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March 16, 2016

Charter School Board  
Central Indiana Military Academy, Inc.  
d/b/a Anderson Preparatory Academy  
101 W. 29<sup>th</sup> Street  
Anderson, IN 46016

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy, as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In addition to the report presented herein, a Supplemental Audit Report for Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy was prepared in accordance with the guidelines established by the State Board of Accounts.

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

**CENTRAL INDIANA MILITARY ACADEMY, INC.**

**d/b/a**

**ANDERSON PREPARATORY ACADEMY**

*Financial Statements and Federal Single Audit Report*

*June 30, 2015 and 2014*



CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Central Indiana Military Academy, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy**, which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Central Indiana Military Academy, Inc.** as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2016, on our consideration of **Central Indiana Military Academy, Inc.**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 **Central Indiana Military Academy, Inc.**'s internal control over financial reporting and compliance.

*Donovan P.C.*

Indianapolis, IN  
January 11, 2016

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Statements of Financial Position

	June 30	
Assets	2015	2014
Current assets:		
Cash	\$ 711,807	790,380
Grants receivable	38,641	39,758
Prepaid expenses	34,164	70,556
Total current assets	784,612	900,694
Property and equipment:		
Land	320,000	320,000
Buildings and improvements	2,961,081	2,635,346
Furniture and equipment	1,542,405	1,256,740
Textbooks	137,197	137,197
Vehicles	41,750	41,750
Less: accumulated depreciation	(1,802,365)	(1,504,480)
Property and equipment, net	3,200,068	2,886,553
	\$ 3,984,680	3,787,247
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 648,245	478,393
Current portion of long-term debt	128,902	101,474
Current portion of capital lease obligations	160,385	139,790
Total current liabilities	937,532	719,657
Long-term debt	1,827,421	1,768,392
Capital lease obligations	89,954	170,113
Total liabilities	2,854,907	2,658,162
Net assets:		
Unrestricted	1,039,591	1,055,994
Temporarily restricted	90,182	73,091
	1,129,773	1,129,085
	\$ 3,984,680	3,787,247

See accompanying notes to financial statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Statements of Activities

	<u>Year Ended June 30, 2015</u>			<u>Year Ended June 30, 2014</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenue and Support</u>						
State education support	\$ 5,451,496	-	5,451,496	\$ 5,840,311	-	5,840,311
Grant revenue	749,409	-	749,409	592,120	-	592,120
Student fees	124,644	79,862	204,506	127,851	78,667	206,518
Contributions	19,987	-	19,987	20,330	6,165	26,495
Fundraising and other income	124,969	110,815	235,784	154,155	91,293	245,448
Net assets released from restrictions	173,586	(173,586)	-	161,947	(161,947)	-
Total revenue and support	<u>6,644,091</u>	<u>17,091</u>	<u>6,661,182</u>	<u>6,896,714</u>	<u>14,178</u>	<u>6,910,892</u>
<u>Expenses</u>						
Program services	5,486,417	-	5,486,417	5,808,547	-	5,808,547
Management and general	1,174,077	-	1,174,077	1,239,982	-	1,239,982
Total expenses	<u>6,660,494</u>	<u>-</u>	<u>6,660,494</u>	<u>7,048,529</u>	<u>-</u>	<u>7,048,529</u>
Increase (decrease) in net assets	(16,403)	17,091	688	(151,815)	14,178	(137,637)
Net assets, beginning of year	<u>1,055,994</u>	<u>73,091</u>	<u>1,129,085</u>	<u>1,207,809</u>	<u>58,913</u>	<u>1,266,722</u>
Net assets, end of year	<u>\$ 1,039,591</u>	<u>90,182</u>	<u>1,129,773</u>	<u>\$ 1,055,994</u>	<u>73,091</u>	<u>1,129,085</u>

See accompanying notes to financial statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Statements of Cash Flows

	Year Ended June 30	
	2015	2014
<u>Operating Activities</u>		
Change in net assets	\$ 688	(137,637)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	297,885	369,142
Change in:		
Grants receivable	1,117	(2,267)
Prepaid expenses	36,392	(8,992)
Accounts payable and accrued expenses	169,852	6,507
Net cash provided by operating activities	505,934	226,753
 <u>Investing Activities</u>		
Purchases of property and equipment	(504,348)	(122,192)
Net cash used by investing activities	(504,348)	(122,192)
 <u>Financing Activities</u>		
Principal reduction of capital lease obligations	(166,616)	(157,265)
Proceeds from long-term debt	198,310	-
Principal repayment of long-term debt	(111,853)	(99,981)
Net cash used by financing activities	(80,159)	(257,246)
 Net decrease in cash	(78,573)	(152,685)
 Cash, beginning of year	790,380	943,065
 Cash, end of year	\$ 711,807	790,380
 Supplemental disclosures:		
Property and equipment obtained under capital leases	\$ 107,052	14,800
Cash payments for interest expense	110,734	150,928

See accompanying notes to financial statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

General

Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving grades kindergarten through twelve and sponsored by Ball State University.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment, and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred.

Grants Receivable

Grants receivable relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Financial Statement Presentation

The School reports its financial position and activities according to two classes of net assets as follows:

- Unrestricted net assets, which represent net assets that the Board of Directors has discretionary control to use in carrying on the activities of the School in accordance with its articles of incorporation and by-laws.
- Temporarily restricted net assets, which represent net assets restricted by the donor, grantor, or other outside party for a specific purpose or until the passage of time.

Contributions and Fees

The School receives resources from participation fees and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Taxes on Income

Central Indiana Military Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2015 and 2014, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Taxes on Income, Continued

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2011 are open to audit for both federal and state purposes.

Property and Equipment

Purchases of these assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Buildings and improvements .....	10 to 40 years
Furniture and equipment .....	3 years
Textbooks .....	4 years
Vehicles .....	5 years

Subsequent Events

The School evaluated subsequent events through January 11, 2016, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(2) Long-Term Debt

Long-term debt at June 30, 2015 and 2014 was comprised of:

	<u>2015</u>	<u>2014</u>
Mortgage loan payable to MainSource Bank, payable in monthly installments of \$4,214 including interest at 4.85% per annum (adjustable annually beginning September 2019) through July 2026, secured by a mortgage on School facilities and all business assets.....	\$ 431,785	460,110
Mortgage loan payable to MainSource Bank, payable in monthly installments of \$3,224 including interest at 4.85% per annum (adjustable annually beginning September 2019) through March 2029, secured by a mortgage on School facilities and all business assets.....	384,479	403,483
Mortgage loan payable to MainSource Bank, payable in monthly installments of \$7,341 including interest at 4.85% per annum (adjustable annually beginning August 2019) through August 2026, secured by a mortgage on School facilities and all business assets.....	755,784	-
Mortgage loan payable to MainSource Bank, payable in monthly installments of \$3,761 including interest at 4.85% per annum (adjustable annually beginning August 2019) through July 2026, secured by a mortgage on School facilities and all business assets.....	384,275	-

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(2) Long-Term Debt, Continued

	<u>2015</u>	<u>2014</u>
Mortgage loan payable to IFF, payable in monthly installments of \$8,017 including interest at 6% per annum (adjustable every five years) through December 2025, refinanced in August 2014 .....	-	797,753
Mortgage loan payable to IFF, payable in monthly installments of \$2,025 including interest at 6% per annum (adjustable every five years) through July 2026, refinanced in August 2014 .....	-	<u>208,520</u>
	<u>1,956,323</u>	<u>1,869,866</u>
Less: current maturities	<u>(128,902)</u>	<u>(101,474)</u>
	<u>\$1,827,421</u>	<u>1,768,392</u>

Principal maturities of long-term debt are as follows:

<u>Year Ended June 30:</u>	
2016 .....	\$ 128,902
2017 .....	135,641
2018 .....	142,463
2019 .....	149,628
2020 .....	156,978
Thereafter .....	<u>1,242,711</u>
	<u>\$1,956,323</u>

(3) Revolving Line of Credit

The School has a \$100,000 revolving line of credit to provide short-term financing, which is secured by all business assets. Bank advances on the credit line carry an interest rate of .75% above the lender's prime rate. There were no advances outstanding on the line of credit as of June 30, 2015 and 2014.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(4) Leases

The School leases various items of equipment under capital leases. At June 30, 2015, the cost and accumulated depreciation relating to these assets were \$872,732 and \$772,019, respectively (\$765,680 and \$673,123 at June 30, 2014).

Following is a schedule of future minimum lease payments under capital leases and the present value of the net minimum lease payments as of June 30, 2015:

<u>Year Ended June 30:</u>	
2016 .....	\$180,382
2017 .....	44,667
2018 .....	28,290
2019 .....	<u>25,063</u>
	278,402
Less: amount representing interest .....	<u>(28,063)</u>
	<u>\$250,339</u>

The School also leases various items of equipment under operating leases. Total expense under these operating leases for 2015 and 2014 was \$44,759 and \$50,558, respectively. Minimum future rental payments as of June 30, 2015 for all operating leases with initial, noncancellable lease terms in excess of one year are as follows:

<u>Year ending June 30:</u>	
2016 .....	\$ 13,805
2017 .....	13,127
2018 .....	12,178
2019 .....	7,104

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(5) Retirement Plans

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2015 and 2014, the School contributed 7.5% of compensation for eligible teaching personnel to TRF. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2014 (the latest year reported), TRF was more than 80% funded. A copy of the complete annual report for the year ended June 30, 2014 can be obtained at:

[www.in.gov/inprs/files/2014INPRSCAFRBook\\_Web.pdf](http://www.in.gov/inprs/files/2014INPRSCAFRBook_Web.pdf)

All other employees are eligible to participate in a School-sponsored Section 403(b) plan. Under this plan, the School contributes 6% of compensation, as defined. Additional contributions may be made at the discretion of the Board of Directors. No discretionary contributions were made in 2015 or 2014. Retirement plan expense under both plans was \$200,468 and \$225,357 for the years ended June 30, 2015 and 2014, respectively.

(6) Commitments

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were \$112,840 and \$119,388 for the years ended June 30, 2015 and 2014, respectively. The charter remains in effect until June 30, 2016, and is renewable thereafter by mutual consent.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(6) Commitments, Continued

The School executed a service contract for network and technology services. Under this contract, the School has committed to make annual payments of \$75,768 through April 1, 2016 with the option to purchase additional services for which the School is billed as services are provided. The School has the option to terminate the agreement with 30 days notice. Payments under this agreement were \$88,069 and \$79,399 for the years ended June 30, 2015 and 2014, respectively.

(7) Risks and Uncertainties

The School provides educational instruction services to families residing in Madison and surrounding counties in Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2015, substantially all of the receivable balance was due from the State of Indiana. In addition, bank deposits are maintained primarily at MainSource Bank, and are insured up to the FDIC insurance limit.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(8) Functional Expense Reporting

The costs of providing the educational activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated between program and management services. Following is a summary of expenses comprising each program and service for the years ended June 30, 2015 and 2014:

	2015	
	Program Services	Management and General
Salaries and wages.....	\$ 3,159,388	613,483
Employee benefits .....	594,534	106,972
Professional services .....	265,727	118,397
Staff development.....	15,002	5,383
Authorizer oversight fee .....	-	112,840
Transportation .....	18,799	-
Property rental and maintenance .....	273,862	-
Classroom, kitchen and office supplies ...	320,683	21,546
Occupancy .....	398,575	-
Depreciation .....	297,885	-
Interest .....	105,035	5,699
Insurance .....	-	120,343
Other .....	36,927	69,414
	<u>\$ 5,486,417</u>	<u>1,174,077</u>

CENTRAL INDIANA MILITARY ACADEMY, INC.  
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ANDERSON PREPARATORY ACADEMY

Notes to Financial Statements

(8) Functional Expense Reporting, Continued

	2014	
	Program Services	Management and General
Salaries and wages.....	\$ 3,151,503	628,086
Employee benefits .....	824,819	150,538
Professional services .....	243,284	127,276
Staff development.....	15,381	7,022
Authorizer oversight fee.....	-	119,388
Transportation .....	2,406	-
Property rental and maintenance .....	315,489	-
Classroom, kitchen and office supplies ...	317,404	22,907
Occupancy .....	422,407	-
Depreciation .....	369,142	-
Interest .....	115,864	35,064
Insurance .....	-	102,399
Other .....	30,848	47,302
	\$ 5,808,547	1,239,982

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555		\$ 94,642
Total for federal grantor agency			<u>94,642</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A Cluster			
Grants to Local Educational Agencies	84.010	14-9790 15-9790	29,375 223,264
Special Education Cluster			
Special Education - Grants to States	84.027	14214-521-PN01 14215-521-PN01	100,955 65,843
Improving Teacher Quality State Grants	84.367		107,186
Total for federal grantor agency			<u>526,623</u>
Total federal awards expended			<u>\$ 621,265</u>

See accompanying Independent Auditor's Report.  
See accompanying notes to this schedule.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy (the “School”) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.



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*

The Board of Directors  
Central Indiana Military Academy, Inc.

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 **Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy** (the "School"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School'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 School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 entity'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 may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School'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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Donovan P.C.*

Indianapolis, IN  
January 11, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Directors  
Central Indiana Military Academy, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited **Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy's** (the "School") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2015. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

## Opinion on Each Major Federal Program

In our opinion, **Central Indiana Military Academy, Inc.** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

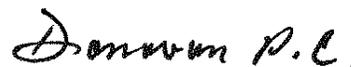
## Report on Internal Control Over Compliance

Management of **Central Indiana Military Academy, Inc.** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Indianapolis, IN  
January 11, 2016

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

**I. Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Noncompliance noted which is material to financial statements:	No

*Federal Awards*

Internal control over major programs:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Type of auditor's report issued on compliance for major program:	Unmodified
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	No

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

**I. Summary of Auditor's Results, Continued**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.027	Special Education Cluster Special Education - Grants to States

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee: Yes

**II. Financial Statement Findings**

No matters were reportable.

**III. Federal Award Findings and Questioned Costs**

No matters were reportable.

CENTRAL INDIANA MILITARY ACADEMY, INC.  
d/b/a  
ANDERSON PREPARATORY ACADEMY

Other Reports

Year Ended June 30, 2015

The reports presented herein were prepared in addition to another official report prepared for the School as listed below:

Supplemental Audit Report of Central Indiana Military Academy, Inc.  
d/b/a Anderson Preparatory Academy

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.