



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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February 5, 2025

Charter School Board
Friends of Canaan, Inc.
d/b/a Canaan Community Academy
Jefferson County, Indiana

We have reviewed the Supplemental Audit Report for Friends of Canaan, Inc. d/b/a Canaan Community Academy, prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on page 3. Management's response is on pages 5 and 6.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA**

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2023 TO JUNE 30, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
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**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	David Herring	07/01/23 - 06/30/24
Chief Administrative Officer	Rhonda Pennington	07/01/23 - 06/30/24
Chief Operations Officer	Kristi Allard	07/01/23 - 06/30/24



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Canaan, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 26, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 26, 2024

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024**

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Canaan Community Academy has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for one (1) of the twenty-five (25) students tested. These selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/ Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were four (6) instances of the 25 disbursement selections where Canaan Community Academy paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024**

The contents of this report were discussed on November 26, 2024 with Rhonda Pennington (Chief Administrative Officer) and Kristi Allard (Chief Operations Officer).



8775 N Canaan Main St. (PO 20) Canaan, IN 47224

812-839-0003

11-21-2024

To whom it may concern:

Canaan Community Academy(CCA) requires documents when students enroll. It is an online enrollment that parent/guardians complete including providing documents. Students who do not provide the required documents are contacted frequently by phone to provide the documents.

Canaan will continue procedures to collect the required documents. This will happen at enrollment. In addition the teachers are required to check each student's file for the appropriate documents each nine weeks. If a teacher discovers that a student is missing document(s) the office is notified. Then additional phone calls, emails, and DOJO messages will be completed in an effort to collect the required documents.

Unfortunately even with multiple attempts a few (very few) parents/guardians do not provide the needed documents. Homelessness is a contributing factor with 20% of the students experiencing this making it difficult if not impossible for their parents/guardians to provide the documents. Canaan will make every effort to correct students' missing documents.

Warmest regards,

Rhonda Pennington
Chief Administrative Officer



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812-839-0003

11-21-2024

To whom it may concern:

Canaan Community Academy(CCA) does have a Sales Tax Exemption Certificate. CCA makes every effort to not pay sales tax to vendors. Due to the rural location this can be challenging. CCA staff is small with everyone doing multiple jobs. The staff often purchases items that are needed; when they are at a store out of town (1.5-2 hours away) it is helpful to have them pick things up instead of the office staff leaving during the day for 4-5 hours. Also, staff may make purchases online for an item that is needed quickly; especially when it could prevent a staff member from driving over an hour to pick up item(s).

Canaan Community Academy will continue to make efforts to not pay sales tax plus look at additional ways to not pay sales tax to vendors.

Warmest regards,

A handwritten signature in black ink that reads 'Rhonda Pennington'. The signature is written in a cursive style with a large, looped 'R' and 'P'.

Rhonda Pennington
Chief Administrative Officer