

**GOAL ACADEMY**  
**FINANCIAL STATEMENTS**  
**June 30, 2009**



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Board of Directors  
GOAL Academy  
Pueblo, Colorado

**INDEPENDENT AUDITORS' REPORT**

We have audited the accompanying financial statements of the governmental activities and each major fund of GOAL Academy as of and for the year ended June 30, 2009, which collectively comprise the basic financial statements of GOAL Academy, as listed in the table of contents. These financial statements are the responsibility of GOAL Academy'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.

GOAL Academy has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the basic financial statements.

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 as of June 30, 2009, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that GOAL Academy will continue as a going concern. As discussed in Note 7 to the financial statements, all of the School's rights and obligations under its charter school contract were assigned to a new entity effective September 15, 2009, and GOAL Academy ceased to exist. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The required supplementary information listed in the table of contents is not a required part of the basic financial statements but is 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.

*Swanhorst & Company LLC*

March 1, 2010

**BASIC FINANCIAL STATEMENTS**

GOAL ACADEMY

STATEMENT OF NET ASSETS  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2009

	GOVERNMENTAL ACTIVITIES/ GENERAL FUND
<b>ASSETS</b>	
Cash	\$ 741,230
Accounts Receivable	27
Accounts Receivable - Related Parties	2,355
Grants Receivable	88,666
Lease Deposit	4,600
<b>TOTAL ASSETS</b>	<u>836,878</u>
<b>LIABILITIES</b>	
Accounts Payable	106,697
Accounts Payable - Related Parties	53,732
Accrued Salaries and Benefits	31,192
Deferred Revenues	214,864
<b>TOTAL LIABILITIES</b>	<u>406,485</u>
<b>FUND BALANCE/NET ASSETS</b>	
Reserved/Restricted for Emergencies	46,000
Unreserved/Unrestricted	384,393
<b>TOTAL FUND BALANCE/NET ASSETS</b>	<u>\$ 430,393</u>

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

GOAL ACADEMY

STATEMENT OF ACTIVITIES  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
GOVERNMENTAL FUNDS  
 Year Ended June 30, 2009

	<u>GOVERNMENTAL ACTIVITIES/ GENERAL FUND</u>
EXPENDITURES/EXPENSES	
Instruction	\$ 641,300
Supporting Services	<u>917,927</u>
TOTAL EXPENDITURES/EXPENSES	<u>1,559,227</u>
PROGRAM REVENUES	
Operating Grants - Instruction	99,013
Operating Grants - Supporting Services	<u>72,500</u>
TOTAL PROGRAM REVENUES	<u>171,513</u>
GENERAL REVENUES	
Per Pupil Revenue	1,694,305
Grants not Restricted to Specific Programs	<u>123,802</u>
TOTAL GENERAL REVENUES	<u>1,818,107</u>
TOTAL REVENUES	<u>1,989,620</u>
NET CHANGE IN FUND BALANCE/CHANGE IN NET ASSETS	430,393
FUND BALANCE/NET ASSETS, Beginning	<u>-</u>
FUND BALANCE/NET ASSETS, Ending	<u>\$ 430,393</u>

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

GOAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Guided Online Academic Learning Academy (“GOAL Academy”) (the “School”) was organized pursuant to the Colorado Charter Schools Act to form and operate a charter school. On August 19, 2008, the School entered into a contract with the Colorado Charter School Institute (the “Institute”) to charter the School for an initial term of five years, to June 30, 2013.

The accounting policies of the School conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 GASB. 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 this criteria, the School does not include additional organizations within its reporting entity.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all 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*.

The School reports the government-wide and fund financial statements in a single column because both accounting methods result in the same balances.

GOAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**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 year or soon enough thereafter to pay liabilities of the current year, not to exceed 60 days. Intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenue is considered measurable and available only when cash is received by the School. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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 fund:

*General Fund* - This fund is the general operating fund of the School.

**Assets, Liabilities and Net Assets/Fund Balances**

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

*Deferred Revenues* - Deferred revenues include grant funds which have been collected but corresponding expenditures have not been incurred.

*Accrued Salaries and Benefits* - Salaries and retirement benefits of certain contractually employed personnel are paid over a twelve month period from August to July, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned, but unpaid, are reported as a liability of the General Fund.

*Net Assets/Fund Balances* - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**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 School carries commercial insurance for these risks of loss.

GOAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 2: CASH AND INVESTMENTS**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At June 30, 2009, the School had bank deposits of \$519,188 collateralized with securities held by the financial institution's agent but not in the School's name.

**Investments**

The School is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial, and concentration risk criteria in which local governments may invest, which include the following:

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

At June 30, 2009, the School had no investments.

**NOTE 3: RELATED PARTY TRANSACTIONS**

The Cesar Chavez School Network has paid operating costs on behalf of the School. At June 30, 2009, the School's liability to the Cesar Chavez School Network was \$53,732. In addition, Cesar Chavez Academy - Central owed \$2,355 to the School related to routine operating transactions.

**NOTE 4: 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, 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 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

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 4: DEFINED BENEFIT PENSION PLAN (Continued)**

*Funding Policy* - Plan members and the School are required to contribute 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 was 8% of covered salaries and for the School was 12.05% from July 1, 2008, through December 31, 2008, and 12.95% thereafter. A portion of the School's contribution (1.02% of covered salaries) is allocated to the Health Care Trust Fund (See Note 5). The School's contributions to the SDTF for the year ended June 30, 2009, were \$70,956, equal to the required contributions.

**NOTE 5: POSTEMPLOYMENT HEALTHCARE BENEFITS**

*Plan Description* - The School contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer postemployment healthcare plan administered by the 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 by contacting PERA as described above.

*Funding Policy* - The School was required to contribute at a rate of 1.02% of covered salaries 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 CRS, as amended. The School's contributions to the HCTF for the year ended June 30, 2009, were \$5,711, equal to the required contributions.

**NOTE 6: COMMITMENTS AND CONTINGENCIES**

**Management Agreement**

The School has entered into a management agreement with the Cesar Chavez School Network to provide certain administrative and financial services. During the year ended June 30, 2009, the School paid or accrued \$383,130 under this agreement.

**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 entities. 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. At June 30, 2009, 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.

GOAL ACADEMY

NOTES TO FINANCIAL STATEMENTS

June 30, 2009

**NOTE 6: COMMITMENTS AND CONTINGENCIES (Continued)**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The School believes it is in compliance with the requirements of the Amendment.

The Amendment requires state and local governments to establish an emergency reserve, representing 3% of qualifying expenditures. At June 30, 2009, the School's reserve, of \$46,000, was reported as a reservation of fund balance in the General Fund.

**Lease Commitments**

In May 2009, the School entered into a lease agreement for office and computer lab space in Westminster, Colorado, through July 31, 2010. Monthly payments of \$2,000 are required by the agreement. During the year ended June 30, 2009, the School paid \$4,000 under the agreement.

In May 2009, the School entered into a lease agreement for office and computer lab space in Colorado Springs, Colorado, through June 30, 2010. Monthly payments of \$1,410 are required by the agreement. During the year ended June 30, 2009, the School paid \$2,820 under the agreement.

In December, 2008, the School entered into a lease agreement for office and computer lab space in Arvada, Colorado, through June 30, 2009, with an automatic extension annually until June 30, 2023. Monthly payments of \$1,000 are required by the agreement. During the year ended June 30, 2009, the School paid \$7,000 under the agreement.

In August, 2008, the School entered into a lease agreement for office and computer lab space in Pueblo, Colorado, through August 31, 2009. Monthly payments of \$1,624 are required by the agreement. During the year ended June 30, 2009, the School paid \$16,240 under the agreement.

**NOTE 7: GOING CONCERN**

The Institute executed a charter school contract dated July 1, 2009, that assigned all of the School's rights and obligations under its existing charter school contract to a new entity, also named GOAL Academy, effective September 15, 2009. On August 18, 2009, the School's Board of Directors and the Institute entered into a memorandum of understanding to reorganize the School with a separate governing board. As a result, new management and governance took operational control of the School on September 26, 2009, and the School as it existed on June 30, 2009, ceased to exist. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**REQUIRED SUPPLEMENTARY INFORMATION**

GOAL ACADEMY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended June 30, 2009

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Local Sources				
Per Pupil Revenue	\$ 1,104,300	\$ 1,696,708	\$ 1,694,305	\$ (2,403)
Student Fees	33,780	-	-	-
Grants	230,000	250,000	35,136	(214,864)
Other	12,700	780	-	(780)
Total Local Sources	1,380,780	1,947,488	1,729,441	(218,047)
State Sources				
Grants	-	71,500	87,552	16,052
Federal Sources				
Grants	184,381	244,387	172,627	(71,760)
TOTAL REVENUES	1,565,161	2,263,375	1,989,620	(273,755)
<b>EXPENDITURES</b>				
Salaries	530,032	779,000	602,393	176,607
Employee Benefits	156,751	202,756	128,095	74,661
Purchased Services	382,320	784,121	629,924	154,197
Supplies and Materials	184,818	244,716	109,757	134,959
Property	261,387	129,629	84,490	45,139
Other	49,853	123,153	4,568	118,585
TOTAL EXPENDITURES	1,565,161	2,263,375	1,559,227	704,148
NET CHANGE IN FUND BALANCE	-	-	430,393	430,393
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	\$ -	\$ -	\$ 430,393	\$ 430,393

See the accompanying Independent Auditors' Report.

GOAL ACADEMY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2009

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets and Budgetary Accounting**

The School adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by State statute for all funds and are adopted on a basis consistent with generally accepted accounting principles (GAAP). By June 1, management submits to the Board of Directors a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at fiscal year end.
- Prior to June 30, the budget is adopted by the Board of Directors.
- Expenditures may not legally exceed appropriations at the fund level.
- Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.