

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO
BASIC FINANCIAL STATEMENTS**

(AUDITED)

*FOR THE FISCAL YEAR ENDED
JUNE 30, 2012*

TERESA WOODS, TREASURER



Dave Yost • Auditor of State

Board of Directors
Premier Academy of Ohio
1555 Elaine Road
Columbus, Ohio 43227

We have reviewed the *Independent Accountants' Report* of the Premier Academy of Ohio, Franklin County, prepared by Julian & Grube, 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 Premier Academy of Ohio is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

March 11, 2013

This page intentionally left blank.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

TABLE OF CONTENTS

Independent Accountants' Report	1 - 2
Management Discussion and Analysis	3 - 6
Basic Financial Statements:	
Statement of Net Assets	7
Statement of Revenues, Expenses and Changes in Net Assets.....	8
Statement of Cash Flows.....	9
Notes to the Basic Financial Statements.....	10 - 21
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	22 - 23
Schedule of Findings and Responses.....	24

This page intentionally left blank.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

Premier Academy of Ohio
1555 Elaine Road
Columbus, Ohio 43227

To the Board of Directors:

We have audited the accompanying basic financial statements of the Premier Academy of Ohio, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Premier Academy of Ohio'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 that our audit provides a reasonable basis for our opinion.

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

As described in Note 3, the Premier Academy of Ohio restated its proprietary net assets at July 1, 2011 to properly state its promissory note payable.

The accompanying financial statements have been prepared assuming that the Academy will continue as a going concern. As discussed in Note 18 to the financial statements, the Premier Academy of Ohio at June 30, 2012 had a net asset deficit of \$210,853 and for the fiscal year ended June 30, 2012 had an operating loss of \$327,126 that raises substantial doubt about its ability to continue as a going concern. Note 18 describes management's plan regarding these issues. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 2, 2013 on our consideration of the Premier Academy of Ohio'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.

This page intentionally left blank.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2012 are as follows:

- In total, net assets were a deficit of \$210,853 at June 30, 2012.
- The Academy had operating revenues of \$1,284,902, operating expenses of \$1,612,028 and non-operating revenues of \$355,132 and non-operating expenses of \$15,976 for fiscal year 2012. The operating loss was \$327,126. The increase in net assets was \$12,030.

Using these Basic Financial Statements

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

Reporting the Academy's Financial Activities

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

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

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

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

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

The Academy restated net assets at June 30, 2011 as described in note 3B. The table below shows the changes in net assets for fiscal years 2012 and 2011.

Assets, Liabilities and Net Assets

	<u>2012</u>	(Restated) <u>2011</u>
<u>Assets</u>		
Current assets	\$ 59,258	\$ 65,768
Capital assets, net	<u>88,553</u>	<u>123,969</u>
Total assets	<u>147,811</u>	<u>189,737</u>
<u>Liabilities</u>		
Current liabilities	303,839	337,246
Long term liabilities	<u>54,825</u>	<u>75,374</u>
Total liabilities	<u>358,664</u>	<u>412,620</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	13,179	29,621
Restricted	35,879	42,317
Unrestricted (deficit)	<u>(259,911)</u>	<u>(294,821)</u>
Total net assets (deficit)	<u>\$ (210,853)</u>	<u>\$ (222,883)</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2012, the Academy's net assets were a deficit of \$210,853.

At June 30, 2012, capital assets represented 59.91% of total assets. Capital assets, net of related debt to acquire the assets at June 30, 2012, were \$13,179. These capital assets are used to provide services to the students and are not available for future spending. Although the Academy's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

The Academy restated net assets at June 30, 2011 as described in note 3B. The table below shows the changes in net assets for fiscal years 2012 and 2011.

Change in Net Assets

	<u>2012</u>	(Restated) <u>2011</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,281,432	\$ 1,407,972
Charges for services	-	615
Other	<u>3,470</u>	<u>8,558</u>
Total operating revenue	<u>1,284,902</u>	<u>1,417,145</u>
<u>Operating Expenses:</u>		
Salaries and wages	791,963	942,271
Fringe benefits	242,759	338,658
Purchased services	311,418	412,585
Materials and supplies	189,700	204,895
Depreciation	28,043	24,432
Other	<u>48,145</u>	<u>97,081</u>
Total operating expenses	<u>1,612,028</u>	<u>2,019,922</u>
<u>Non-operating Revenues and Expenses:</u>		
Federal and State grants	355,132	771,258
Interest expense	(8,603)	(7,383)
Loss on disposal of capital assets	<u>(7,373)</u>	<u>(14,840)</u>
Total non-operating revenues and expenses	<u>339,156</u>	<u>749,035</u>
Change in net assets	12,030	146,258
Net assets (deficit) at beginning of year (restated)	<u>(222,883)</u>	<u>(369,141)</u>
Net assets (deficit) at end of year	<u><u>\$ (210,853)</u></u>	<u><u>\$ (222,883)</u></u>

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. During fiscal year 2012, there was a decrease in student enrollment from fiscal year 2011 which led to a decrease in State foundation revenue. The Academy received fewer Federal grant monies through the various grants which resulted in a decrease in Federal and State grant revenue during fiscal year 2012.

Capital Assets

At June 30, 2012, the Academy had \$88,553 invested in furniture and equipment. See Note 5 to the basic financial statements for more detail on capital assets.

Debt Administration

The Academy has entered into capital leases for copier equipment. At June 30, 2012, the Academy had \$75,374 in capital leases outstanding. Of this total \$20,549 is due within one year and \$54,825 is due in greater than one year.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

Current Financial Related Activities

The Academy is sponsored by the Educational Resource Consultants of Ohio. The Academy is reliant upon State Foundation monies and State and Federal Grants to offer quality, educational services to students.

The Academy relies primarily on State foundation revenues, which are based on student enrollment. There was a decrease of approximately 20 students from fiscal year 2011 to 2012. The Academy is attempting to increase its future State foundation revenues by marketing their Academy to 160 students.

In order to continually provide learning opportunities to the Academy's students, the Academy will apply resources and to best meet the needs of its students. It is the intent of the Academy to apply for other State and Federal funds that are made available to finance its operations.

Contacting the Academy's Financial Management

This financial report is designed to provide our clients and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have questions about this report or need additional financial information contact Teresa Woods, Treasurer, Premier Academy of Ohio, Business Office, 1555 Elaine Road, Columbus, Ohio 43227.

**BASIC
FINANCIAL STATEMENTS**

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2012

Assets:	
<i>Current assets:</i>	
Cash	\$ 3,092
Intergovernmental receivable	53,470
Prepayments	2,696
Total current assets	59,258
 <i>Non-current assets:</i>	
Capital assets, net.	88,553
Total non-current assets.	88,553
Total assets.	147,811
 Liabilities:	
<i>Current:</i>	
Accounts payable.	40,779
Accrued wages and benefits	70,588
Pension obligation payable.	19,725
Intergovernmental payable	42,369
Note payable.	59,829
Line of credit payable.	50,000
Capital leases payable	20,549
Total current liabilities	303,839
 <i>Non-current:</i>	
Capital leases payable.	54,825
Total non-current liabilities	54,825
Total liabilities	358,664
 Net assets:	
Invested in capital assets, net of related debt	13,179
Restricted for:	
Locally funded programs	200
Federally funded programs	35,679
Unrestricted (deficit).	(259,911)
Total net assets (deficit)	\$ (210,853)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

Operating revenues:	
State foundation	\$ 1,281,432
Other	3,470
Total operating revenues	<u>1,284,902</u>
 Operating expenses:	
Salaries and wages.	791,963
Fringe benefits.	242,759
Purchased services.	311,418
Materials and supplies	189,700
Depreciation	28,043
Other.	48,145
Total operating expenses.	<u>1,612,028</u>
 Operating loss.	 <u>(327,126)</u>
 Non-operating revenues (expenses):	
Federal and State grants.	355,132
Interest expense.	(8,603)
Loss on disposal of capital assets	(7,373)
Total nonoperating revenues (expenses)	<u>339,156</u>
 Change in net assets.	 12,030
 Net assets (deficit) at beginning of year (restated).	 <u>(222,883)</u>
 Net assets (deficit) at end of year	 <u>\$ (210,853)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

Cash flows from operating activities:	
Cash received from State foundation	\$ 1,304,626
Cash received from other operations	3,470
Cash payments for salaries and benefits	(1,123,751)
Cash payments for suppliers for goods and services . .	(287,697)
Cash payments for materials and supplies	(191,593)
Cash payments for other expenses	(52,215)
	<hr/>
Net cash used for operating activities.	(347,160)
Cash flows from noncapital financing activities:	
Federal and State grants.	369,360
Proceeds from line of credit	12,864
Principal payment on line of credit	(7,864)
Interest payments on line of credit	(1,741)
	<hr/>
Net cash provided by noncapital financing activities.	372,619
Cash flows from capital and related financing activities:	
Principal payment on capital lease	(18,974)
Interest payments on capital lease	(6,862)
	<hr/>
Net cash used for capital and related financing activities.	(25,836)
Net decrease in cash and cash equivalents	(377)
Cash and cash equivalents at beginning of year . . .	3,469
Cash and cash equivalents at end of year	\$ 3,092
	<hr/> <hr/>
Reconciliation of operating loss to net cash used for operating activities:	
Operating loss.	\$ (327,126)
Adjustments:	
Depreciation	28,043
Changes in assets and liabilities:	
(Increase) in intergovernmental receivable	(5,399)
(Increase) in prepayments	(2,696)
Increase in accounts payable.	13,328
(Decrease) in accrued wages and benefits	(46,648)
(Decrease) in promissory note payable	(15,000)
(Decrease) in pension obligation payable	(11,959)
Increase in intergovernmental payable	20,297
	<hr/>
Net cash used for operating activities	\$ (347,160)
	<hr/> <hr/>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE ACADEMY

The Premier Academy of Ohio (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 specializes in providing a custom-made curriculum for each student to ensure academic success. The Academy utilizes sophisticated technology and small classroom sizes to guarantee individual attention to expose students in grades 7 through 12 to real world experience. The Academy, which is part of the State’s education program, is nonsectarian in its programs, admission policies, employment practices and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy.

During fiscal year 2012, the Academy was under a sponsorship contract with Educational Resource Consultants of Ohio, Inc. (the “Sponsor”). The Academy was approved under contract with the Sponsor for a period of one year commencing July 1, 2011 through June 30, 2012. On June 6, 2012 the sponsorship contract was renewed for one year commencing July 1, 2012 through June 30, 2013. 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 Academy is located in Columbus, Ohio, Franklin County. The Academy operates under the direction of a self-appointed five-member Board of Directors. The Board is responsible for carrying out the provisions of the contract, which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards and qualification of teachers who provide services to 193 students.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the Academy have been prepared in conformity with accounting principles generally accepted in the United States of America (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) guidance issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The Academy has elected not to apply FASB guidance issued after November 30, 1989. The Academy's significant accounting policies are described below.

A. Basis of Presentation

The Academy’s basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets, and a statement of cash flows.

The Academy uses a single enterprise presentation. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

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

B. Measurement Focus

Enterprise activity is accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the Academy are included on the statement of net assets. The statement of revenues, expenses and changes 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 its cash flow needs.

C. Basis of Accounting

Basis of accounting determines when transactions are recognized in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from nonexchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, is recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Academy must provide local resources to be used for a specific 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, the Academy is not required to follow budgetary provisions set forth in Ohio Revised Code Section 5705, unless specifically provided in the contract between the Academy and its sponsor. The contract between the Academy and its Sponsor prescribes an annual budget requirement in addition to preparing a five-year forecast which is updated on an annual basis. The five year forecast is submitted to ODE and the Sponsor twice a year (May and October).

E. Capital Assets and Depreciation

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of \$1,000. 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. The Academy does not capitalize interest.

All capital assets are depreciated. The Academy's capital assets consist of furniture and equipment. Depreciation is computed using the straight-line method. Equipment is depreciated over a period of five to fifteen years.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

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

F. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through enabling legislation or 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.

G. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Academy. 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.

H. Estimates

The preparation of financial statements in conformity with GAAP 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.

I. Economic Dependency

The Academy received nearly 100% of its operating revenue from the Ohio Department of Education. Due to the significance of this revenue source, the Academy is considered to be economically dependent on the State of Ohio Department of Education.

J. Prepaid Items

Prepayments represent cash disbursements, which have occurred and are therefore not current expendable resources. These items are reported as assets on the statement of net assets, using the allocation method, which amortized their cost over the periods benefiting from the advance payment.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2012.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

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

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

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

B. Prior Period Adjustment

In prior years, payments made from the Academy to Eastman & Smith, Ltd. for legal services were incorrectly recorded as reduction in principal payments against the promissory note. An adjustment to the balance of the note is required to properly state the promissory note payable at June 30, 2011.

The prior period adjustment had the following effect on beginning net assets:

	<u>Proprietary Funds</u>
Net assets at June 30, 2011	\$ (161,782)
Promissory note payable addition	<u>(61,101)</u>
Restated net assets at July 1, 2011	<u>\$ (222,883)</u>

NOTE 4 - DEPOSITS

Custodial credit risk is the risk that, in the event of bank failure, the Academy's deposits may not be returned. The Academy does not have a deposit policy for custodial credit risk. At June 30, 2012, the carrying amount of the Academy's deposits was a balance of \$3,092 and the bank balance was \$7,733. The entire bank balance was covered by the Federal Deposit Insurance Corporation (FDIC). There are no significant statutory restrictions regarding the deposit and investment of funds by the non-profit corporation.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance <u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2012</u>
Depreciable capital assets:				
Furniture and equipment	\$ 170,774	\$ -	\$ (17,246)	\$ 153,528
Less: accumulated depreciation	<u>(46,805)</u>	<u>(28,043)</u>	<u>9,873</u>	<u>(64,975)</u>
Capital assets, net	<u>\$ 123,969</u>	<u>\$ (28,043)</u>	<u>\$ (7,373)</u>	<u>\$ 88,553</u>

NOTE 6 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior fiscal years, the Academy entered into capital lease agreements for copier equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the least term.

Copier equipment has been capitalized in the amount of \$105,904. This amount represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2012 was \$35,301 leaving a current book value of \$70,603.

Principal and interest payments in the 2012 fiscal year totaled \$18,974 and \$6,862, respectively.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2012:

<u>Year Ending June 30</u>	<u>Copiers</u>
2013	\$ 25,836
2014	25,836
2015	25,836
2016	<u>8,612</u>
Total minimum lease payment	86,120
Less: amount representing interest	<u>(10,746)</u>
Present value of minimum lease payments	<u>\$ 75,374</u>

Of the remaining capital lease obligation, \$20,549 in capital lease principal payments is due in one year.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 7 - LINE OF CREDIT

At June 30, 2011, the Academy borrowed \$45,000 through a line of credit from Huntington Bank. During 2012 the Academy borrowed an additional \$12,864 and repaid \$7,864 at an interest rate of 3.5%. Receivables and inventory are pledged to pay any outstanding balances. The following activity occurred on the line of credit during the fiscal year 2012:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>
Line of credit	\$ 45,000	\$ 12,864	\$ (7,864)	\$ 50,000

During fiscal year 2012, the Academy incurred \$1,741 in interest and fiscal charges related to the line of credit.

NOTE 8 - NOTE PAYABLE

During fiscal year 2009, the Academy entered into a promissory note payable to Eastman & Smith, Ltd. to pay for legal services incurred prior to June 30, 2009. Payments are in amounts determined between the parties. There is no interest due unless complete default. The following note payable activity occurred during the fiscal year:

	<u>Restated</u> <u>Balance</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2012</u>
Note payable	\$ 74,829	\$ -	\$ (15,000)	\$ 59,829

NOTE 9 - OPERATING LEASE

The Academy school facilities are located in a space leased at 1555 Elaine Road, Columbus, Ohio. The lease agreement is with St. Phillip Church for the period of August 1, 2011 through June 30, 2012. The base rental of the lease is \$9,500 per month. Payments totaling \$104,500 were made during fiscal year 2012.

The following minimum lease payments will be made for the fiscal year ending June 30:

2013	<u>\$ 28,500</u>
------	------------------

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 10 - RECEIVABLES

At June 30, 2012, receivables consisted of intergovernmental receivables of \$53,470 in State and federal grants and reimbursements. The receivables are expected to be collected in full within one year.

NOTE 11 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy is required to contribute at an actuarially determined rate. The current Academy rate is 14 percent of annual covered payroll. A portion of the Academy's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2012, 12.65 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The Academy's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2012, 2011 and 2010 were \$41,567, \$42,446 and \$56,880, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

B. State Teachers Retirement System of Ohio

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

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 11 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011 and 2010 were \$63,686, \$75,403 and \$109,182, respectively; 91.74 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2012, certain members of the Board of Education have elected Social Security. The Academy's liability is 6.2 percent of wages paid.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 12 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Academy participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 (latest information available) was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under "Employers/Audit Resources".

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

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

The Academy's contributions for health care (including surcharge) for the fiscal years ended June 30, 2012, 2011 and 2010 were \$9,258, \$14,577 and \$7,823, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2012, this actuarially required allocation was 0.75 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$2,455, \$2,732 and \$3,383, respectively; 100 percent has been contributed for fiscal years 2012, 2011 and 2010.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The Academy's contributions for health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$4,899, \$5,800 and \$8,399, respectively; 91.74 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2010.

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

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 the fiscal year ended June 30, 2012, the Academy contracted with Indiana Insurance for the following coverage:

General Liability	
Per Occurrence	\$1,000,000
Aggregate	2,000,000
Errors and Omissions	1,000,000
Property (all locations)	260,000
Computer Coverage:	
Equipment	105,000
Software	50,000
Extra Expense	25,000

There have been no significant decreases in coverage from the previous year. Settled claims did not exceed this commercial coverage in the past three years.

B. Workers' Compensation

The Academy pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor determined by the State. At June 30, 2012, the Academy owed \$3,168 for this premium on January through June 2012 wages and \$729 on accrued wages. The liability is reflected in the financial statements at June 30, 2012.

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 14 - EMPLOYEE BENEFITS

The Academy provides health, drug, vision and dental insurance for all eligible employees through United HealthCare. The Academy pays 80% of the monthly premium and employees pay the remaining 20% for health and vision coverage. The Academy pays 50% of the monthly premium and employees pay the remaining 50% for dental coverage. The Academy provides life insurance and accidental death and dismemberment insurance to employees through MetLife.

NOTE 15 - PURCHASED SERVICES

For fiscal year ended June 30, 2012, purchased services expenses were as follows:

Professional and technical services	\$ 211,365
Property services	60,015
Communications	<u>40,038</u>
Total	<u>\$ 311,418</u>

NOTE 16 - SPONSOR CONTRACT

The Academy entered into a one-year contract commencing on July 1, 2011 and continuing through June 30, 2012 with the Sponsor. Under the contract, the following terms were agreed upon:

- The Academy shall comply with the policies and provisions described in the “Educational Program”, which contains the Academy’s mission, educational philosophy, the ages and grades of students, the characteristics of the students the Academy is expected to attract, and the focus of the curriculum.
- The Academy shall comply with a “Financial Plan”, which details an estimated school budget for each year of the period of the contract, and shall specify the total estimated per pupil expenditure amount for each such year.
- The Academy shall comply with the procedures by which the members of the Academy will be selected in the future as set forth in the “Governance and Administrative Plan”.
- The Academy shall agree to assess student achievement of academic goals using the methods of measurement identified in the “Assessment and Accountability Plan”.
- The Sponsor shall evaluate the performance of the Academy and agrees to comply with the standards by which the success of the Academy will be evaluated.

The Academy paid \$39,312 in sponsorship fees to the Sponsor during fiscal year 2012.

NOTE 17 - CONTINGENCIES

A. Grants and ADM

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

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES - (Continued)

The Academy received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data; however, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2012, if applicable, cannot be determined at this time.

B. Ohio Department of Education Enrollment Review

The Ohio Department of Education conducts reviews on enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. As a result of the review after fiscal year end, the Ohio Department of Education overpaid the Academy \$9,211. This amount is reflected as intergovernmental payable on the basic financial statements.

C. Litigation

The Academy is not involved in any litigation that, in the opinion of management, would have a material affect on the financial statements.

NOTE 18 - MANAGEMENT'S PLAN

For fiscal year 2012, the Academy had an operating loss of \$327,126, an increase in net assets of \$12,030, and a cumulative net asset deficit of \$210,853. In an effort to improve the financial stability of the Academy, the following action steps are continually followed by management, under direction of the Board:

- Increased enrollment in fiscal year 2013
- Reduction of purchased services, salaries and benefits and rent expenses

The Academy's Business Manager and Treasurer monitor financial activities on a daily basis. Financial reports are submitted to the Board for approval on a monthly basis to determine the effectiveness of the steps listed above. The Academy has passed a balanced budget for fiscal year 2013.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Premier Academy of Ohio
1555 Elaine Road
Columbus, Ohio 43227

To the Board of Directors:

We have audited the financial statements of the Premier Academy of Ohio, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2012, which collectively comprise Premier Academy of Ohio's basic financial statements and have issued our report thereon dated January 2, 2013, wherein we noted matters which indicate the Academy has suffered recurring losses from operations and has a net deficit and operating loss that raise substantial doubt about its ability to continue as a going concern. We also noted as described in Note 3, the Premier Academy of Ohio restated its proprietary net assets at July 1, 2011 to properly state its promissory note payable. 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 Premier Academy of Ohio'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 Premier Academy of Ohio's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Premier Academy of Ohio'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 Premier Academy of Ohio'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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses that we consider a significant deficiency in internal control over financial reporting. We consider finding 2012-PAO-001 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
Premier Academy of Ohio

Compliance and Other Matters

As part of reasonably assuring whether the Premier Academy of Ohio'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*.

The Premier Academy of Ohio's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Premier Academy of Ohio's response and, accordingly, we express no opinion on it.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
January 2, 2013

**PREMIER ACADEMY OF OHIO
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2012**

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

Finding Number	2012-PAO-001
----------------	--------------

Significant Deficiency - Financial Statement Presentation

The presentation of materially correct financial statements and related footnotes is an important part of the Academy's overall purpose. Financial reporting requires internal controls in place to help ensure accuracy of reporting.

The Academy had a prior period restatement related to an incorrect reduction in principal payments against the promissory note to Eastman & Smith, Ltd., in the amount of \$61,101.

It is important that control procedures are developed related to financial statement presentation that will enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes in a timely manner.

We recommend the Academy implement additional control procedures that will enable management to timely identify, prevent, detect and correct potential misstatements in the financial statements and footnotes, specifically its reduction in principal payments.

Client Response: The Academy will adopt additional controls to help ensure the presentation of materially correct financial statements in the future.



Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Applying Agreed-Upon Procedure

Premier Academy of Ohio
Franklin County
1555 Elaine Road
Columbus, Ohio 43227-2347

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 Premier Academy of Ohio (the Academy) 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.

We noted the Board amended its anti-harassment policy at its meeting on May 23, 2012 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Julian & Grube, Inc.

Julian & Grube, Inc.
January 2, 2013



Dave Yost • Auditor of State

PREMIER ACADEMY OF OHIO

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
MARCH 21, 2013