



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY

REGULAR AUDIT

For the Year Ended June 30, 2013  
Fiscal Year Audited Under GAGAS: 2013





# Dave Yost • Auditor of State

Board of Directors  
Nexus Academy of Columbus  
4689 Hilton Corporate Drive  
Columbus, Ohio 43232

We have reviewed the *Independent Auditor's Report* of the Nexus Academy of Columbus, Franklin County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2012 through June 30, 2013. 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 Nexus Academy of Columbus is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost  
Auditor of State

September 8, 2014

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NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
YEAR ENDED JUNE 30, 2013

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# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Auditor's Report

Nexus Academy of Columbus  
Franklin County  
4689 Hilton Corporate Drive  
Columbus, Ohio 43232

To the Board of Directors:

### Report on the Financial Statements

We have audited the accompanying financial statements of Nexus Academy of Columbus, 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 the overall financial statement presentation.

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

### Opinion

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

### Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2013, the Academy adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. We did not modify our opinion regarding this matter.

### 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.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 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.

*Balestra, Harr & Scherer, CPAs*  
Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
July 31, 2014



**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
for the fiscal year ending June 30, 2013  
(Unaudited)**

The discussion and analysis of the financial performance of the Nexus Academy of Columbus, Franklin County, Ohio (the Academy), provides an overview of the Academy's 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.

Certain comparative information between the current fiscal year and the prior fiscal year is required to be presented in the MD&A. However, since this is the first fiscal year of financial reporting for the Academy, comparative prior fiscal year information does not exist. Subsequent reports will include the comparative information.

**Financial Highlights**

- For fiscal year 2013, total assets were \$151,175.
- For fiscal year 2013, total liabilities were \$122,098.
- For fiscal year 2013, total net position was \$29,077.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. These statements are organized so the reader can understand the financial position of the Academy. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of net position represents the basic statement of position for the Academy. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs. Finally, the notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided on the basic financial statements.

**REPORTING THE ACADEMY AS A WHOLE**

The view of the Academy as a whole looks at all financial transactions and asks, "How did we do financially during 2013?" The statement of net position and the statement of revenues, expenses, and change in net position answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
for the fiscal year ending June 30, 2013  
(Unaudited)**

These two statements report the Academy's *net position* and changes in that 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 cause of this may be the result of many factors, some financial, some not. Non-financial factors include the current laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**FINANCIAL ANALYSIS**

The Academy is not required to present government-wide financial statements as the Academy is engaged in only business-type activities. Therefore, no condensed financial information derived from government-wide financial statements is included in the discussion and analysis.

The following tables represent the Academy's condensed financial information derived from the statement of net position and the statement of revenues, expenses, and changes in net position.

Table 1 provides a summary of the Academy's net position for fiscal year 2013:

<b>Table 1</b>	
<b>Net Position</b>	
	<b>2013</b>
<b>Assets</b>	
Current assets	\$ 138,342
Non-current assets	12,833
Total assets	\$ 151,175
<b>Liabilities</b>	
Current liabilities	\$ 122,098
<b>Net Position</b>	
Net investment in capital assets	12,833
Unrestricted	16,244
Total net position	\$ 29,077

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
for the fiscal year ending June 30, 2013  
(Unaudited)**

Table 2 shows the changes in net position for fiscal year 2013:

	<b>2013</b>
<b>Operating Revenues</b>	
Foundation payments	\$ 170,884
Special education	4,913
<b>Total operating revenues</b>	<b>175,797</b>
<b>Operating expenses</b>	
Purchased services	1,231,054
Depreciation	1,167
<b>Total operating expenses</b>	<b>1,232,221</b>
Operating loss	<b>(1,056,424)</b>
<b>Non-operating revenues</b>	
Federal subsidies	4,185
State grants	19,000
Other revenues	1,062,316
<b>Total non-operating revenues</b>	<b>1,085,501</b>
<b>Increase in net position</b>	<b>29,077</b>
Net Position, Beginning of Year	-
<b>Net Position, End of Year</b>	<b>\$ 29,077</b>

The Academy operates as a one business-type enterprise fund; therefore, analysis of balances and transactions of individual funds are not included in the discussion and analysis. Results of fiscal year 2013 operations indicate an ending net position of \$29,077. The primary reason that there was \$29,077 in net position was due to the management company providing \$1,062,316 in credits during fiscal year 2013.

**BUDGET**

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The Academy will from time to time adopt budget revisions as necessary.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
for the fiscal year ending June 30, 2013  
(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

The Academy used Grant funds to purchase computers. This represents the only capital assets owned by the Academy. Capital asset information is summarized in Note 4 to the basic financial statements. The Academy has not issued any debt.

**OTHER INFORMATION**

Management is currently unaware of any known facts, decisions, or conditions that are expected to have a significant effect on financial position or results of operations.

**CONTACTING THE ACADEMY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Academy's finances. Questions concerning any of the information in this report or requests for additional information should be directed to C. David Massa, CPA, of Massa Financial Solutions, LLC, 727 Jenkins Ave., Columbus, Ohio 43206 or e-mail at [dave@massasolutionsllc.com](mailto:dave@massasolutionsllc.com).

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2013**

**Assets:**

**Current Assets:**

Cash and Cash Equivalents	\$ 22,753
Federal Grants Receivable	4,185
Prepays	19,678
Other Receivable	91,726
Total Current Assets	<u>138,342</u>

**Non-Current Assets**

Capital Assets (Net of Accumulated Depreciation)	<u>12,833</u>
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<b>Total Assets</b>	<b><u>\$ 151,175</u></b>
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**Liabilities:**

**Current Liabilities:**

Contracts Payable	\$ 65,123
Accounts Payable	56,975
Total Current Liabilities	<u>122,098</u>

<b>Total Liabilities</b>	<b><u>122,098</u></b>
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**Net Position:**

Net Investment in Capital Assets	12,833
Unrestricted	16,244
<b>Total Net Position</b>	<b><u>\$ 29,077</u></b>

See the Accompanying Notes to the Basic Financial Statements.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2013**

**Operating Revenues:**

Foundation Payments - Regular	\$	170,884
Foundation Payments - Special Education		4,913
		175,797
Total Operating Revenues		175,797

**Operating Expenses:**

Purchased Services		1,231,054
Depreciation Expense		1,167
		1,232,221
Total Operating Expenses		1,232,221

<i>Operating Loss</i>		(1,056,424)
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**Non-Operating Revenues:**

Federal Grants		4,185
State Grants		19,000
Management Company Credits		1,062,316
		1,085,501
Total Non-Operating Revenues		1,085,501

<i>Increase in Net Position</i>		29,077
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<i>Net Position Beginning of Year</i>		-
<i>Net Position End of Year</i>	\$	29,077

See the Accompanying Notes to the Basic Financial Statements.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Cash Flows from Operating Activities:**

Cash Received for School Foundation Payments	\$ 175,797
Cash Payments to Suppliers for Goods and Services	<u>(1,220,360)</u>
<i>Net Cash Used for Operating Activities</i>	<u>(1,044,563)</u>

**Cash Flows from Noncapital Financing Activities:**

State Grants Received	19,000
Management Company Credits	<u>1,062,316</u>
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>1,081,316</u>

**Cash Flows from Capital Financing Activities:**

Purchase of Equipment, Net	<u>(14,000)</u>
<i>Net Cash Used for Investing Activities</i>	<u>(14,000)</u>

*Net Increase in Cash and Cash Equivalents* 22,753

Cash and Cash Equivalents at Beginning of Year -

Cash and Cash Equivalents at End of Year \$ 22,753

**Reconciliation of Operating Loss to Net Cash  
Used for Operating Activities:**

Operating Loss	\$ (1,056,424)
Depreciation Expense	1,167

**Adjustments to Reconcile Operating Loss to Net  
Cash Used for Operating Activities:**

<b>Changes in Assets and Liabilities:</b>	
Contracts Payable	65,123
Accounts Payable	56,975
Prepaid Items	(19,678)
Other Receivables	(91,726)
Total Adjustments	<u>10,694</u>

*Net Cash Used for Operating Activities* \$ (1,044,563)

See the Accompanying Notes to the Basic Financial Statements.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 1 – DESCRIPTION OF THE ACADEMY AND REPORTING ENTITY**

Nexus Academy of Columbus (the Academy) is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Academy's mission is to provide top-quality personalized education for students and their families through internet- or computer-based learning outside of the traditional classroom. The Academy will maintain a commitment to excellence in curriculum, instruction, accountability and communication for internet- or computer-based schools and will ensure that its programs follow the principles of parental involvement, individualized instruction and high-quality teaching.

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

The Academy was approved for operation under a contract with The Ohio Council of Community Schools, the Sponsor. 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). The Board of Directors may not be fewer than five nor more than eleven members. At least three Directors will be as follows:

- (a) At least one Director shall be the parent of one or more students enrolled in the Academy,
- (b) At least one Director shall be a generally recognized community leader in the area served by the Academy, and
- (c) At least one Director shall be an educator or have experience in education.

Additionally, the Academy entered into a five-year contract on June 30, 2012, with Connections Academy of Ohio, LLC for curriculum, school management services, instruction, technology and other services, with an expiration date of June 30, 2017. (See Note 10).



**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**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 nonprofit organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Academy's accounting policies are described below.

**A. Basis of Presentation**

**Enterprise Accounting**

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

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

**B. Measurement Focus and Basis of Accounting**

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (e.g., revenues) and decreases (e.g., expenses) in net position. The statement of cash flows reflects how the Academy finances and meets its cash flow needs.

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Academy's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded when the exchange takes place. Revenues resulting from 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 fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Academy must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Academy on a reimbursement basis. Expenses are recognized at the time they are incurred.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Budgetary Process**

Pursuant to Ohio Revised Code Chapter 5705.391, the Academy prepares and adopts an annual budget which includes estimated revenues and expenditures for the fiscal year and a five year forecast of revenues and expenditures. The Academy will from time to time adopt budget revisions as necessary. The contract between the Academy and its Sponsor does not prescribe any other budgetary process for the Academy.

**D. Cash and Investments**

Cash held by the Academy is reflected as “Cash and Cash Equivalents” on the statement of net position. Unless otherwise noted, all monies received by the Academy are pooled and deposited in a central bank account as demand deposits. Investments with an initial maturity of more than 3 months are reported as investments. During the fiscal year ended June 30, 2013 the Academy had no investments.

**E. Intergovernmental Revenues**

The Academy currently participates in the State Foundation Program and the State Special Education Program. Foundation and Special Education payments are recognized as operating revenues in the accompanying financial statements. Other grants awarded and received in fiscal years 2013 totaled \$23,185. Grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. When both restricted and unrestricted resources are available for use, it is the Academy’s policy to use restricted resources first, then unrestricted resources as they are needed.

**F. Capital Assets**

Capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. The Academy maintains a capitalization threshold of \$1,000 dollars. The Academy does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

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

Computers	3 years
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**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**G. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net 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. The Academy did not have any restricted net position in fiscal year 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 accounting principles generally accepted in the United States of America 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.

**J. Change in Accounting Principles**

For 2013, the Academy implemented Governmental Accounting Standard Board (GASB) Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements” and GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.”

GASB Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Change in Accounting Principles (continued)**

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position.

The implementation of GASB Statement No. 62 had no effect on the financial statements, while GASB Statement No. 63 resulted in certain account name changes in the financial statements.

**NOTE 3 – DEPOSITS**

The Academy's financial institution deposits for the year ended June 30, 2013 are as follows:

Carrying Amount of Deposits	\$ 22,753
Bank Balance	<u>\$ 22,753</u>

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, \$0 was exposed to custodial credit risk as discussed below for the fiscal year ended June 30, 2013, while \$22,753 was covered by the Federal Depository Insurance Corporation.

*Custodial Credit Risk:* is the risk that in the event of bank failure, the Academy's investments may not be returned. The Academy has no policy regarding custodial credit risk. In addition, state law does not require security for public deposits and investments to be maintained in the Academy's name.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 4 – CAPITAL ASSETS**

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

	<b>Balance</b>			<b>Balance</b>
	<b>6/30/2012</b>	<b>Additions</b>	<b>Reductions</b>	<b>6/30/2013</b>
<b>Capital assets being depreciated:</b>				
Computers	\$ -	\$ 14,000	\$ -	\$ 14,000
<b>Less accumulated depreciation:</b>				
Computers	-	(1,167)	-	(1,167)
<b>Capital assets, net of accumulated depreciation</b>	<b>\$ -</b>	<b>\$ 12,833</b>	<b>\$ -</b>	<b>\$ 12,833</b>

**NOTE 5 - OPERATING LEASES**

The Academy rents a facility through a lease agreement executed between their landlord and Connections Academy of Ohio, LLC. The terms of this lease are due to expire August 31, 2017.

Future minimum lease payments for the operating lease are as follows:

<u>Years Ending June 30,</u>	<u>Total</u>
2014	\$176,940
2015	184,804
2016	192,668
2017	200,532
2018	33,422
<b>Total</b>	<b>\$788,386</b>

**NOTE 6- RECEIVABLES**

Receivables consisted of the following as of June 30, 2013:

	<b>2013</b>
Federal Programs – Title I	\$4,185
State Funding	856
Due from Connections Academy	90,870
<b>Total</b>	<b>\$95,911</b>

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 7 – PREPAID EXPENSES**

The Academy has made lease payments in advance. As a result, a prepaid asset is booked in the amount of \$19,678.

**NOTE 8 – RISK MANAGEMENT**

**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 and natural disasters. For fiscal year 2013, the Academy contracted with Diversified Insurance Services to provide insurance in the following amounts:

Commercial general liability: \$2,000,000 general aggregate with a \$1,000,000 single occurrence limit along with \$21,000,000 in excess liability coverage for both aggregate and single occurrence.

There were no settlements in excess of insurance coverage over the past fiscal year.

**NOTE 9 – FISCAL AGENT AND PAYMENTS TO SPONSOR**

The sponsorship agreement with Ohio Council of Community Schools requires that the Academy shall have a designated fiscal officer who shall meet all the requirements as set forth by law including:

- A. Maintain the financial records of the Academy in the same manner as are financial records of school districts, pursuant to rules of the Auditor of State;
- B. Comply with the policies and procedures regarding internal financial control of the Academy;
- C. Comply with the requirements and procedures for financial audits by the Auditor of the State.

The Academy shall pay to the Sponsor 3 percent of all base per pupil cost payments received from the state in consideration for the time, organization, oversight, fees and costs of the Sponsor in overseeing the Academy. The Academy's Fiscal Agent during the audit period was Massa Financial Solutions, LLC.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 10 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES**

The Academy entered into a five-year contract on June 30, 2012 with Connections Academy of Ohio, LLC. In the agreement, which expires on June 30, 2017, Connections Academy of Ohio, LLC agrees to provide curriculum, instruction, technology and other school management services. Under the contract, the following terms were agreed upon:

Connections Academy of Ohio, LLC will provide direct materials/services or procurement and payment services for the following:

1. Instructional materials as approved by the Board and the Sponsor.
2. Various educational protocols and assessments.
3. Administrative personnel, including health and other benefits, as approved by the Board and the Sponsor where required.
4. Teaching staff, including health and other benefits, as approved by the Board.
5. Educational support services for participating families.
6. Training and other professional development as approved by the Board.
7. Hardware and software as approved by the Board.
8. Technical support for any hardware and software provided under the contract.
9. Maintenance of student records.
10. Services to special needs students as required by law.
11. Administrative services including expenditures for a facility and capital, both of which require Board approval.
12. Financial, treasury and other reporting as required by law.
13. Student recruiting and community education.
14. General school management.

For the services listed above, the Academy is required to reimburse certain actual expenses, pay a fee based on enrollment statistics and pay a school management fee to Connections Academy of Ohio, LLC. The total expense on an accrual basis under this contract for fiscal year 2013 totaled \$1,128,259. Of this amount, \$65,123 represents a contract payable at June 30, 2013.

For the period ended June 30, 2013, Connections Academy of Ohio, LLC, incurred the following expenses on behalf of the Academy:

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 10 – MANAGEMENT CONSULTING CONTRACT/PURCHASED SERVICES  
(continued)**

<b>Direct Expenses</b>				<b>2013</b>
Salaries & wages				\$ 327,315
Employees' benefits				88,438
Professional & technical services				45,562
Property services				237,078
Travel				15,062
Communications				26,191
Utilities				16,520
Contracted craft or trade services				19,733
Other purchased services				43,904
Other supplies				14,450
Other direct costs - Allocated				36,745
<b>Indirect Expenses:</b>				
Overhead				462,013
<b>Total expenses</b>				<b>\$ 1,333,011</b>

The Management Company incurs a variety of costs including general and administrative costs, marketing costs, software development costs, curriculum development costs, enrollment and placement costs, fulfillment and asset tracking costs, legal costs, and other costs associated with providing services to more than one school. These costs are not charged directly to the schools but are allocated internally by the Management Company pro rata based on the number of total students that have enrolled in each school.

**NOTE 11 - CONTINGENCIES**

**A. Grants**

The Academy received financial assistance from federal and state agencies in the form of grants. The disbursement 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, in the opinion of management, the Academy has complied with all grant requirements.



**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 11 – CONTINGENCIES (continued)**

**B. Full Time Equivalency**

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the Academy. These reviews are conducted to ensure the Academy is reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. The conclusions of this review could result in state funding being adjusted.

**C. Full Time Equivalency**

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

**NOTE 12 – TAX EXEMPT STATUS**

The Academy is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. 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 13 – MANAGEMENT PLAN**

The Academy had an operating loss of \$1,056,424 and a net position surplus of \$29,077 at the end of fiscal year June 30, 2013. Management intends to eliminate this deficit by increasing enrollment and improving operating efficiencies. The Academy is projecting a positive net position balance for fiscal year ending June 30, 2014.

Connections Academy provided \$1,062,316 worth of credits to the Academy for services provided during fiscal year 2013 to ensure contract compliance in order that the Academy would maintain a positive balance in net position.

**NOTE 14 – MANAGEMENT COMPANY**

The Academy has contracted with Connections Academy of Ohio, LLC to provide employee services and to pay those employees. However, these contract services do not relieve the Academy of the obligation for remitting pension contributions. The retirement systems consider the Academy as the Employer-of-Record and the Academy ultimately is responsible for remitting retirement contributions to the State Teachers Retirement System and the School Employees Retirement System.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS**

**A. School Employee Retirement System**

Plan Description – The Academy participates in the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://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 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts by the SERS' Retirement Board. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2013, the allocation to pension and death benefits was 13.10 percent. The remaining 0.90 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 year ended June 30, 2013 were \$1,533, which equaled the required contributions for the year.

**B. State Teachers Retirement System**

The Academy participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)**

**B. State Teachers Retirement System (continued)**

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

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

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)**

**B. State Teachers Retirement System (continued)**

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

The Academy's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2013 were \$36,086; 100 percent has been contributed for the fiscal year ended June 30, 2013. Contributions to the DC and Combined Plans for fiscal year 2013 were \$36,086 made by the Academy and \$25,776 made by the plan members.

STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's Comprehensive Annual Financial Report can be requested 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](http://www.strsoh.org).

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. The contribution rate is 6.2 percent of wages.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 16 - POSTEMPLOYMENT BENEFITS**

**A. School Employee Retirement System**

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

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. 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 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The Academy's contributions for Medicare Part B for the fiscal year ended June 30, 2013 were \$918; 100 percent has been contributed for fiscal year 2013.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, 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 Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)**

**A. School Employee Retirement System (continued)**

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2013, the health care allocations were 0.16 percent. 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 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge when added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. During fiscal year 2013, the School paid \$880 in surcharge. The Academy's contributions for health care (including surcharge) for the fiscal year ended June 30, 2013 were \$18; 100 percent has been contributed for fiscal year 2013.

The SERS 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 upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS website at [www.ohsers.org](http://www.ohsers.org) under *Employers/Audit Resources*.

**B. State Teachers Retirement System**

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan, which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

**NEXUS ACADEMY OF COLUMBUS  
FRANKLIN COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
for the fiscal year ending June 30, 2013**

**NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)**

**B. State Teachers Retirement System (continued)**

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the year ended June 30, 2013. The 14 percent employer contribution rate is the maximum rate established under Ohio law. The Academy's contributions for health care for the fiscal year ended June 30, 2013 were \$2,578; 100 percent has been contributed for the fiscal year ended June 30, 2013.



## Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhscpas.com](http://www.bhscpas.com)

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

Nexus Academy of Columbus  
Franklin County  
4689 Hilton Corporate Drive  
Columbus, Ohio 43232

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 Nexus Academy of Columbus, 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 July 31, 2014 wherein we noted that the Academy implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

#### 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

### **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.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.

Worthington, Ohio

July 31, 2014



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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## Independent Accountants' Report on Applying Agreed-Upon Procedures

Nexus Academy of Columbus  
Franklin County  
4689 Hilton Corporate Drive  
Columbus, Ohio 43232

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 Nexus Academy of Columbus (the Academy) has an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with requirements. 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. We noted the Board adopted an anti-harassment policy at its meeting on May 31, 2012.
2. We read the policy, noting it included the following requirements from the Ohio Rev. Code Section 3313.666(B)
  - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property, at school-sponsored events, on a school bus, or by an electronic act;
  - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.66 and includes violence within a dating relationship within the definition;
  - 3) A procedure for reporting prohibited incidents;
  - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

- 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- 6) A procedure for documenting any prohibited incident that is reported;
- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
July 31, 2014

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# Dave Yost • Auditor of State

**NEXUS ACADEMY OF COLUMBUS**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 18, 2014**