ZENITH ACADEMY
FRANKLIN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2013

Dave Yost • Auditor of State

ZENITH ACADEMY
FRANKLIN COUNTY

TABLE OF CONTENTS

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT AUDITOR'S REPORT

Zenith Academy
Franklin County
4606 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of Zenith Academy, Franklin County, Ohio (the Academy), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Academy's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Academy's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Zenith Academy, Franklin County, Ohio as of June 30, 2013, and the changes in its financial position and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the Academy's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2014, on our consideration of the Academy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 14, 2014

THIS PAGE INTENTIONALLY LEFT BLANK

The discussion and analysis of Zenith Academy's (the Academy) financial performance provides an overall review of the financial activities for the fiscal year ended June 30, 2013. 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 highlights for 2013 are as follows:

Net position increased $293,545 or 38%.

Total assets increased $315,991 or 32%, due primarily to a $343,386 increase in cash as a result of increases in transportation funds and per-pupil receipts.

Total liabilities increased $22,446 or 10% percent due to an increase in accounts payable of $17,801 and accrued wages of $31,085 while intergovernmental payable decreased $26,440.

The Academy had operating revenues of $2,614,142 operating expenses of $3,139,806 and non-operating revenues, consisting of federal and state grants and unrestricted grants-in-aid of $819,209.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the Academy's financial position. The Statement of Net Position and Statement of Revenues, Expenses, and Change in Net Position provide information about the activities of the Academy, including all short-term and long-term financial resources and obligations.

Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially?" The Statement of Net Position and the Statement of Revenues, Expenses, and Change in Net Position 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 considers 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 position and change in position. This change in net position 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 9 and 10 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 11 of this report.

The Academy reports its operations using enterprise fund accounting, all financial transactions and accounts are reported as one activity; therefore, the entity-wide and the fund presentations information is the same.

Table 1 below provides a summary of the Academy's net position for 2013 compared to 2012:

Table 1
Net Assets

	2013	2012
Assets:		
Current and Other Assets	$590,067	$235,609
Capital Assets, Net of Depreciation	708,340	746,807
Total Assets	$1,298,407	$982,416
Liabilities:		
Current Liabilities	$236,904	$214,458
Total Liabilities	$236,904	$214,458
Net Position:		
Invested in Capital Assets	$708,340	$746,807
Unrestricted	353,163	21,151
Total Net Position	$1,061,503	$767,958

As previously mentioned, total assets increased $315,991, or 32% due to an increase in cash as a result of an increase in funding.

Total liabilities increased $22,446 or 10% due to a decrease in intergovernmental payable, and an offsetting increase in accounts payable and accrued wages liability.

Cash and capital assets represented 89% of total assets. Capital assets are used to provide services to students and are not available for future spending.

Table 2 below shows the changes in net position for fiscal years 2013 and 2012:

Table 2
Change in Net Assets

	2013	2012
Operating Revenues:		
Foundation	$2,564,617	$2,054,122
Miscellaneous	49,525	2,102
Total Operating Revenues	2,614,142	2,056,224
Operating Expenses:		
Salaries	1,366,614	1,206,174
Fringe Benefits	291,593	361,098
Purchased Services	1,350,550	1,004,333
Materials and Supplies	60,504	33,798
Depreciation	53,229	69,407
Other	17,316	27,759
Total Operating Expenses	3,139,806	2,702,569
Operating (Loss)	(525,664)	(646,345)
Non-Operating Revenues:		
Grants	800,037	667,170
Unrestricted Grants-in-Aid	19,172	0
Total Non-Operating Revenues	819,209	667,170
Change in Net Position	293,545	20,825
Net Position at Beginning of Year	767,958	747,133
Net Position at End of Year	$1,061,503	$767,958

Fiscal year 2013 was the Academy's eighth full year in operation. Some federal programs were increased due to increased enrollment. This led to the increase in expenditures for employee salaries, purchased services, and materials and supplies.

Operating foundation revenues and non-operating grants and unrestricted grants-in-aid represent over 98% of the total revenues of the Academy.

Employee salaries and benefits, and purchased service expenditures represent over 95% of the total expenses.

Budgeting

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

Capital Asset Administration

Capital Assets

At the end of fiscal year 2013, the Academy had $708,340 invested in leasehold improvements, furniture and equipment, and vehicles. Table 3 shows fiscal year 2013 balances compared to 2012:

Table 3
Capital Assets (Net of Depreciation)

	2013	2012
Leasehold Improvements	$690,225	$722,997
Furniture and Equipment	18,115	19,719
Vehicles	0	4,091
Totals	$708,340	$746,807

For more information, see Note 5 to the basic financial statements.

Current Financial Issues

The Academy depends on legislative and governmental support to fund its operations. Based on information currently available, several changes are expected to occur in the nature of the funding or operations of the Academy in future fiscal years due to the State's current economic environment. The Academy is expected to continue to grow in both the number of students, to approximately 375, as well as the number of instructional staff, as it enters into its ninth year of operation, which will impact the Academy's funding since the Academy receives the majority of its finances from state aid. The Academy will begin to receive state transportation funding in fiscal year 2014, which will be an additional revenue source.

The Board of Education and the administration of the Academy maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Contacting the Academy's Financial Management

This financial report is designed to provide citizens, taxpayers, 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 any questions about this report or need additional financial information, contact Ashfaq Tashfeen, Executive Director, Zenith Academy, 4606 Heaton Road, Columbus, Ohio, 43229, by calling (614) 888-9997 or e-mail aatashfeen@yahoo.com.

ZENITH ACADEMY
FRANKLIN COUNTY

STATEMENT OF NET POSITION
JUNE 30, 2013

Assets		
Current Assets:		
Cash	$	452,600
Intergovernmental Receivable		137,467
Total Current Assets		590,067
Noncurrent Assets:		
Capital Assets, Net of Accumulated Depreciation		708,340
Total Noncurrent Assets		708,340
Total Assets		1,298,407
Liabilities		
Current Liabilities:		
Accounts Payable		17,801
Accrued Wages and Benefits		190,233
Intergovernmental Payable		28,870
Total Liabilities		236,904
Net Position		
Invested in Capital Assets		708,340
Unrestricted		353,163
Total Net Position	$	1,061,503

The accompanying notes to the basic financial statements are an integral part of this statement.

ZENITH ACADEMY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2013

Operating Revenues:	
Foundation	$ 2,564,617
Miscellaneous	49,525
Total Operating Revenues	2,614,142
Operating Expenses:	
Salaries	1,366,614
Fringe Benefits	291,593
Purchased Services	1,350,550
Materials and Supplies	60,504
Depreciation	53,229
Other	17,316
Total Operating Expenses	3,139,806
Operating Loss	(525,664)
Non-Operating Revenues:	
State and Federal Grants	800,037
Other Non-Operating	19,172
Total Non-Operating Revenues	819,209
Change in Net Position	293,545
Net Position Beginning of Year	767,958
Net Position End of Year	$ 1,061,503

The accompanying notes to the basic financial statements are an integral part of this statement.

ZENITH ACADEMY
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013

Cash Flows from Operating Activities:		
Cash Received from Foundation	$	2,606,825
Other Cash Receipts		49,525
Cash Payments to Employees for Services		(1,335,529)
Cash Payments for Employee Benefits		(318,033)
Cash Payments for Goods and Services		(1,393,253)
Other Cash Payments		(17,316)
Net Cash Used in Operating Activities		(407,781)
Cash Flows from Noncapital Financing Activities:		
State and Federal Grants		756,011
Other Non-Operating		9,917
Net Cash Provided by Noncapital Financing Activities		765,928
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets		(14,761)
Net Cash Used in Capital and Related Financing Activities		(14,761)
Net Increase in Cash		343,386
Cash Beginning of Year		109,214
Cash End of Year	$	452,600
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating Loss	$	(525,664)
Adjustments:		
Depreciation		53,229
Decrease in Assets:		
Intergovernmental Receivable		42,208
Increase (Decrease) in Liabilities:		
Accounts Payable		17,801
Accrued Wages and Benefits		31,085
Intergovernmental Payable		(26,440)
Total Adjustments		117,883
Net Cash Used in Operating Activities	$	(407,781)

The accompanying notes to the basic financial statements are an integral part of this statement.

THIS PAGE INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE SCHOOL AND REPORTING ENTITY

Zenith Academy (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy is an approved tax-exempt organization under Section 501(C)(3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect the Academy's tax-exempt status. The mission of the Academy is to provide an educational environment wherein students at the Academy will build a foundation of knowledge, will master core skills, and will develop a life-long love of learning that will empower them to fulfill their roles as citizens. The Academy will accomplish this mission by focusing on knowledge, civic values, and service. The Academy is part of the State's education program, is nonsectarian in its programs, admission policies, employment practices, and all other operations.

The Academy began operations on April 1, 2006 and entered into a 5 year contract with The Educational Resource Consultants of Ohio (the Sponsor) which was renewed in July 2011 for an additional year and for another additional year in July 2012. 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 operates under the direction of a five-member Board of Directors. The Board is responsible for carrying out the provisions of the sponsor contract, which include, but are not limited to, state mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the Academy's accounting policies.

A. Basis of Presentation

The Academy's basic financial statements consist of a Statement of Net Position; a Statement of Revenues, Expenses, and Change in Net Position; and a Statement of Cash Flows.

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

B. Measurement Focus

The enterprise accounted for using a flow of economic resources measurement focus. All assets and liabilities associated with the operation of the Academy are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Change in Net Position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The Statement of Cash Flows reflects how the Academy finances meet its cash flow needs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 non-exchange transactions, in which the Academy receives value without directly giving equal value in return, such as grants and entitlements, are 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 specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Unlike other public schools located in the State of Ohio, the Academy is not required to follow the budgetary provisions set forth in the Ohio Revised Code Chapter 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.

E. Cash

Cash received by the Academy is reflected as "Cash" on the Statement of Net Position. The Academy did not have any investments as of June 30, 2013.

F. Capital Assets and Depreciation

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

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Leasehold Improvements	27 Years
Furniture and Equipment	5 Years
Vehicles	3-5 Years

G. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consist of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Net Position (Continued)

The Academy applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. The Academy did not have any restricted net position at June 30, 2013.

H. 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.

I. Estimates

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

NOTE 3 - DEPOSITS

Custodial credit risk for deposits is the risk that, in the event of bank failure, the Academy will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2013, $237,002 of the Academy's bank balance of $487,002 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirement, could potentially subject the Academy to a successful claim by the FDIC. There are no significant statutory restrictions regarding the deposit of funds by the Academy.

NOTE 4 - RECEIVABLES

At June 30, 2013, receivables consisted of intergovernmental receivables of $137,467 from the Ohio Department of Education for grants and entitlements, and Ohio Department of Taxation.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Capital Assets:				
Leasehold Improvements	$884,858	$0	$0	$884,858
Furniture and Equipment	155,867	14,761	0	170,628
Vehicles	38,801	0	0	38,801
Total Capital Assets	1,079,526	14,761	0	1,094,287
Less Depreciation:				
Leasehold Improvements	(161,861)	(32,772)	0	(194,633)
Furniture and Equipment	(136,148)	(16,365)	0	(152,513)
Vehicles	(34,710)	(4,091)	0	(38,801)
Total Depreciation	(332,719)	(53,228)	0	(385,947)
Capital Assets, Net of Depreciation	$746,807	($38,467)	$0	$708,340

NOTE 6 - RISK MANAGEMENT

A. Property and Liability Insurance

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2013, the Academy contracted with Erie Insurance Company and Ohio Casualty Insurance Company for property and general liability insurance, respectively, with a $1,000,000 single occurrence limit, $2,000,000 annual aggregate, and $1,000 deductible.

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

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. The Academy owed $2,871 for this premium on January through June 2013 wages. This liability is reflected in the Statement of Net Position at June 30, 2013.

NOTE 7 - EMPLOYEE BENEFITS

The Academy provides health, drug, and dental insurance for all eligible employees through United Healthcare. The Academy pays 75% of the monthly premium and employees pay the remaining 25%. The Academy does not provide life insurance and accidental death and dismemberment insurance to employees.

NOTE 8 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The Academy participates in the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by visiting the SERS website at www.ohsers.org under Employer/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the Academy 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 statutory maximum of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.1 percent. The remaining 0.9 percent of the 14 percent employer contribution rate is allocated to the Medicare B and Health Care funds. The Academy's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011, were $95,412, $109,740, and $80,451, respectively; 88 percent has been contributed for fiscal year 2013, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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.

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The statutory maximum employee contribution rate will be increased one percent each year beginning July 1, 2013, until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2013, 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.

The Academy's required contributions to STRS Ohio for the DB Plan for the fiscal years ended June 30, 2013, 2012, and 2011, were $175,142, $137,070, and $139,640, respectively; 92 percent has been contributed for fiscal year 2013, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

C. Social Security System

All employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, all members of the Board of Directors have elected Social Security. Board members contributed 6.2 percent of their wages, and the Academy contributed an amount equal to 6.2 percent.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The Academy participates in two cost-sharing multiple employer defined benefit other postemployment benefit (OPEB) plans administered by the School Employees Retirement System 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 as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established 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 can be obtained on SERS' website at www.ohsers.org under Employer/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).

NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)

A. School Employees Retirement System (Continued)

For fiscal year 2013, 0.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount. For fiscal year 2013, this amount was $20,525. During fiscal year 2013, the Academy paid $6,995 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility, and retirement status.

The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011, were $13,129, $13,295, and $23,905, respectively; 88 percent has been contributed for fiscal year 2013, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011, were $4,740, $2,397, and $4,310, respectively; 88 percent has been contributed for fiscal year 2013, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2011.

B. State Teachers Retirement System

Plan Description - The Academy 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. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio, which may be obtained by visiting www.strsoh.org, or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 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, for the most recent year, pay a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to post-employment health care. The Academy's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were $12,510, $8,151, and $9,974, respectively; 92 percent has been contributed for fiscal year 2013, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2012 and 2013.

NOTE 10 - BUILDING LEASE

The Academy leases its facilities from W Ltd. under two five-year lease agreements entered into on September 1, 2010, and was combined into one lease agreement for five years beginning September 1, 2012. The total amount paid during fiscal year 2013 was $378,542.

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

NOTE 10 - BUILDING LEASE (Continued)

Fiscal Year Ending June 30:	
2014	$378,542
2015	378,542
2016	378,542
2017	378,542
2018	63,090
Total Minimum Lease Payments	$1,577,258

NOTE 11 - TAX EXEMPT STATUS

The Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy was approved on July, 28, 2006 for tax exempt status under 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 nonprofit status.

NOTE 12 - PURCHASED SERVICES

For the period of July 1, 2012 through June 30, 2013 purchased service expenses were as follows:

Technical Services	$124,457
Pupil Transportation	216,757
Rent and Property Services	616,430
Legal, Accounting, Professional	158,648
Catering	234,258
Total	$1,350,550

NOTE 13 - SPONSOR CONTRACT

The Academy entered into a five-year contract commencing on April 6, 2006 and continuing through June 30, 2011 with The Educational Resource Consultants of Ohio (the Sponsor) for its establishment. The contract was renewed in July 2011 and July 1, 2012 for an additional year. Under the contract, the following terms were agreed upon:

- The Academy shall operate in substantial compliance with its "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, the Academy calendar, the academic goals and the method of measurement that will be used to determine progress toward those goals, graduation requirements, and the focus of the curriculum.

- The Academy shall operate in substantial compliance with a "Financial Plan", which establishes an estimated school budget for each year and a total estimated per pupil expenditure amount for each such year.

- The Academy shall secure the services of a Chief Executive Officer, who shall be the chief operating officer of the school, with primary responsibility for day-to-day operations of the Academy, and a liaison between the Academy and Sponsor.

As part of the agreement, the Academy agreed to compensate the Sponsor three percent of all funds received by the Academy from funding provided by ODE, including state start-up grants, for the time, organization, oversight, fees and costs of the Sponsor in overseeing the Academy. Total contract payments of $76,939 were paid related to the provision of this contract as of June 30, 2013.

NOTE 14 - CONTINGENCIES

A. Grants

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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Academy. However, the effect of any such disallowed claims on the overall financial position of the Academy at June 30, 2013, if applicable, cannot be determined at this time.

B. Full Time Equivalency

ODE conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The review for the year ended June 30, 2013 has not been completed at the date of this report. While the potential exist for a liability, management feels it is immaterial.

NOTE 15 - CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2013, the Academy has implemented the following:

GASB Statement No. 61 "The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34" improves financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of this statement did not have a significant effect on the financial statements of the Academy.

GASB Statement No. 62 "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements" incorporates certain accounting and financial reporting guidance issued on or before November 30, 1989, into the GASB's authoritative literature that do not conflict with or contradict GASB pronouncements. The implementation of this statement did not have a significant effect on the financial statements of the Academy.

GASB Statement No. 63 "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position" identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the Academy's fiscal year 2013 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 65 "Items Previously Reported as Assets and Liabilities" establishes financial accounting and reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as asset and liabilities. This change was incorporated in the Academy's fiscal year 2013 financial statements; however, there was no effect on beginning net position.

THIS PAGE INTENTIONALLY LEFT BLANK

ZENITH ACADEMY
FRANKLIN COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

FEDERAL GRANTOR / ***Pass Through Grantor*** / Program Title	Grant Award Year	Federal CFDA Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE:				
Passed Through Ohio Department of Education:				
Nutrition Cluster:				
School Breakfast Program	2013	10.553	$ 115,527	$ 115,527
National School Lunch Program	2013	10.555	213,102	213,102
Total Nutrition Cluster			328,629	328,629
Total U.S. Department of Agriculture			**328,629**	**328,629**
U.S. DEPARTMENT OF EDUCATION:				
Passed Through Ohio Department of Education:				
Title I Grants to Local Educational Agencies Program	2012	84.010	24,910	46,780
	2013		218,993	213,311
Total Title I Grants to Local Educational Agencies Program			243,903	260,091
Special Education_Grants to States Program	2012	84.027	15,490	8,870
	2013		56,445	64,922
Total Special Education_Grants to States Program			71,935	73,792
English Language Acquisition Grants Program	2012	84.365	19,373	9,975
	2013		38,276	50,144
Total English Language Acquisition Grants Program			57,649	60,119
Improving Teacher Quality State Grants Program	2013	84.367	-	3,805
ARRA - Race to the Top Program	2013	84.395	49,597	49,371
Total U.S. Department of Education			**423,084**	**447,178**
Totals			**$ 751,713**	**$ 775,807**

The accompanying notes to this schedule are an integral part of this schedule.

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports Zenith Academy's (the Academy's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The Academy commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Academy assumes it expends federal monies first.

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

Zenith Academy
Franklin County
4606 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Zenith Academy, Franklin County, Ohio, (the Academy) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Academy's basic financial statements and have issued our report thereon dated March 14, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Academy's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Academy's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Academy's financial statements. 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. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

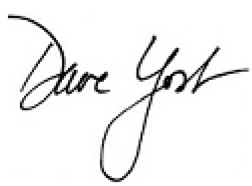
As part of reasonably assuring whether the Academy's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-002.

Entity's Response to Findings

The Academy's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Academy's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Academy's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

March 14, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Zenith Academy
Franklin County
4606 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited Zenith Academy's (the Academy's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Academy's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Academy's major federal programs.

Management's Responsibility

The Academy's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Academy's compliance for each of the Academy's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Academy's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Academy's major programs. However, our audit does not provide a legal determination of the Academy's compliance.

Opinion on Each Major Federal Program

In our opinion, Zenith Academy complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.ohioauditor.gov

Report on Internal Control Over Compliance

The Academy's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Academy's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Academy'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 14, 2014

ZENITH ACADEMY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	Yes
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under § .510?**	No
(d)(1)(vii)	**Major Programs (list):**	Nutrition Cluster (CFDA #10.553 and #10.555) and Title 1 Program (CFDA #84.010)
(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

FINDING NUMBER 2013-001

Material Weakness

Financial Statement Adjustments

Sound financial reporting is the responsibility of the Treasurer and the Board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following adjustments were identified involving the Academy's financial statement presentation at June 30, 2013:

- Casino tax revenue of $9,917 was reclassified as a non-operating revenue source and the receivable was understated $9,255,
- Prior year foundation receivable of $42,208 was not properly reversed,
- Accounts payable was understated $17,801,
- Accrued wages was understated $16,530, and
- Three deposits of $44,129 were reported net of related expenditures, instead of at gross.

Not presenting financial information accurately resulted in the financial statements requiring the above audit adjustment entries, including additional time and effort to identify the variances and discrepancies.

We recommend the Academy's Treasurer take steps to ensure the accurate presentation of the financial statements. Financial transactions should be posted in accordance with procedures established by generally accepted accounting principles (GAAP). By exercising accuracy in recording financial activity, the Academy can reduce posting errors and increase the reliability of the financial data throughout the year and at year end.

The Academy's financial statements and, where applicable, the accounting records have been adjusted to accurately reflect these adjustments.

The Treasurer should review the audit adjustments identified above to ensure that similar errors are not reported in subsequent years. In addition, the Academy should adopt policies and procedures, including a final review of the financial statements, to identify and correct errors and omissions.

Official's Response:
The Treasurer will review the adjustments and institute a final review by a third party of year-end adjustments.

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

FINDING NUMBER 2012-002

Finding for Recovery - Repaid Under Audit

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a proper public purpose. Auditor of State Bulletin 2003-005, *Expenditure of Public Funds/Proper "Public Purpose,"* provides that the Auditor of State's Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

During the 2012 audit, nine employees were overcompensated in wages totaling $12,425. The errors resulted in a finding for recovery that was issued against each of the nine employees, including the Executive Director, Ashfaq Tashfeen. The Executive Director reimbursed the Academy in full for the overpayment on March 13, 2013 and the finding was considered repaid under audit.

At the regular meeting held on March 25, 2013, the Executive Director requested the Board of Directors to reimburse him. The Board unanimously agreed, and on May 21, 2013, check number 6053 was written to the Executive Director in the amount of $12,425 for reimbursement.

The purpose of the 2012 finding for recovery was to reimburse the Academy for an erroneous overcompensation of nine of their employees. When the Board approved the reimbursement to the Executive Director for the finding for recovery he repaid out of his personal checking account, the Board was essentially making that same overpayment again. The 2012 overpayment was not approved by the Board and was not for a “proper public purpose.” As a result, the reimbursement of Ashfaq Tashfeen for his payment of the 2012 finding is not for a “proper public purpose.”

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ashfaq Tashfeen in the amount of $12,425, and in favor of the Zenith Academy Operating Fund.

On March 4, 2014, $12,425 was repaid in full by Ashfaq Tashfeen, Executive Director, and the money was deposited into Zenith Academy's Operating Fund.

Officials’ Response:
The Executive Director has accepted the Auditor’s finding for recovery.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

THIS PAGE INTENTIONALLY LEFT BLANK

ZENITH ACADEMY
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2012-01	Financial statement adjustments.	No	Repeated as Finding 2013-001.
2012-02	Finding for recovery of $12,425 for over compensation of wages – ORC 117.38.	No	A similar comments was issued as Finding 2013-02

THIS PAGE INTENTIONALLY LEFT BLANK

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Zenith Academy
Franklin County
4606 Heaton Road
Columbus, Ohio 43229

To the Board of Directors:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

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

1. In our report dated March 13, 2013, we noted the Board adopted an anti-harassment policy on January 26, 2009. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.

2. The Board amended the policy on November 26, 2012. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

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

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

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 14, 2014

ZENITH ACADEMY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 15, 2014