



**Auditor of State
Betty Montgomery**

**COVENTRY DIGITAL ACADEMY
STARK COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Coventry Digital Academy
Summit County
3089 Manchester Road
Akron, Ohio 44319

To the Board of Directors

We have audited the accompanying basic financial statements of the Coventry Digital Academy, Summit County, Ohio, (the Academy) for the period November 24, 2003 through August 16, 2004, as listed in the Table of Contents. These basic financial statements are the responsibility of the Academy's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Coventry Digital Academy, Summit County, Ohio, for the period November 24, 2003 through August 16, 2004, and the changes in financial position and cash flows for the period then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 12, on August 16, 2004, the Academy fell below the 25 student minimum to be fully operational. As a result, the Academy presently ceased operations and does not expect to reinstitute its programs.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2005, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 8, 2005

Coventry Digital Academy
Management's Discussion and Analysis
For the Period November 24, 2003 through August 16, 2004
(Unaudited)

The discussion and analysis of the Coventry Digital Academy's (the "Academy") financial performance provides an overall review of the Academy's financial activities for the period November 24, 2003 through August 16, 2004. The intent of this discussion and analysis is to look at the Academy's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Academy's financial performance.

Financial Highlights

Key financial highlights for the fiscal year ended August 16, 2004 are as follows:

- Net assets totaled \$58,976.
- Total current assets were \$126,727.
- Total capital assets were \$2,836.
- Operating revenues equaled \$117,274 and non-operating revenues were \$8,832.
- Operating expenses amounted to \$137,640.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. The basic financial statements include a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets and the statement of revenues, expenses and changes in net assets answer the question, "How did we do financially during fiscal year 2004?" The statement of net assets includes all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

Coventry Digital Academy
Management's Discussion and Analysis
For the Period November 24, 2003 through August 16, 2004
(Unaudited)

Table 1 provides a summary of the Academy's net assets for August 16, 2004. Since this is the first year that the Academy has prepared a financial statement, comparison with prior year is not available.

Table 1
Net Assets at August 16, 2004

	<u>2004</u>
Assets	
Current Assets	\$ 126,727
Capital Assets	<u>2,836</u>
 Total Assets	 <u>129,563</u>
 Liabilities	
Accounts Payable	53,407
Intergovernmental Payable	<u>17,180</u>
 Total Liabilities	 <u>70,587</u>
 Net Assets	
Invested in Capital Assets	2,836
Restricted for Other Purposes	8,832
Unrestricted	<u>47,308</u>
 Total Net Assets	 <u><u>\$ 58,976</u></u>

Over time, net assets can serve as a useful indicator of a government's financial position. At August 16, 2004, the Academy's net assets totaled \$58,976.

Coventry Digital Academy
Management's Discussion and Analysis
For the Period November 24, 2003 through August 16, 2004
(Unaudited)

Table 2 shows the changes in net assets for the period ended August 16, 2004 as well as a listing of revenues and expenses. Since this is the first year that the Academy has prepared a financial statement, comparison with prior year is not available.

Table 2
Changes in Net Assets

	<u>2004</u>
Operating Revenues	
Foundation Payments	\$ 117,274
Non-Operating Revenues	
Grants and Contributions	<u>8,832</u>
Total Non-Operating Revenues	<u>8,832</u>
Total Revenues	<u>126,106</u>
Operating Expenses	
Purchased Services	137,185
Depreciation	<u>455</u>
Total Operating Expenses	<u>137,640</u>
Increase (Decrease) in Net Assets	<u><u>\$ (11,534)</u></u>

The Academy's activities consist of enterprise activity. Community schools receive no support from taxes. The State Foundation Program and the Ohio Charter Schools Federal Sub-grant Program are, by far, the primary support for the Academy's students.

Capital Assets

At the end of period August 16, 2004, the Academy invested \$2,836 in equipment, net of depreciation. See Note 4 to the basic financial statements for more information.

Coventry Digital Academy
Management's Discussion and Analysis
For the Period November 24, 2003 through August 16, 2004
(Unaudited)

Current Issues

The Academy has entered into a service contract for period ended August 16, 2004 with its Sponsor. In agreement with this contract, the Academy will purchase the following services from its Sponsor: personnel to administer and oversee the instructional process and governance of the Academy, staff to provide support services to the Academy, marketing support, EMIS data transmission, insurance, and consulting.

On August 16, 2004, the Academy fell below the 25 student minimum to be fully operational. As a result, the Academy has presently ceased operations and does not expect to reinstitute its programs.

Contacting the Academy's Management

This financial report is designed to provide our citizens, investors and creditors with a general overview of the Academy's finances and to show the Academy's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Lee Ann Weisenmiller, Treasurer, at Coventry Digital Academy, 3089 Manchester Road, Akron, OH 44319, or e-mail lweisenmiller@coventry.k12.oh.us.

Coventry Digital Academy

Statement of Net Assets

August 16, 2004

Assets

Current assets:

Equity in pooled cash and investments \$ 126,727

Total current assets 126,727

Noncurrent assets:

Capital assets (net of accumulated depreciation) 2,836

Total assets 129,563

Liabilities

Current liabilities:

Accounts payable 53,407

Intergovernmental payable 17,180

Total current liabilities 70,587

Net assets

Invested in capital assets 2,836

Restricted for other purposes 8,832

Unrestricted 47,308

Total net assets \$ 58,976

See accompanying notes to the basic financial statements.

Coventry Digital Academy
Statement of Revenues, Expenses, and Changes in Net Assets
For the Period November 24, 2003 through August 16, 2004

Operating revenues		
Foundation payments	\$	117,274
		<hr/>
<i>Total operating revenues</i>		117,274
Operating expenses		
Purchased services		137,185
Depreciation		455
		<hr/>
<i>Total operating expenses</i>		137,640
<i>Operating loss</i>		(20,366)
Non operating revenues (expenses)		
Grants		8,832
		<hr/>
<i>Total non-operating revenues expenses</i>		8,832
<i>Change in net assets</i>		(11,534)
<i>Net assets at beginning of year</i>		70,510
		<hr/>
<i>Net assets and the end of the year</i>	\$	58,976

See accompanying notes to the basic financial statements.

Coventry Digital Academy
Statement of Cash Flows
For the Period November 24, 2003 through August 16, 2004

Cash flows from operating activities:	
Cash received from foundation payments	\$ 117,274
Cash payments for goods and services	(66,598)
	50,676
 Cash flows from non-capital financing activities:	
Grants received	8,832
	8,832
 <i>Net cash provided by operating activities</i>	
	50,676
 <i>Net increase in cash and cash equivalents</i>	
	59,508
 <i>Cash and cash equivalents at beginning of year</i>	
	67,219
 <i>Cash and cash equivalents at end of year</i>	
	\$ 126,727
 Reconciliation of operating loss to net cash Provided By Operating Activities:	
Operating loss	\$ (20,366)
Depreciation	455
Adjustments:	
Increase in liabilities:	
Accounts payable	53,407
Intergovernmental payable	17,180
	71,042
 <i>Total adjustments</i>	
	71,042
 <i>Net cash provided by operating activities</i>	
	\$ 50,676

See accompanying notes to the basic financial statements.

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Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004

Note 1 – Description of the Academy and Reporting Entity

The Coventry Digital Academy (the "Academy") is a nonprofit corporation established pursuant to the Ohio Revised Code Chapters 1702 and 3314 to address the needs of students in kindergarten through the twelfth grade. The Academy is nonsectarian in its programs, admission policies, employment practices, and all other operations. The Academy may sue and be sued, acquire facilities as needed, and contract for any services necessary for the operation of the Academy. The Academy is considered a component unit of the Coventry Local School District ("the Sponsor") for reporting purposes, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14.

The Academy is an innovative initiative that will be a cooperative effort between Coventry Local Schools. It is a conversion community school sponsored by the Coventry Local School District. Furthermore, the Academy uses the services of the Tri-Rivers Educational Computer Association (TRECA) and the TRECA Digital Academy to assist with overall programming and operations. The Academy will use the latest technology to reach a diverse student population. This population includes, but is not limited to home schoolers, children with special physical and mental needs, students removed from the classroom for discipline concerns, students who need an alternative to the traditional classroom including religious reasons, and students within the district that desire a specific course not currently offered. Enrollment is limited to students within the attendance area of the Coventry Local School District.

The Academy was approved for sponsorship under resolution on May 13, 2002 with the Sponsor for a period of five years commencing on the first day of the 2002-2003 academic year. The Academy began operation on November 24, 2003. The Sponsor has designated three of its administrative officers to represent the Sponsor in the occupants' official capacities as members of the Academy's Board of Directors. The individuals who hold such office with the Sponsor shall be formally instructed by the Sponsor that, as directors of the Academy, they are to represent the Sponsor and its interests. From time to time in its discretion, the Sponsor may substitute other administrative positions for those previously designated for this purpose.

Pursuant to the Sponsor's authority under section 3314.08(G) of the Ohio Revised Code to provide the School with services, the Sponsor shall be the fiscal agent of the School and shall direct the Sponsor's treasurer to serve as the School's fiscal officer. The Sponsor shall evaluate the performance of the Academy according to the standards set forth in the Assessment and Accountability Plan. The Sponsor is not legally responsible for the final outcomes of the community school.

A service contract for the fiscal year 2003-2004 between the Academy and the Sponsor was also approved. In agreement with the contract, the Sponsor agrees to provide to the Academy professional, technical support and other services upon the Academy's request, but is subject to the availability of such services. The price for services rendered by the Sponsor to the Academy is established as the Sponsor's "cost of providing such services including, without limitation, employee salaries and fringe benefits, equipment costs if any, and administrative overhead". All personnel providing services to the Academy on behalf of the Sponsor under the service contract are considered employees of the Sponsor, and the Sponsor shall be solely responsible for all payroll functions.

Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004
(Continued)

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the Academy have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental nonprofit organizations. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Academy also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities, provided they do not conflict with or contradict GASB pronouncements. The Academy has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its proprietary activities, subject to the same limitation. The Academy has elected not to apply these FASB Statements and Interpretations. The more significant of the Academy's accounting policies are described below.

A. Basis of Presentation

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

Enterprise reporting focuses on the determination of the change in net assets, financial position and cash flows.

B. Measurement Focus

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

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. The Academy's basic financial statements are prepared using the accrual basis of accounting.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the Academy receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is 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.

Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004
(Continued)

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

Expenses are recognized at the time they are incurred.

D. Budgetary Process

The Academy shall operate in compliance with a bi-annual budget which must be reviewed and approved by the Academy's Board of Directors. The Academy must maintain financial records in a similar manner to those records of the Sponsor. The Academy complies with the policies and procedures regarding internal financial controls which are apparent under GASB and FASB. Also, the Auditor of State provides financial policy and procedure guidance to the Academies.

E. Cash

Cash held by the Academy is reflected as "Equity in pooled cash and investments" on the statement of net assets. Investments with an original maturity of three months or less at the time they are purchased are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months are reported as investments. During fiscal year 2004, the Academy had no investments.

F. Capital Assets

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their fair market value on the date donated. The Academy maintains a capitalization threshold of five hundred dollars. The Academy does not have any infrastructure. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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. Computer equipment is depreciated over five years.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets consist of capital assets, net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation through the Academy or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Academy first applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004
(Continued)

H. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activities. For the Academy, these revenues are payments from the State Foundation Program. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the Academy. All revenues and expenses not meeting these definitions are reported as non-operating.

I. Intergovernmental Revenues

The Academy currently participates in the State Foundation Program. Revenues received from this program are recognized as operating revenues in the accounting period in which all eligibility requirements have been met.

The Academy also participates in the Federal Charter School Grant Program and the State Community Schools Start-up Grant through the Ohio Department of Education. Under these programs, the Academy was awarded \$45,000 and \$36,300, respectively, during the fiscal year ended June 30, 2003 to offset start-up costs of the Academy.

In addition, the Academy participates in the State Education Management Information System (“EMIS”) through the Ohio Department of Education.

J. Estimates

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

Note 3 – Deposits

At fiscal year end, the carrying amount of the Academy’s deposits was \$126,727, and the bank balance was \$119,794. Of the bank balance, \$100,000 was covered by federal depository insurance and \$19,794 was collateralized with securities held in a single financial institution collateral pool in the name of the respective depository bank and pledged as a pool of collateral against all the public monies it holds. Non-compliance with federal requirements could potentially subject the Academy to a successful claim by the Federal Deposit Insurance Corporation.

Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004
(Continued)

Note 4 – Capital Assets

Capital asset activity for the period November 24, 2003 through August 16, 2004, was as follows:

	Balance 11/24/2003	Additions	Reductions	Balance 8/16/2004
<i>Capital Assets being depreciated</i>				
Equipment	\$ 3,291	\$ 0	\$ 0	\$ 3,291
Less Accumulated Depreciation	0	(455)	0	(455)
Capital Assets, Net	<u>\$ 3,291</u>	<u>\$ (455)</u>	<u>\$ 0</u>	<u>\$ 2,836</u>

Note 5 – Net Assets Beginning Balance - Startup

The Academy began its operations November 24, 2003. At November 23, 2003, the Academy recorded \$67,219 in cash and \$3,291 in net capital assets purchased prior to November 23, 2003. The combination of these transactions resulted in a beginning net assets at November 23, 2003 of \$70,510.

Note 6 – Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2004, the Academy was covered under their own insurance for property, and liability coverage.

Note 7 – State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed “the Ohio General Assembly to enact a school funding scheme that is thorough and efficient”.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 8 – Agreements with the Tri-Rivers Educational Computer Association

The Academy entered into agreements with the Tri-Rivers Educational Computer Association (“TRECA”), which is a data acquisition site and member of the Ohio Education Computer Network established in accordance with Ohio Revised Code Section 3301.075.

Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004
(Continued)

On May 13, 2002, the Academy entered into a Planning, Design and Implementation Services Agreement with TRECA. This agreement states that TRECA provided the Academy with planning, design and initial implementation services as necessary for the establishment of the Academy, including assistance in the preparation of any applications for funding from the Ohio Charter Schools Federal Sub-grant Program (or any similar program). This agreement allowed the Academy to utilize TRECA's technical resources and experience in matters relating to the creation of an online community school, including the funding of such schools through available federal grant authority.

On January 7, 2003, the Academy entered into another agreement with TRECA. TRECA provided the Academy with instructional, supervisory/administrative, and technical services sufficient to effectively implement the Academy's educational plan, and the Academy's assessment and accountability plan. All personnel providing services in fulfillment of TRECA's responsibilities hereunder shall be employees or contractors of TRECA and TRECA is solely responsible for all payroll functions including retirement system contributions and all other legal withholding and/or payroll taxes, with respect to its employees. All personnel providing such services possess any certification or licensure which may be required by law. The technical services provided by TRECA to the Academy include access to, and the use of, computer software, computer hardware, networking hardware, network services and the services of technical support personnel necessary to implementation. During the period ended August 16, 2004, the Academy paid \$3,000 to TRECA.

Note 9 – Contingencies

A. Grants

The Academy received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, any disallowed claims will not have a material adverse effect on the overall financial position of the Academy at August 16, 2004.

B. Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001, alleging that Ohio's Community (i.e., Charter) Schools program violates the State Constitution and State laws. On April 21, 2003, the Common Pleas Court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals; the issues have been briefed, and the case was heard for oral argument on November 18, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The effect of this suit, if any, on the Academy is not presently determinable.

Coventry Digital Academy
Notes to the Basic Financial Statements
For the Period November 24, 2003 through August 16, 2004

Note 10 – 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. The Academy was reviewed two times during this initial year of operations and zero errors were found in enrollment, withdrawals, and attendance.

Note 11 – Purchased Services

For period ended August 16, 2004, purchased services expenses were as follows:

Professional and technical services	\$113,116
Refund of foundation payments	15,847
Instructional and educational services	4,121
Office supplies	2,879
Travel and meetings	<u>1,222</u>
Total Purchased Services	\$137,185

Note 12 – Ceasing Operations

On August 16, 2004, the Academy fell below the 25 student minimum to be fully operational. As a result the Academy presently ceased operations and does not expect to reinstitute its programs. The 13 remaining students withdrew from the Academy and then enrolled as full-time students into TRECA's Digital Academy. The Academy continues to provide various services for these students, such as tutoring, speech & hearing, and any other services required for special needs students. The remaining funds are being used for these services and will be exhausted by the end of the 2004-2005 school year. The equipment acquired by the Academy will be donated to the Coventry Local School District. The unused IDEA-B funding for the special needs students will be returned to the Ohio Department of Education at the end of the 2004-2005 school year.

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Coventry Digital Academy
Summit County
3089 Manchester Road
Akron, Ohio 44319

To the Board of Directors:

We have audited the basic financial statements of the Coventry Digital School, Summit County, Ohio, (the Academy) for the period November 24, 2003 through August 16, 2004, and have issued our report thereon dated April 8, 2005. 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.

Compliance

As part of obtaining reasonable assurance about whether the Academy's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance we must report under *Government Auditing Standards*.

However, we noted an immaterial instance of noncompliance that we have reported to the Academy's management in a separate letter dated April 8, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Academy's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the Academy's management in a separate letter dated April 8, 2005.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

April 8, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

COVENTRY DIGITAL ACADEMY

SUMMIT 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
MAY 5, 2005**