

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
(AUDITED)**

**FOR THE FISCAL YEAR ENDED
JUNE 30, 2008**

STEPHEN EARNEST, TREASURER



Mary Taylor, CPA
Auditor of State

Board of Directors
GOAL Digital Academy Community School
890 West Fourth Street, Suite 400
Mansfield, Ohio 44906

We have reviewed the *Independent Auditor's Report* of the GOAL Digital Academy Community School, Richland County, prepared by Julian & Grube, Inc., for the audit period July 1, 2007 through June 30, 2008. 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 GOAL Digital Academy Community School is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 18, 2009

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**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Board of Directors
GOAL Digital Academy Community School
890 W. Fourth Street, Suite 400
Mansfield, Ohio 44906

We have audited the accompanying financial statements of GOAL Digital Academy Community School, Richland County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise GOAL Digital Academy Community School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the GOAL Digital Academy Community School's management. Our responsibility is to express an opinion on these financial statements based on our audit.

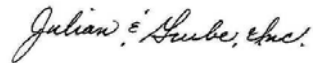
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of GOAL Digital Academy Community School, as of June 30, 2008, and the changes in financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2009, on our consideration of GOAL Digital Academy Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Independent Auditor's Report
GOAL Digital Academy Community School
Page Two

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



Julian & Grube, Inc.
February 13, 2009

**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of The GOAL Digital Academy Community School's (the "GDA") financial performance provides an overall review of the GDA's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the GDA'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 GDA's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, net assets were \$714,478 at June 30, 2008.
- The GDA had operating revenues of \$1,521,385 and operating expenses of \$1,297,780 for fiscal year 2008. Operating income and the change in net assets for the fiscal year was \$223,605 and \$309,483, respectively.

Using these Basic Financial Statements

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

Reporting the GDA Financial Activities

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

These documents look at all financial transactions and ask the question, "How did we do financially during 2008?" The statement of net assets and the statement of revenues, expenses and changes in net assets answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The table below provides a summary of the GDA's net assets for 2008 and 2007.

Net Assets

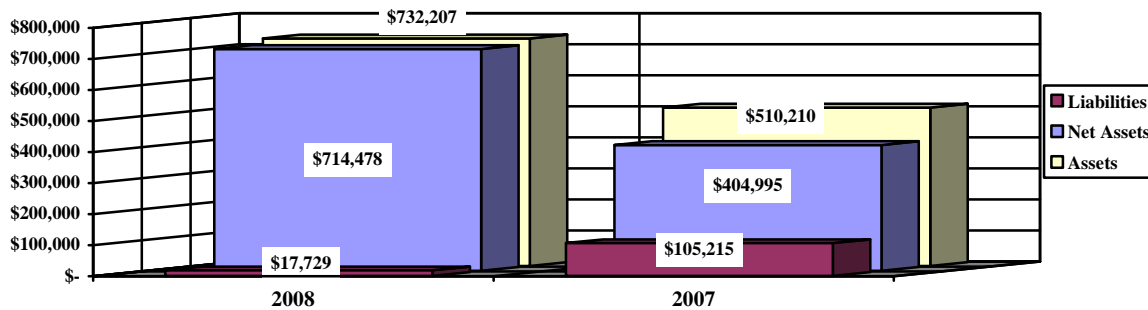
	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
Current assets	\$ 501,826	\$ 331,309
Capital assets, net	<u>230,381</u>	<u>178,901</u>
Total assets	<u>732,207</u>	<u>510,210</u>
<u>Liabilities</u>		
Liabilities	<u>17,729</u>	<u>105,215</u>
Total liabilities	<u>17,729</u>	<u>105,215</u>
<u>Net Assets</u>		
Invested in capital assets	230,381	178,901
Restricted	18,370	12,928
Unrestricted	<u>465,727</u>	<u>213,166</u>
Total net assets	<u>\$ 714,478</u>	<u>\$ 404,995</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the GDA's net assets totaled \$714,478, a 76.42% increase over fiscal year 2007.

At year-end, capital assets represented 31.46% of total assets. Capital assets consisted of furniture and equipment. There is no debt related to these capital assets. Capital assets are used to provide services to the students and are not available for future spending.

The table below provides a summary of the GDA's net assets, liabilities and assets for 2008 and 2007.

Net Assets



**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

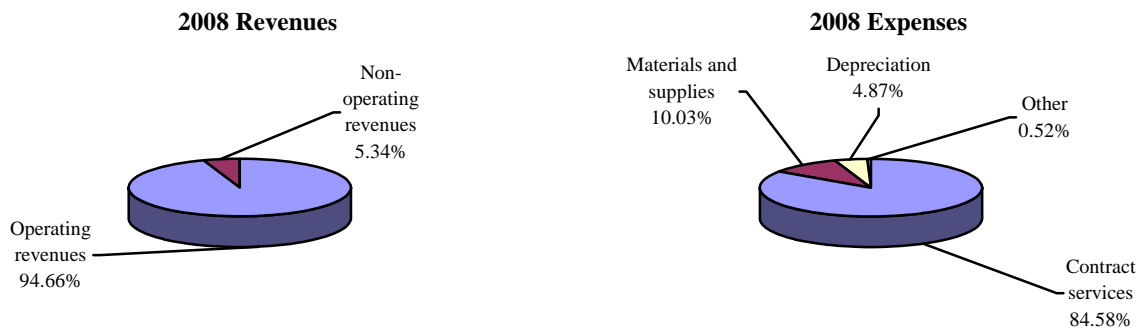
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The table below shows the changes in net assets for fiscal years 2008 and 2007:

Change in Net Assets

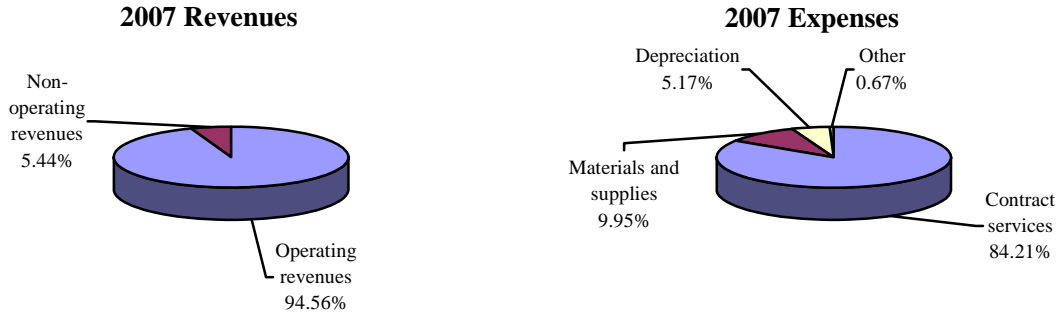
	<u>2008</u>	<u>2007</u>
<u>Operating Revenues:</u>		
State foundation	\$ 1,518,123	\$ 982,423
Other	<u>3,262</u>	<u>36</u>
Total operating revenue	<u>1,521,385</u>	<u>982,459</u>
<u>Operating Expenses:</u>		
Contract services	1,097,602	776,922
Materials and supplies	130,188	91,773
Depreciation	63,255	47,659
Other	<u>6,735</u>	<u>6,144</u>
Total operating expenses	<u>1,297,780</u>	<u>922,498</u>
<u>Non-operating revenues:</u>		
State and federal grants	84,321	55,387
Interest income	<u>1,557</u>	<u>1,134</u>
Total non-operating revenues	<u>85,878</u>	<u>56,521</u>
Change in net assets	309,483	116,482
Net assets at beginning of year	<u>404,995</u>	<u>288,513</u>
Net assets at end of year	<u>\$ 714,478</u>	<u>\$ 404,995</u>

The charts below illustrate the revenues and expenses for the GDA during fiscal years 2008 and 2007:



**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**



Capital Assets

At June 30, 2008, the GDA had \$230,381 invested in furniture and equipment. See Note 4 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The GOAL Digital Academy (GDA) is a conversion community E-School sponsored by Mid-Ohio Educational Service Center. The sponsorship currently runs through 2012. It is anticipated that this sponsorship will be renewed.

Contrary to most traditional schools, GDA is a less labor-intensive endeavor. Also, unlike traditional schools, a community school cannot levy any taxes and must survive on state revenues and donations. At this time GDA relies solely on State funding for their resources. There are no immediate financial concerns outside of controlling health insurance premiums and utility costs. That being stated, GDA's five-year forecast is very healthy and no budgetary cuts, nor additional resources outside of the State, are projected in the upcoming five-years.

GOAL Digital Academy is committed to operating within its financial means, and to working with the local community and agencies it serves to provide the required educational programs for its students.

Contacting the GDA Treasurer

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of GDA's finances and to show GDA's accountability for the resources it receives. If you have any questions, or concerns, about this report or need additional financial information, contact Steve Earnest, Treasurer, at GOAL Digital Academy, 890 West Fourth Street, Suite 100, Mansfield, Ohio 44906.

**BASIC
FINANCIAL STATEMENTS**

**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2008

Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 433,093
Receivables:	
Intergovernmental	68,733
Capital assets, net	<u>230,381</u>
 Total assets	 <u>732,207</u>
 Liabilities:	
Due to other governments	17,569
Accounts payable	<u>160</u>
 Total liabilities	 <u>17,729</u>
 Net Assets:	
Invested in capital assets	230,381
Restricted for:	
State funded programs.	18,000
Federally funded programs.	370
Unrestricted	<u>465,727</u>
 Total net assets.	 <u><u>\$ 714,478</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Operating revenues:	
State foundation	\$ 1,518,123
Other	3,262
	1,521,385
Operating expenses:	
Contract services	1,097,602
Materials and supplies	130,188
Depreciation	63,255
Other	6,735
	1,297,780
Total operating revenues	1,521,385
Total operating expenses	1,297,780
Operating income.	223,605
Nonoperating revenues:	
State and federal grants	84,321
Interest revenue	1,557
	85,878
Total nonoperating revenues.	85,878
Change in net assets	309,483
Net assets at beginning of year	404,995
Net assets at end of year	\$ 714,478

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**THE GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Cash flows from operating activities:	
Cash received from state foundation	\$ 1,534,605
Cash received from other operations.	3,262
Cash payments for contractual services	(1,201,570)
Cash payments for materials and supplies	(130,188)
Cash payments for other expenses	<u>(6,735)</u>
Net cash provided by operating activities	<u>199,374</u>
Cash flows from noncapital financing activities:	
Cash received from state and federal grants.	<u>15,588</u>
Net cash provided by noncapital financing activities.	<u>15,588</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(114,735)</u>
Net cash used in capital and related financing activities.	<u>(114,735)</u>
Cash flows from investing activities:	
Interest received	<u>1,557</u>
Net cash provided by investing activities	<u>1,557</u>
Net increase in cash and cash equivalents	101,784
Cash and cash equivalents at beginning of year	<u>331,309</u>
Cash and cash equivalents at end of year	<u><u>\$ 433,093</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income.	\$ 223,605
Adjustments:	
Depreciation	63,255
Changes in assets and liabilities:	
Increase in accounts payable	160
Decrease in due to other governments	(11,614)
Decrease in due to primary government	<u>(76,032)</u>
Net cash provided by operating activities	<u><u>\$ 199,374</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL

The GOAL Digital Academy Community School (the "GDA") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The GDA 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 their tax exempt status. The GDA's objective is to deliver a comprehensive educational program of high quality, tied to State and national standards, which can be delivered to students in the K - 12 population entirely through distance learning technologies. It is to be operated in cooperation with the Mid-Ohio Educational Service Center to provide an innovative and cost-effective solution to the special problems of disabled students, students removed from school for disciplinary reasons, students needing advanced or specialized courses which are not available locally, and other, including home-schooled students who are not currently enrolled in any public school and who are not receiving a meaningful, comprehensive, and standards-based educational program. The GDA, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The GDA may acquire facilities as needed and contract for any services necessary for the operation of the school.

The GDA was certified by the State of Ohio Secretary of State as a non-profit organization on April 23, 2002. The GDA was approved for operation under a contract with the Mount Gilead Exempted Village School District (the "Sponsor") for a five year period commencing September 4, 2002. Sponsorship was subsequently transferred to the Mid-Ohio Educational Service Center on July 1, 2007. The Sponsor is responsible for evaluating the performance of the GDA and has the authority to deny renewal of the contract at its expiration.

The GDA operates under the direction of a five-member (voting members) Board of Directors. The Board of Directors consists of the Mount Gilead Exempted Village School District Superintendent and Treasurer, the Mid-Ohio ESC Superintendent and Director of General Education, Mid-Ohio ESC "Member District" Superintendent, and two non-voting board members appointed by both the Mount Gilead Exempted Village School District's Board of Education and the Mid-Ohio ESC Board of Governors. The members of the Mount Gilead Exempted Village School District's Board of Education and the Mid-Ohio ESC Board of Governors that may be appointed shall be non-voting ex officio members of GDA's Board of Directors. The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, State-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Superintendent of Mount Gilead Exempted Village School District is the Chief Administrative Officer of GDA. GDA will appoint its own Chief Financial Officer.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the GDA have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GDA also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989, provided those pronouncements do not conflict with or contradict GASB pronouncements. The GDA has elected not to apply FASB Statements and Interpretations issued after November 30, 1989. The GDA's significant accounting policies are described below.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises and focuses in the determination of operating income, changes in net assets, financial position, and cash flows. Enterprise accounting may be used to account for any activity for which a fee is charged to external users for goods or services.

B. Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the balance sheet. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Budgetary Process

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

D. Cash

All monies received by the GDA are deposited in a demand deposit account.

E. Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The GDA maintains a capitalization threshold of \$500 for non-technical and non-audiovisual equipment and \$200 for technical and audiovisual equipment. The GDA does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method. Equipment is depreciated over five to fifteen years.

F. Operating Revenues and Expenses

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

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The GDA applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Intergovernmental Revenue

The GDA currently participates in the State Foundation Program, the Federal Charter School Grant Program through the Ohio Department of Education, the State Community School Grant, and the State Disadvantaged Pupil Impact Aid (DPIA) Program. Revenues received from these programs are recognized as operating revenues in the accompanying financial statements. Federal and state grants and entitlements are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is permitted, matching requirements, in which the GDA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the GDA on a reimbursement basis.

I. Estimates

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

NOTE 3 - DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all GDA deposits was \$433,093. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$100,000 of the GDA's bank balance of \$482,933 was covered by Federal Deposit Insurance Corporation, while \$382,933 was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of bank failure, the GDA's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the GDA.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 4 - CAPITAL ASSETS

A summary of capital assets at June 30, 2008 follows:

	Balance <u>6/30/07</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>6/30/08</u>
Furniture and equipment	\$ 283,611	\$ 114,735	\$ (26,798)	\$ 371,548
Less: accumulated depreciation	<u>(104,710)</u>	<u>(63,255)</u>	<u>26,798</u>	<u>(141,167)</u>
Net capital assets	<u>\$ 178,901</u>	<u>\$ 51,480</u>	<u>\$ -</u>	<u>\$ 230,381</u>

NOTE 5 - RISK MANAGEMENT

The GDA 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. On July 1, 2007, GDA was named as an additional insured party on Mid-Ohio Educational Service Center, the Sponsor, insurance policy with Ohio Casualty Insurance Company for general liability insurance and property insurance. The GDA transfers the entire risk of loss, less any deductible, to the commercial carrier. The following limits and deductibles are in aggregate for both GDA and the Sponsor. The Ohio Casualty Insurance Company provides general liability coverage. The general liability coverage insures up to \$1,000,000 each occurrence with a \$2,000,000 annual aggregate with additional excess liability/commercial umbrella coverage up to \$3,000,000 each occurrence with a \$3,000,000 annual aggregate.

Settled claims have not exceeded commercial insurance coverage for fiscal year 2008 and there has been no reduction in insurance coverage from the previous year.

The Ohio Casualty Insurance Company provides property, crime, and equipment breakdown insurance coverage. The property coverage insures up to a blanket limit of \$37,154,981 with a \$2,500 deductible; commercial crime covers up to \$25,000. The limits and deductibles stated above are in aggregate for both GDA and the sponsor.

NOTE 6 - CONTINGENCIES

A. Grants

The GDA 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. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the GDA at June 30, 2008.

B. State Foundation Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the state, upon which state foundation funding is calculated. As a result of the review after fiscal year end, the GDA owed \$16,482 to the Ohio Department of Education which is reflected on the basic financial statements as due to other governments.

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 7 - SERVICE CONTRACT

The Mid-Ohio ESC and GDA entered into a service contract agreement. This agreement states that GDA may contract for various services from the Mid-Ohio ESC and reimburse the Board of Education for these services. The Mid-Ohio ESC agreed to provide the requested services and receive reimbursement from the GDA pursuant to Ohio Revised Code Section 3317.11.

Mid-Ohio ESC's Board of Governors agreed to provide on an as-needed, or available basis, the following services for GDA:

1. Instructional services for all grade levels.
2. Collaboration for staff development programs for certified and non-certified staff.
3. Planning and consultative services for curriculum development.
4. Psychological services as needed for re-evaluations and initial multi-factored evaluations.
5. Fiscal services including payroll, retirement, and insurance.
6. Student services including E.M.I.S., Nursing, Speech, Guidance, and Therapy.
7. Classroom space and administrative services.
8. Custodial services.
9. Supervision/Director services.
10. Technology support.

The Mid-Ohio ESC acts as the fiscal agent for the service agreement described above. As fiscal agent, the Board of Education may enter into employment contracts with each certified teacher/administrator/aid whose services are to be shared with Mid-Ohio ESC. Other services may be provided based on mutual consent of both GDA and the Mid-Ohio ESC.

NOTE 8 - CONTRACT SERVICES

For fiscal year ended June 30, 2008, contract services expenses were as follows:

Purchased services/administrative services	\$ 866,228
Utility expenses	9,720
Travel and meetings	7,591
Other purchased services	<u>214,063</u>
Total contract services	<u>\$ 1,097,602</u>

The above transactions are related party transactions since these services are purchased through the Sponsor, Mid-Ohio Educational Service Center.

NOTE 9 - RELATED PARTY TRANSACTIONS

The GDA and the Sponsor entered into a five-year sponsorship agreement on July 1, 2007, whereby terms of the sponsorship agreement were established.

In the fiscal year 2008, payments were made by the GDA to the Sponsor totaling \$812,854 for reimbursement of services provided by the Sponsor to the GDA.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Board of Directors
GOAL Digital Academy Community School
890 W. Fourth Street, Suite 400
Mansfield, Ohio 44906

We have audited the financial statements of the GOAL Digital Academy Community School, Richland County, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise GOAL Digital Academy Community School's basic financial statements and have issued our report thereon dated February 13, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered GOAL Digital Academy Community School's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of GOAL Digital Academy Community School's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of GOAL Digital Academy Community School's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects GOAL Digital Academy Community School's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of GOAL Digital Academy Community School's financial statements that is more than inconsequential will not be prevented or detected by GOAL Digital Academy Community School's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by GOAL Digital Academy Community School's internal control.

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

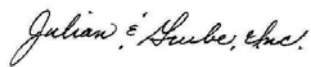
Board of Directors
GOAL Digital Academy Community School

Compliance and Other Matters

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

We noted a certain matter that we reported to the management of GOAL Digital Academy Community School in a separate letter dated February 13, 2009.

This report is intended solely for the information and use of the management and Board of Directors of GOAL Digital Academy Community School and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
February 13, 2009

**GOAL DIGITAL ACADEMY COMMUNITY SCHOOL
RICHLAND COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
2007-GDA-001	Expenditures and Due to Other Governments were understated in the financial statements by \$29,183.	Yes	N/A



Mary Taylor, CPA
Auditor of State

GOAL DIGITAL ACADEMY COMMUNITY SCHOOL

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2009**