

**GOAL ACADEMY CHARTER SCHOOL
BASIC FINANCIAL STATEMENTS**

June 30, 2011

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FINANCIAL SECTION



**JOHN CUTLER
& ASSOCIATES**

Board of Directors
GOAL Academy Charter School
Westminster, Colorado

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of GOAL Academy Charter School, as of and for the year ended June 30, 2011, which collectively comprise the basic financial statements of the School, as listed in the table of contents. These financial statements are the responsibility of GOAL Academy Charter School's management. Our responsibility is to express opinions 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. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of GOAL Academy Charter School, as of June 30, 2011, and the respective changes in financial position for year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

John Cutler & Associates, LLC

November 30, 2011

**Guided Online Academic Learning Academy (GOAL)
Roster of Board Officers
June 30, 2011**

**Heidi Carey
John Erickson
John Lane
Tiffany Kallevic
Paul Jones
Dan Corsentino
Dr. Leroy Martinez**

School Administrators

**Kenneth D. Crowell, MBA
Kristan Enright, Ed.D.**

**Guided Online Academic Learning Academy (GOAL)
Management's Discussion and Analysis
As of and for the fiscal year ended June 30, 2011**

As management of the GOAL charter School (the "Academy"), we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2011.

Financial Highlights

- The assets of the Academy exceeded its liabilities as of 6/30/11 by 1,044,154 (net assets).
- The financial year has seen a drastic change in the growth of the school with both students and staff doubling since the last fiscal year. The estimated count for this year is 2200 total students both new and returning. This is in comparison to last year's official student count of 1343.5
- The school is still waiting on the final results of the FY 2011 October 1 count audit. The final outcome may impact the total reserve fund of the school if there are any students found not to be "countable".
- GOAL Academy has been approved by the IRS as a 501 c(3) nonprofit and is now a tax-exempt organization in the state of Colorado.
- The organization has developed some long-term investment plans and has established investment accounts with Wells Fargo bank. These accounts are designated the reserve account for TABOR requirement and a general reserve account for use as allowed under Colorado Revised Statutes and the Financial Policy and Procedures Manual established by Colorado Department of Education and the FPP Committee.
- The school board and administrative team meet on a monthly basis to review income and expenses. This is more important as each new fiscal year comes about becomes of the overall impact of school funding at the state level.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Academy's basic financial statements. The Academy's basic financial statements have three components: 1) Academy-wide financial statements; 2) Fund financial statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Academy-wide Financial Statements: The Academy-wide financial statements are designed to provide readers with a broad overview of the Academy's finances, using accounting methods similar to those used by a private-sector business.

The Statement of Net Assets presents information on all the Academy's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Academy is improving or deteriorating.

The Statement of Activities presents information showing how the Academy's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The Academy-wide financial statements distinguish functions of the academy that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion their costs through user fees and charges (business-type activities). The Academy only reports governmental activities.

Governmental Activities: Most of the Academy's basic services are included here, such as instructional services, support services and student activities. Other services include activities relating to building maintenance and operations, student transportation, technology and administration.

The Academy-wide financial statements can be found starting on page 1 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Fund financial statements provide more detailed information about the operations of the Academy by fund instead of the Academy as a whole. The majority of the funds of the Academy are governmental funds.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the Academy-wide financial statements. However, unlike the Academy-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on valances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Academy's most significant, or "major", governmental fund is the General Fund. The Academy also reports the Capital Reserve Fund as a mixture of non-governmental and governmental fund.

Because the focus of governmental funds is narrower than that of the Academy-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the Academy-wide financial statements. By doing so, readers may better understand the long-term impact of the state government's education funding decisions. Both the governmental fund Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Academy adopts an annual appropriated budget for all of its funds. Budgetary comparison statements have been provided to demonstrate compliance with state budget statutes.

The basic major governmental fund financial statements can be found starting on page 1.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of data provided in the Academy-wide and financial statements. The Notes to the Financial Statements can be found on starting on page 8 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents supplementary information concerning the Academy's annual appropriated budgets.

Academy-wide Financial Analysis:

The following table presents a summary of activities and changes in net assets for the fiscal years ended June 30, 2010 and 2011:

Net Assets					2011		2010
Assets							
	Cash and Equivalents				1,158,507		702,460
	Accounts Receivable				95,455		115,250
	Prepaid Items						9,500
	Grants Receivable						
	Lease Deposits				1,300		5,900
Total Assets					1,255,262		833,110
Liabilities							
	Accounts Payable				25,152		71,917
	Accrued Expenses						
	Accrued Salaries and Benefits				185,956		94,509
	Deferred Revenues						
Total Liabilities					211,108		166,426
Net Assets							
	Invested in Capital Assets						
	Restricted for TABOR				251,000		110,000
	Unrestricted				793,154		556,684
Total Net Assets					1,044,154		666,684

Revenues							
	Per Pupil Revenue				8,352,342		2,969,073
	Operating Grants-Instruction						
	Operating Grants-Support Services				927,982		
	Interest						
	Other Revenues				638		24,197
Total Revenues					9,280,962		2,993,270
Expenses							
	Instruction				4,294,400		1,633,191
	Operating Grants				0		-407,762
	Support Services				4,905,059		1,743,818
Total Expenses					9,199,459		2,969,247
Change in NET ASSETS					81,503		24,023
Fund Balance Net Assets (Beginning)					666,684		642,661
Prior period adjustment					295,967		
Fund Balance Net Assets (Ending)					1,044,154		666,684

Governmental Activities: Net assets from governmental activities (before transfers) increased \$81,503. This increase was a result of funding received by granting agencies which significantly increased revenues for the Academy as compared to the prior year.

The majority of the Academy's operation revenues are generated from Total Program Funding as determined by the School Finance Act of 1994 (see further discussion in Economic Factors below). Total State Program Funding is comprised of general fund property taxes, specific ownership taxes, and state equalization as enumerated above.

Financial Analysis of the School's Funds

The Academy utilizes fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds: The focus of the Academy's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Academy's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Academy's governmental funds reported combined ending fund balances of \$1,044,154.

Budget Variances in the General Fund: The Academy's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. Original and final adopted budgets, as well as variances between actual revenues, expenditures, and final budgeted amounts are reflected in the Required Supplementary Information beginning on page 15 of the audited financial statements. The most significant budgeted fund is the General Fund.

Capital Assets: GOAL Academy has limited capital assets the main items are two converted motor homes, used as mobile classrooms, and two vans and a truck to transport materials from site to site.

Long-Term Debt: GOAL Academy has no long-term debt.

Leases: Goal Academy leases office space in Westminster, CO, within the chartering school district. It additionally has a regional administrative office in Pueblo, CO that supports the southern half of the state. The Academy additionally leases mall and other unattached office spaces in the following locations to provide staff workspace and access for student support: Greeley, Longmont, Littleton, Aurora, Denver, Lakewood, Grand Junction, Colorado Springs (two locations) and Pueblo, Pagosa Springs, Canon City and La Junta.

These mall and office locations are drop-in centers where students may receive ad-hoc instructional tutoring, participate in preliminary and annual testing, as well as receive technical support for their laptops and Internet connection equipment. These are not sites where instruction is provided to the students. But on occasion, students may meet with admission counselors, their teacher, counselors, Exceptional Student Services providers, and other support personnel.

Additional information can be found in the Notes to the Financial Statements on page 13 of this report.

Economic Factors:

Enrollment at the end of June 30, 2010 increased to 1343 from 597 for the prior school year. The school is estimating their 2013 student enrollment at 3000 which will allow for sustained growth and provide a strong financial base.

Next Year's Budget and Fund Balance: The Academy's General Fund Balance at the end of fiscal year 2011 totaled \$1,044,154.

Requested for information

This financial report is designed to provide a general overview of the Academy's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Executive Director, GOAL Academy Administrative Offices, 3621 W.73rd Ave. Suites C & D Westminster, CO 80030.

BASIC FINANCIAL STATEMENTS

GOAL ACADEMY CHARTER SCHOOL

STATEMENT OF NET ASSETS

As of June 30, 2011

	<u>Governmental Activities</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Investments	\$ 1,158,507	\$ 702,460
Accounts Receivable	95,455	115,250
Prepaid Items	-	9,500
Deposits	1,300	5,900
Capital Assets, Depreciated, Net of Accumulated Depreciation	-	-
	<u>1,255,262</u>	<u>833,110</u>
TOTAL ASSETS		
LIABILITIES		
Accounts Payable	25,152	71,917
Accrued Salaries and Benefits	185,956	94,509
	<u>211,108</u>	<u>166,426</u>
TOTAL LIABILITIES		
NET ASSETS		
Restricted for Emergencies	251,000	110,000
Unrestricted	793,154	556,684
	<u>1,044,154</u>	<u>666,684</u>
TOTAL NET ASSETS		

The accompanying notes are an integral part of the financial statements.

GOAL ACADEMY CHARTER SCHOOL

STATEMENT OF ACTIVITIES
For The Year Ended June 30, 2011

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES			Net (Expense) Revenue and Changed in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
PRIMARY GOVERNMENT					2011	2010
Governmental Activities						
Instructional	\$ 4,294,400	\$ -	\$ 927,432	\$ -	\$ (3,366,968)	\$ (1,225,429)
Supporting Services	4,905,059	-	550	-	(4,904,509)	(1,743,818)
Total Governmental Activities	<u>\$ 9,199,459</u>	<u>\$ -</u>	<u>\$ 927,982</u>	<u>\$ -</u>	(8,271,477)	(2,969,247)
		GENERAL REVENUES				
					8,352,342	2,969,073
					638	24,197
					<u>8,352,980</u>	<u>2,993,270</u>
					81,503	24,023
					666,684	642,661
					295,967	-
					<u>\$ 1,044,154</u>	<u>\$ 666,684</u>

The accompanying notes are an integral part of the financial statements.

GOAL ACADEMY CHARTER SCHOOL

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

	<u>GENERAL FUND</u>	
	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and Investments	\$ 1,158,507	\$ 702,460
Accounts Receivable	95,455	115,250
Prepaid Items	-	9,500
Deposit	1,300	5,900
	<u>1,300</u>	<u>5,900</u>
TOTAL ASSETS	<u>\$ 1,255,262</u>	<u>\$ 833,110</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts Payable	\$ 25,152	\$ 71,917
Accrued Salaries and Benefits	185,956	94,509
	<u>185,956</u>	<u>94,509</u>
TOTAL LIABILITIES	<u>211,108</u>	<u>166,426</u>
FUND BALANCES		
Restricted for Emergencies	251,000	110,000
Unassigned	793,154	556,684
	<u>793,154</u>	<u>556,684</u>
TOTAL FUND BALANCES	<u>1,044,154</u>	<u>666,684</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,255,262</u>	<u>\$ 833,110</u>

The accompanying notes are an integral part of the financial statements.

GOAL ACADEMY CHARTER SCHOOL
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2011

	GENERAL FUND	
	2011	2010
REVENUES		
Local Sources	\$ 8,353,530	\$ 2,993,270
State and Federal Sources	927,432	407,762
TOTAL REVENUES	9,280,962	3,401,032
EXPENDITURES		
Current		
Instruction	4,294,400	1,633,191
Supporting Services	4,905,059	1,743,818
TOTAL EXPENDITURES	9,199,459	3,377,009
NET CHANGE IN FUND BALANCES	81,503	24,023
FUND BALANCES, Beginning	666,684	642,661
Prior Period Adjustment	295,967	-
FUND BALANCES, Ending	\$ 1,044,154	\$ 666,684

The accompanying notes are an integral part of the financial statements.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The GOAL Academy Charter School (the “School”) was organized in 2009 pursuant to the Colorado Charter Schools Act to form and operate a charter school in the State of Colorado. The Academy was part of the Cesar Chavez School Network (“CCSN”) until September 2010. Beginning in October of 2010, the Academy split from CCSN and is now receiving its funding directly from the Colorado Charter School Institute (the “Institute”).

The accounting policies of the Academy conform to generally accepted accounting principles as applicable to governmental units. Following is a summary of the more significant policies.

Reporting Entity

The financial reporting entity consists of the School and organizations for which the School is financially accountable. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the School. In addition, any legally separate organizations for which the School is financially accountable are considered part of the reporting entity. Financial accountability exists if the School appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the School.

Based on the application of these criteria, the School does not include any organizations within its reporting entity.

Government-Wide and Fund Financial Statements

The School financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the School. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental revenues, are reported in a single column.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to students or others who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Unrestricted intergovernmental revenues not properly included among program revenues are reported instead as general revenues. Major individual governmental funds are reported in separate columns in the fund financial statements.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period, not to exceed 60 days. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Intergovernmental revenues, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the School.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is the School's policy to use restricted resources first and the unrestricted resources as they are needed.

The School reports the following major governmental funds:

General Fund— This fund is the general operating fund of the School. It is used to account for all financial resources except those required to be accounted for in another fund.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Assets

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses – Payments made to vendors for services that will benefit future periods are recorded as prepaid expense. An expenditure is reported in the year in which the services are consumed.

Capital Assets – Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the School as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Depreciation of exhaustible capital assets is charged as an expense against operations, and accumulated depreciation is reported on the statement of net assets in the government-wide financial statements. Depreciation has been provided over the following estimated useful lives of the capital assets using the straight-line method: vehicles and equipment- 5 years.

Net Assets – In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the School is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The School has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Fund Balance/Net Assets (Continued)

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The School did not have any committed resources as of June 30, 2011.

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The School would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned fund balances.

Compensated Absences

The School's policy allows employees to accumulate sick leave. Upon termination of employment, no financial compensation is paid for unused sick days. Therefore, no liability for accumulated sick leave is reported in the financial statements.

Risk Management

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for these risks of loss, and bills the School for its portion of coverage.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

A budget is adopted for the General on a basis consistent with generally accepted accounting principles.

School management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget is adopted by the Board of Directors prior to June 30. Expenditures may not legally exceed appropriations at the fund level. Revisions must be approved by the Board of Directors. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.

NOTE 3: CASH AND INVESTMENTS

A reconciliation of the cash and investment components on the balance sheet to the cash and investments categories in this footnote are as follows:

Petty Cash	\$ 100
Deposits	<u>1,158,407</u>
Total Cash	<u>\$ 1,158,507</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At June 30, 2011, State regulatory commissioners have indicated that all financial institutions holding deposits for the School are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group.

The market value of the collateral must be at least equal to 102% of the uninsured deposits. The School has no policy regarding custodial credit risk for deposits.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits (Continued)

Custodial Credit Risk – Deposits

At June 30, 2011, the School had deposits with financial institutions with a carrying amount of \$1,158,407. The bank balances with the financial institutions were \$1,359,936. Of these balances, \$250,000 was covered by federal depository insurance and \$1,109,936 was covered by collateral held by authorized escrow agents in the financial institution's name (PDPA).

Investments

Interest Rate Risk

The School does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments units of local government may invest, which include:

- Obligations of the United States and certain U.S. Government Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The School has no investments as of June 30, 2011.

GOAL ACADEMY CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 4: CAPITAL ASSETS

Capital Assets activity for the nine months ended June 30, 2011 is summarized below.

	<u>Balance</u> <u>June 30, 2010</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2011</u>
Governmental Activities				
Capital Asset, depreciated				
Vehicles	\$ 49,878	\$ -	\$ -	\$ 49,878
Accumulated Depreciation				
Vehicles	49,878	-	-	49,878
Capital Assets, depreciated, net	-	-	-	-
Total Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 5: ACCRUED SALARIES AND BENEFITS

Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from July to June. The benefits earned, but unpaid, as of June 30, 2011, were \$185,956 in the General Fund.

NOTE 6: DEFINED BENEFIT PENSION PLAN

Plan Description. The School contributes to the School Division Trust Fund (SDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The SDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the School are members of the SDTF. Title 24, Article 51 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the SDTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

GOAL ACADEMY CHARTER SCHOOL

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2011

NOTE 6: *DEFINED BENEFIT PENSION PLAN* (Continued)

Funding Policy. The School is required to contribute member and employer contributions to PERA at a rate set by statute. The contribution requirements of plan members and the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The contribution rate for members is 8.0 % and for the School it is 10.15 % of covered salary. A portion of the School's contribution (1.02 % of covered salary) is allocated to the Health Care Trust Fund (See Note 7). If the School rehires a PERA retiree as an employee or under any other work arrangement, it is required to report and pay employer contributions on the amounts paid for the retiree, and the retiree is required to pay 8% of covered payroll. The School is also required to pay an amortization equalization disbursement equal to 4.6 % of the total payroll for the calendar year 2011, (3.7 % of total payroll for the calendar year 2010). For the year June 30, 2010 and 2011, the School's employer contribution for the SDTF were \$205,317 and \$702,482, respectively, equal to the required contributions for each year.

NOTE 7: *POSTEMPLOYMENT HEALTHCARE BENEFITS*

Plan Description. The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer post employment healthcare plan administered by PERA. The HCTF provides a health care premium subsidy to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the CRS, as amended, assigns the authority to establish the HCTF benefit provisions to the State Legislature. PERA issues a publicly available annual financial report that includes financial statements and required supplementary information for the HCTF. That report may be obtained online at www.copera.org or by writing to Colorado PERA, 1300 Logan Street, Denver, Colorado 80203 or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy. The School is required to contribute at a rate of 1.02% of covered salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the School are established under Title 24, Article 51, Part 4 of the CRS, as amended. The apportionment of the contribution to the HCTF is established under Title 24, Article 51, Section 208 of the Colorado Revised Statutes, as amended. For the years ended June 30, 2010 and 2011, the School's employer contributions to the HCTF were \$15,325 and \$49,821, respectively, equal to the required contributions for each year.

GOAL ACADEMY CHARTER SCHOOL
 NOTES TO THE FINANCIAL STATEMENTS
 June 30, 2011

NOTE 8: COMMITMENTS AND CONTINGENCIES

Operating Lease

The School has entered into operating leases for several facilities. The leases require monthly payments ranging from \$700 to \$3,250. The expiration dates of the leases range from January 2011 through April 2012. The future minimum lease payments are as follows:

Year Ended		
<u>June 30</u>		
2012	\$	239,990
2013		84,467
2014		54,243
2015		<u>2,376</u>
Total	\$	<u>381,076</u>

Total rent expense for the year ended June 30, 2011 for the leases were \$251,812.

Claims and Judgments

The School participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the School may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited, but the School believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the School.

Tabor Amendment

In November 1992, Colorado voters passed the Tabor Amendment to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and student enrollment. Revenue received in excess of the limitations may be required to be refunded. The School believes it has complied with the Amendment. As required by the Amendment, the School has established a reserve for emergencies. At June 30, 2011, the reserve of \$251,000 was recorded as a reservation of fund balance in the General Fund.

GOAL ACADEMY CHARTER SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2011

NOTE 9: PRIOR PERIOD ADJUSTMENT

Beginning fund balance in the General Fund was increased by \$295,967 to record 2010 state per pupil funding received in fiscal year 2011 in the proper period.

NOTE 10: SUBSEQUENT EVENT

In August of 2011, the School established a credit line in the amount of \$100,000 with Wells Fargo Bank. The credit line is to be used to facilitate the use of the School's new purchasing card system.

REQUIRED SUPPLEMENTARY INFORMATION

GOAL ACADEMY CHARTER SCHOOL

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 For The Year Ended June 30, 2011

	2011			VARIANCE	2010 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Local Sources					
Per Pupil Revenue	\$ 7,961,840	\$ 8,389,593	\$ 8,352,342	\$ (37,251)	\$ 2,969,073
Grants and Donations	25,000	165,813	550	(165,263)	-
Other	78,238	78,738	638	(78,100)	24,197
State and Federal Sources					
Grants and Donations	508,000	877,206	927,432	50,226	407,762
TOTAL REVENUES	8,573,078	9,511,350	9,280,962	(230,388)	3,401,032
EXPENDITURES					
Salaries	4,576,956	4,946,925	5,014,655	(67,730)	1,537,355
Employee Benefits	1,239,615	1,357,605	1,255,567	102,038	461,359
Purchased Services	1,559,548	1,956,166	1,797,843	158,323	842,472
Supplies and Materials	340,929	778,054	726,371	51,683	104,516
Property	515,616	298,200	367,605	(69,405)	385,545
Other	12,332	17,763	37,418	(19,655)	45,762
Contingency	398,092	25,000	-	25,000	-
TOTAL EXPENDITURES	8,643,088	9,379,713	9,199,459	180,254	3,377,009
CHANGE IN FUND BALANCES	(70,010)	131,637	81,503	(50,134)	24,023
FUND BALANCE, Beginning	666,684	666,684	666,684	-	642,661
Prior Period Adjustment	-	-	295,967	295,967	-
FUND BALANCE, Ending	\$ 596,674	\$ 798,321	\$ 1,044,154	\$ 245,833	\$ 666,684

See the accompanying independent auditors' report.