year</b>	<u>\$ 162,605</u>

See accompanying notes to the basic financial statements

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

Cash Flows from Operating Activities	
Cash Received from State	\$ 1,436,150
Cash Payments for Goods and Services	<u>(2,166,557)</u>
Net Cash Used for Operating Activities	<u>(730,407)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Grants Received	726,897
Miscellaneous Cash Receipts	<u>7,135</u>
Net Cash Provided by Noncapital Financing Activities	<u>734,032</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal Payments on Notes Payable	<u>(19,784)</u>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Cash Received from Interest on Investments	<u>191</u>
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**NET DECREASE IN CASH AND CASH EQUIVALENTS** (15,968)

**CASH AND CASH EQUIVALENTS BEGINNING OF YEAR** 33,460

**CASH AND CASH EQUIVALENTS END OF YEAR** \$ 17,492

**RECONCILIATION OF OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Operating Loss	\$ (558,480)
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**ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES**

Changes in Assets and Liabilities:	
Accounts Receivable	(14,533)
Accounts Payable	(255,052)
Accrued Wages and Benefits	80,745
Intergovernmental Payable	<u>16,913</u>

Net Cash Used for Operating Activities \$ (730,407)

See accompanying notes to the basic financial statements

**Schedule of Non Cash Capital Financing Activities:**

During fiscal year 2012, \$40,000 worth of debt was written off due to eSchools no longer providing management services to the school. See Note 14 for further explanation.

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**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012**

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

Focus Learning Academy of Northern Columbus (formerly Life Skills Center of Northern Columbus) (the School) is a state nonprofit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to maintain and provide a school exclusively for any educational, literary, scientific and related teaching service. The School, which is part of the State's education program, is independent of any school district. 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 was approved for operation under contract with the Ohio State Board of Education (the Sponsor) for a period of five years from May 16, 2000 through June 30, 2005. In April 2005, Buckeye Community Hope Foundation became the sponsor. The School operates under a self-appointing five-member Board of Directors (the Board). The School's Code of Regulations specify that vacancies that arise on the Board will be filled by the appointment of a successor director by a majority vote of the then existing directors. The Board is responsible for carrying out the provisions of the contract with the Sponsor which includes, but is not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The School has one instructional/support facility. The facility is staffed with teaching personnel who provide services to 182 students.

The Ellendale Group, a state nonprofit organization established pursuant to Ohio Rev. Code Chapter 1702, was originally formed in September 2001 to provide a fostering structure for the provision, development and management of one or more community schools in Franklin County, Ohio, and for any and all lawful purposes for which a corporation may be formed under Chapter 1702 of the Revised Code. The Ellendale Group intended to govern approved contracts for community schools with the following names: the Life Skills Center of Columbus, the Life Skills Center of Southwestern Ohio and the Life Skills Center of Montgomery County (name to be changed once location of school was determined).

Pursuant to the instruction and requirement of the Ohio Department of Education with respect to the three (3) Life Skills Centers in the Columbus area, and the assignments of each community school contract, a separate nonprofit entity had to be formed to govern each School. As a result, the Ellendale Group amended its articles of incorporation in June 2002 in order to change the name of the nonprofit to the Life Skills Center of Southeastern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Columbus. A nonprofit was formed May 2002 in the name of the Life Skills Center of Northern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Montgomery County. Also formed in May 2002 was the nonprofit entity the Life Skills Center of Southwestern Columbus. This entity was assigned the community school contract which was originally under the name of the Life Skills Center of Southwestern Ohio.

On June 22, 2006, the Board changed the name to Focus Learning Academy of Northern Columbus from Life Skills Center of Northern Columbus as the results of the change in management company which owns the "Life Skills" trade name.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The 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 statements and interpretations issued on or before November 30, 1989, provided they do not conflict with GASB pronouncements. The School does not apply FASB statements or interpretations 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.

The School uses enterprise accounting to report on its financial activities. Enterprise accounting focuses on the determination of operating income, changes in net assets, financial position, and cash flows. 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 AND BASIS OF ACCOUNTING**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Net Assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The Statement of Cash Flows reflects how the School finances and meets its cash flow needs.

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The accrual basis of accounting is utilized 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 received value without directly giving equal value in return, such as grants, entitlements, and donations are recognized in the period in which all eligibility requirements have been satisfied. Expenses are recognized at the time they are incurred.

**C. BUDGETARY PROCESS**

Unlike traditional public schools located in the State of Ohio, community schools are not required to follow budgetary provisions set forth in Ohio Rev. Code Section 5705, unless specifically provided in the School's contract with its Sponsor. The contract between the School and its Sponsor requires a detailed school budget for each year of the contract; however, the budget does not have to follow the provisions of Ohio Rev. Code Section 5705.

**D. CASH AND CASH EQUIVALENTS**

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

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

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

**E. CAPITAL ASSETS AND DEPRECIATION**

For purposes of recording capital assets, the Board has a capitalization threshold of \$5,000. Currently the school has no amounts recorded on the financial statements

**F. INTERGOVERNMENTAL REVENUES**

The School currently participates in the State Foundation Program, the State Disadvantaged Pupil Impact Aid (DPIA) Program, and the Career Based Intervention (CBI) Program, which are reflected under "State Aid" on the Statement of Revenues, Expenses and Changes in Net Assets. Revenues received from these programs are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

Non-exchange transactions, in which the School receives value without directly giving equal value in return, include grants, entitlements, and contributions. Grants, entitlements, and contributions 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 the above programs for the 2012 school year totaled \$2,189,564.

**G. OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the School. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the School. All revenues and expenses not meeting this definition are reported as non-operating.

**H. NET ASSETS**

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the 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.

**I. USE OF ESTIMATES**

In preparing the financial statements, management is sometimes required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**3. DEPOSITS**

Custodial credit risk is the risk that, in the event of a bank failure, the School's deposits may not be returned. The School does not have a deposit policy for custodial credit risk. At June 30, 2012, the carrying amount of the School's deposits was \$17,492 and the bank balance was \$39,983. Of the bank balance, all was covered by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure, \$0 was uninsured and uncollateralized. There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

**4. RISK MANAGEMENT**

**Property and Liability** - The School is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Settled claims have not exceeded this coverage in any of the past three years, nor has there been a significant reduction in insurance coverage from the prior year. Below is the various coverages for the School

Commercial General Liability per occurrence	\$1,000,000
Commercial General Liability aggregate	2,000,000
Umbrella Liability per occurrence	6,000,000
Umbrella Liability aggregate	6,000,000
Automobile Liability combined single limit	1,000,000
Commercial Property Liability – Personal Property (\$1,000 Deductible)	25,600
Excess Volunteer Liability per occurrence	1,000,000
Excess Volunteer Liability aggregate	3,000,000

**Director and Officer** - Coverage has been purchased by the School with a \$1,000,000 aggregate limit and no deductible.

**Worker's Compensation** – The school is responsible for paying the State Workers Compensation System a premium for employee injury coverage.

**5. INTERGOVERNMENTAL RECEIVABLE/PAYABLE**

At June 30, 2012, The School had intergovernmental receivables in the amount of \$240,102. Intergovernmental receivables consist of federal assistance (CCIP) which eligibility requirements have been met (earned) at June 30, 2012, but the cash was not received by year end. Intergovernmental payables of \$16,913 are shown which consist of payroll liabilities due and unpaid to various taxing authorities and pension systems at fiscal year end.

**6. ACCOUNTS PAYABLE**

Accounts Payable consists of obligations totaling \$11,864 at June 30, 2012, incurred during the normal course of conducting operations.

**7. ACCRUED WAGES AND BENEFITS**

Accrued wages and benefits were \$80,745 at June 30, 2012 which represents wages, with associated benefits, earned and not paid at June 30, 2012 for certain School teachers paid over a 12 month period.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS**

**A. SCHOOL EMPLOYEES RETIREMENT SYSTEM**

**Plan Description** - The School, contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 by calling toll free 1-800-878-5853. It is also posted at the SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employer/ Audit Resources.

**Funding Policy** - Plan members are required to contribute 10 percent of their annual covered salary and the School is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B and Health Care). For the fiscal year ending June 30, 2012, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School contributions to SERS for the year ended June 30, 2012, 2011 and 2010 were \$36,587, \$100,597, and \$73,719, respectively, as all contributions were paid and reported.

**B. STATE TEACHERS RETIREMENT SYSTEM**

**Plan Description** - The School, contributes to the State Teachers Retirement System of Ohio (STRS Ohio), which is 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, which may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614) 227-4090, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Plan Options** - New members have a choice of three retirement plans options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (continued)**

**B. STATE TEACHERS RETIREMENT SYSTEM (continued)**

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. 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.

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.

**Funding Policy** - For the fiscal year ended June 30, 2012, 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 2011, 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 contribution for pension obligations to STRS for the fiscal years ended June 30, 2012, 2011, and 2010, were \$59,159, \$67,047 and \$67,295, respectively; 100% has been contributed for all fiscal years.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement Systems**

In addition to a cost-sharing multiple-employer defined pension plan the School Employees Retirement System of Ohio (SERS) administers two post employment benefit plans.

**Medicare Part B**

Medicare B plan reimburse Medicare B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefits recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40; SERS' reimbursement for retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund, For fiscal 2010, the actuarial required allocation is .76 percent. The Schools contributions for the years ended June 30, 2012, 2011 and 2010 were \$765, \$560, and \$551, respectively; 100% has been contributed for all fiscal years.

**Health Care Plan**

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions.

The Health Care Fund was established under, and is administered in accordance with the Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2012, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than the actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year June 30, 2012, the minimum compensation level was established at \$35,800. The surcharge added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The Schools contributions assigned to health care including surcharge for the years ended June 30, 2012, 2011, and 2010 were \$20,192, \$23,104 and \$10,130, respectively, as all contributions were paid and reported.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

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

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years, Medicare eligibility, and retirement status. The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' website [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**B. State Teachers Retirement System**

**Plan Description** – The School , contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy** – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the year ended June 30, 2012. The 14% employer contribution rate is the maximum rate established under Ohio law. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Schools' contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$4,551, \$4,789, and \$3,785, respectively as all contributions were paid and reported.

**10. CONTINGENCIES**

**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 disallowed claims will not have a material adverse effect on the financial position of the School.

**B. FULL TIME EQUIVALENCY**

The Ohio Department of Education conducts reviews of enrollment data and full time equivalency calculations made by the School. These reviews are conducted to ensure the School is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. A review has been conducted for the 2010-2012 school year. The adjustments for FTE did not have a material effect on the accompanying financial statements presented, but will be included in the financial activity for fiscal year 2013.



**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**10. CONTINGENCIES (Continued)**

**B. FULL TIME EQUIVALENCY**

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

The School District 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 of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

**11. FEDERAL TAX STATUS**

On November 30, 2006, the School began the process of filing for tax exempt status under section 501(c)(3) of the Internal Revenue Code. In the interim, the School has begun the process to file IRS Form 990, "Return of Organization Exempt from Income Tax".

**12. SPONSORSHIP FEES**

The School contracts with Buckeye Community Hope Foundation (BCHF) to be its sponsor (beginning April 2005). The current contract expired June 30, 2012. The contract states "...the annual sponsorship fee to be paid to Buckeye Community Hope Foundation be set at 3% of the State's annual School Foundation support..." The Sponsor is to provide oversight, monitoring, and technical assistance for the School. Amount paid to BCHF for fiscal year 2012 was \$25,673.

The new sponsor for the school is North Central Ohio Educational Service Center. The school has agreed to pay the new sponsor 3% of its annual school foundation revenue and has a 3 year term ending on June 30, 2015.

**13. DEBT OBLIGATIONS- SHORT-TERM**

At June 30, 2012, the following table represents the schools' short-term debt issuances:

	<u>Principal</u> <u>Outstanding</u>			<u>Principal</u> <u>Outstanding</u>
	<u>06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/12</u>
USA Transportation, Inc	\$ 19,784	\$ -	\$(19,784)	\$ -

On May 2011, the school entered into an open-end promissory Note with USA Transportation, LLC. Terms of the agreement are for 12 equal installments at zero interest. A discount of 20 % on the principal can be applied if the entire principal is paid by November 15<sup>th</sup>, 2011. Any amounts due at May 15, 2015 will accrue interest at 1.5% until paid. Principal payments made during fiscal year 2012 were \$19,784, which was the total outstanding balance.

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2012  
(Continued)**

**14. DEBT OBLIGATIONS- LONG-TERM**

At June 30, 2012, the following table represents the schools' long-term debt issuances:

	<u>Principal Outstanding 06/30/11</u>	<u>Additions</u>	<u>Reductions</u>	<u>Principal Outstanding 06/30/12</u>	<u>Amounts Due Within one year</u>
eSchool Consultants, LLC	\$ 40,000	\$ -	\$(40,000)	\$ -	\$ -

During the fiscal year, the school ceased using eSchools as its management company and met its obligation to eSchool consultants and therefore the outstanding balance of \$40,000 was forgiven by eSchools.

**15. PURCHASED SERVICES**

For the period July 1, 2011 through June 30, 2012, purchased service expenses were for the following services:

Professional Services	\$ 225,933
Property Services	230,127
Communications	14,111
Utilities	51,010
Trade Services	152,440
Transportation	<u>167,505</u>
Total	<u>\$ 841,126</u>

December 5, 2012

To the Board of Directors  
Focus Learning Academy of Northern Columbus  
4795 Evanswood Drive  
Columbus, OH 43229

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

We have audited the financial statements of the Focus Learning Academy of Northern Columbus, Franklin County, Ohio (the "School") as of and for the year ended June 30, 2012, and have issued our report thereon dated December 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Focus Learning Academy of Northern Columbus  
Independent Auditors Report on Internal Control Over  
Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*  
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, others within the school, the School's sponsor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties

*Rea & Associates, Inc.*

December 5, 2012

To the Board of Directors  
Focus Learning Academy of Northern Columbus  
4795 Evanswood Drive  
Columbus, OH 43229

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

**Compliance**

We have audited the compliance of the Focus Learning Academy of Northern Columbus, Franklin County, Ohio (the School) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2012. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of the School's management. Our responsibility is to express an opinion on the School's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School's compliance with those requirements.

In our opinion, the School complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

**Internal Control Over Compliance**

Management of the School is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Focus Learning Academy of Northern Columbus  
Independent Auditor's Report on Compliance with  
Requirements That Could Have a Direct and Material  
Effect on Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of the Board of Directors, management, others within the school, the School's sponsor, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specific parties.

*Hea & Associates, Inc.*

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Cash Receipts	Cash Disbursements
<b>U. S. Department of Education</b>				
<i>Passed Through Ohio Department of Education:</i>				
<i>Title I Cluster:</i>				
Title I	84.010	2011	\$ 67,868	\$ 88,762
Title I	84.010	2012	124,956	155,803
ARRA - Title I	84.389	2011	8,307	18,325
Title I - School Improvement	84.010	2011	6,331	6,331
Title I - School Improvement	84.010	2012	21,274	21,274
Total Title I Cluster			228,736	290,495
IDEA Part B	84.027	2011	6,853	13,074
IDEA Part B	84.027	2012	36,744	41,442
Total IDEA Part B			43,597	54,516
Twenty-First Century Community Learning Centers	84.287	2011	22,507	22,507
Twenty-First Century Community Learning Centers	84.287	2012	133,102	181,220
Total Twenty-First Century Community Learning Centers			155,609	203,727
Title III LEP	84.365	2011	11,131	11,365
Title III LEP	84.365	2012	30,313	36,759
Total Title III LEP			41,444	48,124
Education Technology State Grant	84.318	2011	780	623
Education Jobs Fund	84.410	2012	70,968	124,365
ARRA - State Fiscal Stabilization Fund - Race-to-the-Top Incentives	84.395	2012	32,845	69,526
<i>Total U.S. Department of Education</i>			573,979	791,376
<b>U. S. Department of Agriculture</b>				
<i>Passed Through the Ohio Department of Education:</i>				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program (A)	10.553	2012	50,735	50,735
National School Lunch Program (A)	10.555	2012	93,663	93,663
Total Child Nutrition Cluster			144,398	144,398
<i>Total U.S. Department of Agriculture</i>			144,398	144,398
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			\$ 718,377	\$ 935,774

See accompanying Notes to the Schedule of Expenditures of Federal Awards - Cash Basis

**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2012**

- (A) Federal money is commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
  
- (B) The School generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE's approval, a School can transfer unspent Federal assistance to the succeeding year, thus allowing the School a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2012, the Ohio Department of Education (ODE) did not authorize any transfers.



**FOCUS LEARNING ACADEMY OF NORTHERN COLUMBUS  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133, Section .505  
JUNE 30, 2012**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Were there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list): Title I Cluster	CFDA # 84.010 and #84.389
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

**No Findings noted.**

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

**No Findings noted.**

December 5, 2012

Board of Directors  
Focus Learning Academy of Northern Columbus  
4795 Evanswood Drive  
Columbus, OH 43229

### **INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED UPON PROCEDURES**

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

1. We noted the Board did not amend its anti-harassment policy to include violence within a dating relationship within its definition of harassment, intimidation or bullying. Ohio Rev. Code Section 3313.666 required the Board to amend its definition by September 28, 2010.

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 Sponsor, and is not intended to be and should not be used by anyone other than these specified parties.

*Rea & Associates, Inc.*

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# Dave Yost • Auditor of State

**FOCUS LEARNING ACADEMY OF NORTHERN 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  
FEBRUARY 19, 2013**