

**TOMORROW CENTER
COMMUNITY SCHOOL
MORROW COUNTY, OHIO**

AUDIT REPORT

**FOR THE BIENNIAL FISCAL YEARS
ENDED JUNE 30, 2025 AND JUNE 30, 2024**

Zupka & Associates
Certified Public Accountants



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Members of the Board
Tomorrow Center Community School
3700 CR 168
Cardington, Ohio 43315

We have reviewed the *Independent Auditor's Report* of the Tomorrow Center Community School, Morrow County, prepared by Zupka & Associates, for the audit period July 1, 2023 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Tomorrow Center Community School is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

May 14, 2026

This page intentionally left blank.

**TOMORROW CENTER COMMUNITY SCHOOL
MORROW COUNTY, OHIO
AUDIT REPORT
FOR THE BIENNIAL FISCAL YEARS ENDED JUNE 30, 2025 AND JUNE 30, 2024**

TABLE OF CONTENTS

	<u>PAGE</u>
Audit Report for the Fiscal Year Ended June 30, 2025:	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-8
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12-18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Schedule of Prior Audit Findings and Recommendations	21
Audit Report for the Fiscal Year Ended June 30, 2024:	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Schedule of Prior Audit Findings and Recommendations	20

This page intentionally left blank.

**TOMORROW CENTER
COMMUNITY SCHOOL
MORROW COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2025**

Zupka & Associates
Certified Public Accountants

**TOMORROW CENTER COMMUNITY SCHOOL
MORROW COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	5-8
Statement of Net Position	9
Statement of Revenues, Expenses and Changes in Net Position	10
Statement of Cash Flows	11
Notes to the Basic Financial Statements	12-18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Schedule of Prior Audit Findings and Recommendations	21

INDEPENDENT AUDITOR'S REPORT

Tomorrow Center Community School
Morrow County
3700 County Road 168
Cardington, OH 43315

To the Members of the Board:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Tomorrow Center Community School, Morrow County, Ohio, (the Center) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tomorrow Center Community School as of June 30, 2025, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

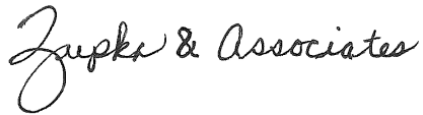
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates
Certified Public Accountants

March 30, 2026

This page intentionally left blank.

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

The management's discussion and analysis of the Tomorrow Center Community School's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the Center'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 Center's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position was \$1,201,274 at June 30, 2025, an increase of \$16,993 from 2024.
- The Center had operating revenues of \$1,123,272 and operating expenses of \$1,699,536 for fiscal year 2025. The Center's operating loss for the fiscal year was \$576,264.

Using these Basic Financial Statements

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

Reporting the Center Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2025?" The statement of net position and the statement of revenues, expenses and change in net position answer this question. These statements include *all assets and deferred outflows of resources*, and *liabilities and deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The Statement of Cash Flows reflects how the center finances and meets cash flow needs.

This Space Intentionally Left Blank

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

The table below provides a summary of the Center's net position for 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Assets:		
Current and Other Assets	\$1,212,337	\$1,267,106
Capital Assets	<u>751,599</u>	<u>195,767</u>
Total Assets	<u>1,963,936</u>	<u>1,462,873</u>
Liabilities:		
Current Liabilities	117,988	180,159
Long-Term Liabilities	<u>644,674</u>	<u>98,433</u>
Total Liabilities	<u>762,662</u>	<u>278,592</u>
Net Position:		
Investment in Capital Assets	4,954	7,305
Unrestricted	<u>1,196,320</u>	<u>1,176,976</u>
Total Net Position	<u>\$1,201,274</u>	<u>\$1,184,281</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the Center's net position totaled \$1,201,274, a 1% increase from fiscal year 2024.

Total assets increased primarily due to an increase in Capital Assets. Total liabilities increased due to an increase in lease liability.

At year end, capital assets represented 38% of total assets. Capital assets consisted of furniture, equipment and a leased building. Capital assets are used to provide services to the students and are not available for future spending.

This Space Intentionally Left Blank

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

The table below shows the changes in net position for fiscal year 2025 and 2024.

	Change in Net Position	
	2025	2024
Operating Revenues:		
State Foundation	\$1,092,378	\$989,704
Other Revenues	30,894	59,244
Total Operating Revenues	1,123,272	1,048,948
Operating Expenses:		
Contract Services	1,425,830	1,365,834
Materials and Supplies	73,113	49,195
Depreciation/Amortizations	126,792	99,784
Other Expenses	73,801	74,055
Total Operating Expenses	1,699,536	1,588,868
Operating Income (Loss)	(576,264)	(539,920)
Non-Operating Revenues:		
Investment Earnings	3,838	107
Interest (Expense)	(15,445)	(6,424)
State and Federal Grants	604,864	574,759
Total Non-Operating Revenues	593,257	568,442
Change in Net Position	16,993	28,522
Net Position - Beginning of Year	1,184,281	1,155,759
Net Position - End of Year	\$1,201,274	\$1,184,281

Total operating revenues increased due to an increase in state foundation revenues. Total operating expenses increased primarily due to an increase in contract services and materials and supplies expenses.

Capital Assets

At June 30, 2025, the Center had \$751,599 invested in furniture, equipment and a leased building net of accumulated depreciation. The net increase in capital assets was due to the addition of leased assets. See Note 5 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The Center is a conversion community school sponsored by the Mid-Ohio ESC. The Center entered into a new five-year sponsorship agreement with Mid-Ohio ESC during fiscal year 2025. The new agreement will begin July 1, 2025.

Like most traditional schools, the Center is a labor-intensive endeavor. Unlike traditional schools,

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025**

however, a community school cannot levy any taxes and must survive on State and Federal revenues and donations. At this time, the Center relies solely on the resources provided through State and Federal funding.

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

Contacting the Center's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the resources it receives. If you have any questions, or concerns, about this report or need additional financial information, contact the Treasurer at 3700 County Road 168, Cardington, Ohio 43315.

This Space Intentionally Left Blank

Tomorrow Center Community School
Statement of Net Position
June 30, 2025

	Tomorrow Center
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$938,935
Receivables:	
Intergovernmental	273,402
Total Current Assets	1,212,337
Noncurrent Assets:	
Depreciable Capital Assets, Net	751,599
Total Noncurrent Assets	751,599
Total Assets	1,963,936
Liabilities:	
Current Liabilities:	
Accounts Payable	4,481
Intergovernmental Payable	1,650
Long-Term Liabilities Due Within One Year	111,857
Total Current Liabilities	117,988
Long-Term Liabilities:	
Lease Liability	644,674
Total Liabilities	762,662
Net Position:	
Investment in Capital Assets	4,954
Unrestricted	1,196,320
Total Net Position	\$1,201,274

See accompanying notes to the basic financial statements.

Tomorrow Center Community School
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2025

	Tomorrow Center
Operating Revenues:	
State Foundation	\$1,092,378
Other Revenues	30,894
Total Operating Revenues	<u>1,123,272</u>
Operating Expenses:	
Contract Services	1,425,830
Materials and Supplies	73,113
Depreciation/Amortizations	126,792
Other Expenses	73,801
Total Operating Expenses	<u>1,699,536</u>
Operating Income (Loss)	<u>(576,264)</u>
Non-Operating Revenues:	
Investment Earnings	3,838
Interest (Expense)	(15,445)
State and Federal Grants	604,864
Total Non-Operating Revenues	<u>593,257</u>
Change in Net Position	16,993
Net Position - Beginning of Year	<u>1,184,281</u>
Net Position - End of Year	<u><u>\$1,201,274</u></u>

See accompanying notes to the basic financial statements.

Tomorrow Center Community School
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

	Tomorrow Center
Cash Flows from Operating Activities:	
Cash Received from State Foundation	\$1,186,656
Cash Payments from Contractual Services	(1,506,424)
Cash Payments for Materials and Supplies	(73,134)
Cash Payments for Other Expenses	(77,185)
	<u>(470,087)</u>
Net Cash Provided (Used) by Operating Activities	
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	439,417
	<u>439,417</u>
Net Cash Provided (Used) by Noncapital Financing Activities	
Cash Flows from Capital and Related Financing Activities:	
Debt Principal Payments	(114,555)
Debt Interest Payments	(15,445)
	<u>(130,000)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	
Cash Flows from Investing Activities:	
Earnings on Investments	3,838
	<u>3,838</u>
Net Cash Provided (Used) by Cash Flows from Investing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	(156,832)
Cash and Cash Equivalents - Beginning of Year	1,095,767
Cash and Cash Equivalents - End of Year	<u><u>\$938,935</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(\$576,264)
Adjustments:	
Depreciation/Amortizations	126,792
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	57,438
Increase (Decrease) in Accounts Payable	(44,217)
Increase (Decrease) in Intergovernmental Payable	(33,836)
	<u>(30,815)</u>
Net Cash Provided (Used) by Operating Activities	<u><u>(\$470,087)</u></u>

See accompanying notes to the basic financial statements.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 - Description of the Center

Tomorrow Center Community School (the "Center") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center is an approved tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax-exempt status. The Center's objective is to deliver a comprehensive educational program of high quality, tied to State and national standards, that includes therapeutic opportunities which can be delivered to students in grades 8 through 12. The Center is a public school that provides an alternative to the traditional educational setting. The Center serves a student population who are identified as at risk due to drug and/or alcohol involvement, severe emotional disturbance, multiple disabilities, partial hospitalization, or as an alternative to suspension/expulsion. The Center, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Center may acquire facilities as needed and contract for any services necessary for the operation of the school.

The Center was certified by the State of Ohio Secretary of State as a non-profit organization on April 23, 2002. The Center is currently sponsored by Mid-Ohio Educational Service Center. The current sponsorship agreement was renewed for a five-year period effective July 1, 2025. The Sponsor is responsible for evaluating the performance of the Center and has the authority to deny renewal of the contract at its expiration.

The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Center has developed a cooperative arrangement with the Sponsor.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center's significant accounting policies are described below.

Basis of Presentation

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

Measurement Focus and Basis of Accounting

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, all liabilities and deferred inflows are included on the statement of net position. Operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Budgetary Process

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

Cash and Cash Equivalents

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

Leased Assets

A leased asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. The amortization period of the leased asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. At the termination of the lease, the leased asset and associated lease liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a gain or loss at that time.

Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The Center maintains a capitalization threshold of \$5,000. The Center 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. Furniture and equipment are depreciated over five to fifteen years.

Operating Revenues and Expenses

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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

Intergovernmental Revenue

The Center 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 are met.

Federal and State grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the Center on a reimbursement basis.

The Center participates in various programs through the Ohio Department of Education. These include the Title I, Title II-A, IDEA grants, as well as other federal and state grant opportunities.

Estimates

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

Income Taxes

The Center is exempt from Federal income tax as an exempted affiliate of a governmental unit. Accordingly, no income tax expense is recorded in the accompanying financial statements.

Generally accepted accounting principles require the Center to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying financial statement of net position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of revenues, expenses and changes in net position. The Center believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Note 3 – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2025, \$136,874 of the Center's bank balance of \$386,874 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Center's name.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Note 4 – Receivables

Receivables at June 30, 2025, consisted of accounts receivable and intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full.

Note 5 – Capital Assets

A summary of capital assets at June 30, 2025 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital Assets, being depreciated:</i>				
Equipment	\$492,057	\$0	\$0	\$492,057
Totals at Historical Costs	492,057	0	0	492,057
Less Accumulated Depreciation:				
Equipment	484,752	2,351	0	487,103
Total Accumulated Depreciation	484,752	2,351	0	487,103
Capital Assets, Net	\$7,305	(\$2,351)	\$0	\$4,954
Leased Assets:				
Building	471,152	871,086	(471,152)	871,086
Total Leased Asset, being depreciated	471,152	871,086	(471,152)	871,086
Less: Accumulated Amortization	282,690	124,441	(282,690)	124,441
Total Leased Asset, net	188,462	746,645	(188,462)	746,645
Capital and Leased Assets, Net	\$195,767	\$744,294	(\$188,462)	\$751,599

Note 6 – Related Party Transactions

For fiscal year ended June 30, 2025, contract services expenses through Mid-Ohio Educational Service Center were as follows:

**Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025**

Sponsorship Fee	\$41,714
Supplies	230
Professional Development	100
	<u>\$42,044</u>

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

The Treasurer for the Tomorrow Center is also the Treasurer for GOAL Digital Academy. GOAL Digital Academy provides employment services to the Tomorrow Center (see Note 9 for additional information.)

Note 7 – Risk Management

The Center 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. The Center is contracted for the following coverage provided by Schools of Ohio Risk Sharing Authority.

Total Policy coverage - includes the following:

Blanket Building and Personal Property limit (\$1,000 deductible)	\$350,000,000
Equipment Breakdown (\$1,000 deductible)	\$350,000,000
Auto Liability & Uninsured/underinsured motorist	\$15,000,000
Medical payments per person/each accident	\$10,000/\$25,000
Educator's Legal Liability (\$4,000 deductible)	\$15,000,000
General Annual Aggregate Liability	\$17,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2023.

Note 8 - Contingencies

Litigation

The Center is not involved in any other litigation that, in the opinion of management, would have a material effect on the financial statements.

Foundation Funding

Foundation funding is based on the annualized full-time equivalency (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past fiscal year end.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Under Ohio Revised Code Section 3314.08, ODE may also perform an FTE review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

Tomorrow Center has a fiscal year 2025 FTE adjustment of (\$1,650).

In addition, the Center's contract with its Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2025 have been completed. The impact on the fiscal year 2025 financial statements, related to the additional reconciliation necessary with this contract, is not material to the financial statements.

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2025.

Note 9 – Employment Services Agreement with GOAL Digital Academy

The Center entered into an employment services agreement with GOAL Digital Academy (GDA) starting in fiscal year 2019. Under the agreement, GDA provides employees to fill available positions at the Center. GDA is considered the employer of these employees and will pay all expenses in connection with these employees including retirement, healthcare, workers compensation and unemployment compensation. The Center agrees to pay GDA in advance the estimated costs of the employees. During the month of June each year, the Center shall pay GDA any additional amount owed for the school year in excess of the amount paid or GDA will refund to the Center any excess payments. During fiscal year 2025, the Center paid GDA \$1,215,124 for employment services.

Note 10 – Long-Term Liabilities and Lease Liability – Leased Assets

	Beginning Principal Balance	Additions	Deductions	Ending Principal Balance	Due In One Year
Lease Liability	194,408	871,086	308,963	756,531	111,857
Total Long-Term Obligations	<u>\$194,408</u>	<u>\$871,086</u>	<u>\$308,963</u>	<u>\$756,531</u>	<u>\$111,857</u>

The Center has entered into a contract that convey the control of the right to use their nonfinancial assets (the underlying assets) for classroom space as specified in the contract for a period of time. The basis and terms of the contract is 7 years after the commencement date.

During the period, there were no outflows of resources recognized for variable payments not previously included in the measurement of the lease liability. Also, there were no outflows of resources recognized for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability during the period. There were no commitments under leases before the commencement of the lease term.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Principal and interest amounts for the next five years and thereafter are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2026	\$111,857	\$18,143	\$130,000
2027	114,723	15,277	130,000
2028	117,663	12,337	130,000
2029	120,678	9,322	130,000
2030	143,961	6,039	150,000
2031	147,649	2,351	150,000
	<u>\$756,531</u>	<u>\$63,469</u>	<u>\$820,000</u>

Note 11 – Related Party Disclosures

The Center has evaluated its financial transactions, arrangements, and relationships in accordance with the requirements of the U.S. Department of Education (34 CFR §668.23(d)(1)) and Auditor of State Technical Bulletin 2025-001, which extend beyond the disclosure requirements of GASB Codification Section 2250, *Related Party Transactions*.

Management has determined that, for the fiscal year ended June 30, 2025, the Center had no related party relationships, related entities, related party transactions, or related party outstanding balances that are required to be disclosed. Accordingly, no related party disclosures are presented in these financial statements.

This Space Intentionally Left Blank

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Tomorrow Center Community School
Morrow County
3700 County Road 168
Cardington, OH 43315

To the Members of the Board:

We have audited, in accordance with the 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, the financial statements of the Tomorrow Center Community School, Morrow County, Ohio, (the Center) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

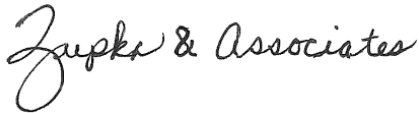
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates
Certified Public Accountants

March 30, 2026

**TOMORROW CENTER COMMUNITY SCHOOL
MORROW COUNTY OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2025**

The prior audit report, as of June 30, 2024, included no citations, instances of noncompliance, or management letter comments.

**TOMORROW CENTER
COMMUNITY SCHOOL
MORROW COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2024**

Zupka & Associates
Certified Public Accountants

**TOMORROW CENTER COMMUNITY SCHOOL
MORROW COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-7
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Basic Financial Statements	11-17
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	18-19
Schedule of Prior Audit Findings and Recommendations	20

INDEPENDENT AUDITOR'S REPORT

Tomorrow Center Community School
Morrow County
3700 County Road 168
Cardington, OH 43315

To the Members of the Board:

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Tomorrow Center Community School, Morrow County, Ohio, (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tomorrow Center Community School as of June 30, 2024, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

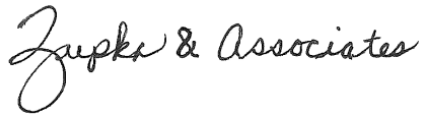
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2026, on our consideration of the Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates
Certified Public Accountants

March 30, 2026

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

The management's discussion and analysis of the Tomorrow Center Community School's (the "Center") financial performance provides an overall review of the Center's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the Center'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 Center's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- In total, net position was \$1,184,281 at June 30, 2024, an increase of \$28,522 from 2023.
- The Center had operating revenues of \$1,048,948 and operating expenses of \$1,588,868 for fiscal year 2024. The Center's operating loss for the fiscal year was \$539,920.

Using these Basic Financial Statements

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

Reporting the Center Financial Activities

Statement of Net Position, Statement of Revenues, Expenses, and Change in Net Position and the Statement of Cash Flows

These documents look at all financial transactions and ask the question, "How did we do financially during 2024?" The statement of net position and the statement of revenues, expenses and change in net position answer this question. These statements include *all assets and deferred outflows of resources*, and *liabilities and deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

The Statement of Cash Flows reflects how the center finances and meets cash flow needs.

This Space Intentionally Left Blank

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

The table below provides a summary of the Center's net position for 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Assets:		
Current and Other Assets	\$1,267,106	\$1,157,337
Capital Assets	<u>195,767</u>	<u>295,551</u>
Total Assets	<u>1,462,873</u>	<u>1,452,888</u>
Liabilities:		
Current Liabilities	180,159	102,721
Long-Term Liabilities	<u>98,433</u>	<u>194,408</u>
Total Liabilities	<u>278,592</u>	<u>297,129</u>
Net Position:		
Investment in Capital Assets	7,305	12,859
Unrestricted	<u>1,176,976</u>	<u>1,142,900</u>
Total Net Position	<u>\$1,184,281</u>	<u>\$1,155,759</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the Center's net position totaled \$1,184,281, a 2% increase from fiscal year 2023.

Total assets increased primarily due to an increase in pooled cash and cash equivalents. Total liabilities decreased due to a decrease in lease liability.

At year end, capital assets represented 13% of total assets. Capital assets consisted of furniture, equipment and a leased building. Capital assets are used to provide services to the students and are not available for future spending.

This Space Intentionally Left Blank

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

The table below shows the changes in net position for fiscal year 2024 and 2023.

	Change in Net Position	
	2024	2023
Operating Revenues:		
State Foundation	\$989,704	\$827,169
Other Revenues	59,244	68,989
Total Operating Revenues	1,048,948	896,158
Operating Expenses:		
Contract Services	1,365,834	1,139,874
Materials and Supplies	49,195	37,722
Depreciation/Amortizations	99,784	14,195
Other Expenses	74,055	97,204
Total Operating Expenses	1,588,868	1,288,995
Operating Income (Loss)	(539,920)	(392,837)
Non-Operating Revenues:		
Investment Earnings	107	81
Interest (Expense)	(6,424)	(8,762)
State and Federal Grants	574,759	717,521
Total Non-Operating Revenues	568,442	708,840
Change in Net Position	28,522	316,003
Net Position - Beginning of Year	1,155,759	839,756
Net Position - End of Year	\$1,184,281	\$1,155,759

Total operating revenues increased due to an increase in state foundation revenues. Total operating expenses increased primarily due to an increase in contract services and materials and supplies expenses.

Capital Assets

At June 30, 2024, the Center had \$195,767 invested in furniture, equipment and a leased building net of accumulated depreciation. The net decrease in capital assets was due to the addition of amortization on the leased building. See Note 5 to the basic financial statements for more detail on capital assets.

Current Financial Related Activities

The Center is a conversion community school sponsored by the Mid-Ohio ESC. The Center entered into a new agreement with Mid-Ohio ESC during 2020.

Like most traditional schools, the Center is a labor-intensive endeavor. Unlike traditional schools however, a community school cannot levy any taxes and must survive on State and Federal revenues and donations. At this time, the Center relies solely on the resources provided through State and Federal

**Tomorrow Center Community School
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024**

funding.

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

Contacting the Center's Financial Management

This financial report is designed to provide citizens, taxpayers, investors and creditors with a general overview of the Center's finances and to show the Center's accountability for the resources it receives. If you have any questions, or concerns, about this report or need additional financial information, contact the Treasurer at 3700 County Road 168, Cardington, Ohio 43315.

This Space Intentionally Left Blank

Tomorrow Center Community School
Statement of Net Position
June 30, 2024

	Tomorrow Center
Assets:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$1,095,767
Receivables:	
Accounts	57,438
Intergovernmental	113,901
Total Current Assets	1,267,106
Noncurrent Assets:	
Depreciable Capital Assets, Net	195,767
Total Noncurrent Assets	195,767
Total Assets	1,462,873
Liabilities:	
Current Liabilities:	
Accounts Payable	48,698
Intergovernmental Payable	35,486
Long-Term Liabilities Due Within One Year	95,975
Total Current Liabilities	180,159
Long-Term Liabilities:	
Lease Liability	98,433
Total Liabilities	278,592
Net Position:	
Investment in Capital Assets	7,305
Unrestricted	1,176,976
Total Net Position	\$1,184,281

See accompanying notes to the basic financial statements.

Tomorrow Center Community School
Statement of Revenues, Expenses and Change in Net Position
For the Fiscal Year Ended June 30, 2024

	Tomorrow Center
Operating Revenues:	
State Foundation	\$989,704
Charges for Services	500
Other Revenues	58,744
Total Operating Revenues	1,048,948
Operating Expenses:	
Contract Services	1,365,834
Materials and Supplies	49,195
Depreciation/Amortizations	99,784
Other Expenses	74,055
Total Operating Expenses	1,588,868
Operating Income (Loss)	(539,920)
Non-Operating Revenues:	
Investment Earnings	107
Interest (Expense)	(6,424)
State and Federal Grants	574,759
Total Non-Operating Revenues	568,442
Change in Net Position	28,522
Net Position - Beginning of Year	1,155,759
Net Position - End of Year	\$1,184,281

See accompanying notes to the basic financial statements.

Tomorrow Center Community School
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

	Tomorrow Center
Cash Flows from Operating Activities:	
Cash Received from State Foundation	\$1,028,551
Cash Payments from Contractual Services	(1,294,200)
Cash Payments for Materials and Supplies	(49,174)
Cash Payments for Other Expenses	(70,671)
Net Cash Provided (Used) by Operating Activities	(385,494)
Cash Flows from Noncapital Financing Activities:	
Cash Received from State and Federal Grants	469,397
Net Cash Provided (Used) by Noncapital Financing Activities	469,397
Cash Flows from Capital and Related Financing Activities:	
Debt Principal Payments	(93,576)
Debt Interest Payments	(6,424)
Net Cash Provided (Used) by Capital and Related Financing Activities	(100,000)
Cash Flows from Investing Activities:	
Earnings on Investments	107
Net Cash Provided (Used) by Cash Flows from Investing Activities	107
Net Increase (Decrease) in Cash and Cash Equivalents	(15,990)
Cash and Cash Equivalents - Beginning of Year	1,111,757
Cash and Cash Equivalents - End of Year	\$1,095,767
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	(\$539,920)
Adjustments:	
Depreciation/Amortizations	99,784
Changes in Assets & Liabilities:	
(Increase) Decrease in Receivables	(20,397)
Increase (Decrease) in Accounts Payable	46,612
Increase (Decrease) in Intergovernmental Payable	28,427
Net Cash Provided (Used) by Operating Activities	(\$385,494)

See accompanying notes to the basic financial statements.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 1 - Description of the Center

Tomorrow Center Community School (the "Center") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Center is an approved tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. Management is not aware of any course of action or series of events that have occurred that might adversely affect their tax-exempt status. The Center's objective is to deliver a comprehensive educational program of high quality, tied to State and national standards, that includes therapeutic opportunities which can be delivered to students in grades 8 through 12. The Center is a public school that provides an alternative to the traditional educational setting. The Center serves a student population who are identified as at risk due to drug and/or alcohol involvement, severe emotional disturbance, multiple disabilities, partial hospitalization, or as an alternative to suspension/expulsion. The Center, which is part of the State's education program, is nonsectarian in its programs, admissions policies, employment practices, and all other operations. The Center may acquire facilities as needed and contract for any services necessary for the operation of the school.

The Center was certified by the State of Ohio Secretary of State as a non-profit organization on April 23, 2002. The Center entered into a sponsorship contract with Mid-Ohio Educational Service Center for a four-year period effective July 1, 2020. The Sponsor is responsible for evaluating the performance of the Center and has the authority to deny renewal of the contract at its expiration.

The Board of Directors is responsible for carrying out the provisions of the contract which include, but are not limited to, state-mandated provisions regarding student population, curriculum, academic goals, performance standards, admission standards, and qualifications of teachers. The Center has developed a cooperative arrangement with the Sponsor.

Note 2 - Summary of Significant Accounting Policies

The basic financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Center's significant accounting policies are described below.

Basis of Presentation

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

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Measurement Focus and Basis of Accounting

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

Budgetary Process

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

Cash and Cash Equivalents

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

Leased Assets

A leased asset is a lessee's right to use an asset over the life of a lease. The asset is calculated as the initial amount of the lease liability, plus any lease payments made to the lessor before the lease commencement date, plus any initial direct costs incurred, minus any lease incentives received. The amortization period of the leased asset is from the lease commencement date to the earlier of the end of the lease term or the end of the useful life of the asset. At the termination of the lease, the leased asset and associated lease liability are removed from the books of the lessee. The difference between the two amounts is accounted for as a gain or loss at that time.

Capital Assets and Depreciation

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their acquisition values on the date donated. The Center maintains a capitalization threshold of \$5,000. The Center 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. Furniture and equipment are depreciated over five to fifteen years.

Operating Revenues and Expenses

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

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Intergovernmental Revenue

The Center 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 are met.

Federal and State grants are recognized as non-operating revenues in the accounting period in which all eligibility requirements have been met. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Center must provide local resources to be used for a specified purpose, and expense requirements, in which the resources are provided to the Center on a reimbursement basis.

The Center participates in various programs through the Ohio Department of Education. These include the Title I, Title II-A, IDEA grants, as well as other federal and state grant opportunities.

Estimates

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

Income Taxes

The Center is exempt from Federal income tax as an exempted affiliate of a governmental unit. Accordingly, no income tax expense is recorded in the accompanying financial statements.

Generally accepted accounting principles require the Center to evaluate the level of uncertainty related to whether tax positions taken will be sustained upon examination. Any positions taken that do not meet the more-likely-than-not threshold must be quantified and recorded as a liability for unrecognized tax benefits in the accompanying financial statement of net position along with any associated interest and penalties that would be payable to the taxing authorities upon examination. Interest and penalties associated with unrecognized tax benefits are classified as additional income taxes in the statement of revenues, expenses and changes in net position. The Center believes that none of the tax positions taken would materially impact the financial statements and no such liabilities have been recorded.

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Note 3 – Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Center will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2024, \$857,635 of the Center's bank balance of \$1,107,635 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Center's name.

The Center has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the Center and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Note 4 – Receivables

Receivables at June 30, 2024, consisted of accounts receivable and intergovernmental receivables arising from grants and entitlements. All receivables are considered collectable in full.

Note 5 – Capital Assets

A summary of capital assets at June 30, 2024 follows:

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

	Beginning Balance	Additions	Deletions	Ending Balance
<i>Capital Assets, being depreciated:</i>				
Equipment	\$492,057	\$0	\$0	\$492,057
Totals at Historical Costs	492,057	0	0	492,057
Less Accumulated Depreciation:				
Equipment	479,198	5,554	0	484,752
Total Accumulated Depreciation	479,198	5,554	0	484,752
Capital Assets, Net	\$12,859	(\$5,554)	\$0	\$7,305
Leased Assets:				
Building	471,152	0	0	471,152
Total Leased Asset, being depreciated	471,152	0	0	471,152
Less: Accumulated Amortization	188,460	94,230	0	282,690
Total Leased Asset, net	282,692	(94,230)	0	188,462
Capital and Leased Assets, Net	\$295,551	(\$99,784)	\$0	\$195,767

Note 6 – Related Party Transactions

For fiscal year ended June 30, 2024, contract services expenses through Mid-Ohio Educational Service Center were as follows:

Sponsorship Fee	\$36,850
Supplies	211
Professional Development	30,000
	<u>\$67,061</u>

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

The Treasurer for the Tomorrow Center is also the Treasurer for GOAL Digital Academy. GOAL Digital Academy provides employment services to the Tomorrow Center (see Note 9 for additional information.)

Note 7 – Risk Management

The Center 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. The Center is contracted for the following coverage provided by Schools of Ohio Risk Sharing Authority.

**Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024**

Total Policy coverage - includes the following:

Blanket Building and Personal Property limit (\$1,000 deductible)	\$350,000,000
Equipment Breakdown (\$1,000 deductible)	\$350,000,000
Auto Liability & Uninsured/underinsured motorist	\$15,000,000
Medical payments per person/each accident	\$10,000/\$25,000
Educator's Legal Liability (\$4,000 deductible)	\$15,000,000
General Annual Aggregate Liability	\$17,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2023.

Note 8 - Contingencies

Litigation

The Center is not involved in any other litigation that, in the opinion of management, would have a material effect on the financial statements.

Foundation Funding

Foundation funding is based on the annualized full-time equivalency (FTE) enrollment of each student. However, there is an important nexus between attendance and enrollment for Foundation funding purposes. Community schools must provide documentation that clearly demonstrates students have participated in learning opportunities. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past fiscal year end.

Under Ohio Revised Code Section 3314.08, ODE may also perform an FTE review subsequent to the fiscal year end that may result in an additional adjustment to the enrollment information as well as claw backs of Foundation funding due to a lack of evidence to support student participation and other matters of noncompliance.

As of the date of this report, additional ODE adjustments for fiscal year 2024 have been finalized.

In addition, the Center's contract with its Sponsor requires payment based on revenues received from the State. As discussed above, additional FTE adjustments for fiscal year 2024 have been completed. The impact on the fiscal year 2024 financial statements, related to the additional reconciliation necessary with this contract, is not material to the financial statements.

Grants

The Center received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any

Tomorrow Center Community School
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center at June 30, 2024.

Note 9 – Employment Services Agreement with GOAL Digital Academy

The Center entered into an employment services agreement with GOAL Digital Academy (GDA) starting in fiscal year 2019. Under the agreement, GDA provides employees to fill available positions at the Center. GDA is considered the employer of these employees and will pay all expenses in connection with these employees including retirement, healthcare, workers compensation and unemployment compensation. The Center agrees to pay GDA in advance the estimated costs of the employees. During the month of June each year, the Center shall pay GDA any additional amount owed for the school year in excess of the amount paid or GDA will refund to the Center any excess payments. During fiscal year 2024, the Center paid GDA \$1,087,872 for employment services.

Note 10 – Long-Term Liabilities and Lease Liability – Leased Assets

	Beginning Principal Balance	Additions	Deductions	Ending Principal Balance	Due In One Year
Lease Liability	287,984	0	93,576	194,408	95,975
Total Long-Term Obligations	\$287,984	\$0	\$93,576	\$194,408	\$95,975

The Center has entered into a contract that convey the control of the right to use their nonfinancial assets (the underlying assets) for classroom space as specified in the contract for a period of time. The basis and terms of the contract is 4 years after the commencement date with renewal terms for 2 years.

During the period, there were no outflows of resources recognized for variable payments not previously included in the measurement of the lease liability. Also, there were no outflows of resources recognized for other payments, such as residual value guarantees or termination penalties, not previously included in the measurement of the lease liability during the period. There were no commitments under leases before the commencement of the lease term.

Principal and interest amounts for the next five years and thereafter are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2025	\$95,975	\$4,025	\$100,000
2026	98,433	1,567	100,000
	<u>\$194,408</u>	<u>\$5,592</u>	<u>\$200,000</u>

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Tomorrow Center Community School
Morrow County
3700 County Road 168
Cardington, OH 43315

To the Members of the Board:

We have audited, in accordance with the 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, the financial statements of the Tomorrow Center Community School, Morrow County, Ohio, (the Center) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated March 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Center's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

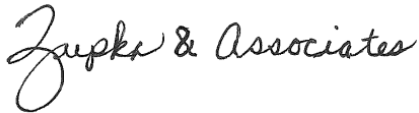
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Center's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Zupka & Associates".

Zupka & Associates
Certified Public Accountants

March 30, 2026

**TOMORROW CENTER COMMUNITY SCHOOL
MORROW COUNTY OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
JUNE 30, 2024**

The prior audit report, as of June 30, 2023, included no citations, instances of noncompliance, or management letter comments.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



TOMORROW CENTER

MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/26/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov