



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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February 23, 2024

Charter School Board
Central Indiana Military Academy, Inc.
d/b/a Anderson Preparatory Academy
Madison County, Indiana

We have reviewed the report of Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Central Indiana Military Academy, Inc. d/b/a Anderson Preparatory Academy as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on pages 26 and 27. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 28.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2023 AND 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, 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.

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*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School 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.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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 School's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 School'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 School'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.

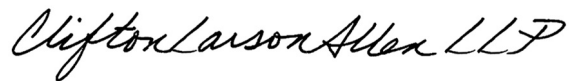
Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are 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 GAAS. 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 31, 2024, on our consideration of the School'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 School'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 School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 31, 2024

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 930,510	\$ 448,098
Grants Receivable	188,766	1,049,171
Prepaid Expenses	166,967	154,970
Total Current Assets	1,286,243	1,652,239
PROPERTY AND EQUIPMENT		
Land	320,000	320,000
Buildings and Improvements	5,720,297	4,418,657
Furniture and Equipment	2,757,851	2,746,344
Textbooks	183,957	183,957
Vehicles	83,592	20,633
Less: Accumulated Depreciation	(4,477,063)	(4,124,334)
Property and Equipment, Net	4,597,317	3,626,898
RIGHT-OF-USE ASSET, NET		
	16,979	-
Total Assets	\$ 5,900,539	\$ 5,279,137
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 1,046,204	\$ 976,537
Deferred Grant Revenue	4,836	-
Current Portion of Notes Payable	325,441	207,979
Right of Use Liability, Current	9,947	-
Total Current Liabilities	1,386,428	1,184,516
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	764,639	754,638
Right of Use Liability, Noncurrent	7,032	-
Total Long-Term Liabilities	771,671	754,638
Total Liabilities	2,158,099	1,939,154
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	3,564,999	3,079,944
Board Designated	177,441	260,039
Total Net Assets	3,742,440	3,339,983
Total Liabilities and Net Assets	\$ 5,900,539	\$ 5,279,137

See accompanying Notes to Financial Statements.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
State Education Support	\$ 6,913,928	\$ 6,180,982
Grant Revenue	3,809,107	4,450,044
Student Fees	142,306	113,885
Contributions	27,990	28,578
Fundraising and Other Income	99,575	408,862
Total Revenue and Support	<u>10,992,906</u>	<u>11,182,351</u>
EXPENSES		
Program Services	9,339,828	9,079,043
Management and General	1,250,621	1,696,029
Total Expenses	<u>10,590,449</u>	<u>10,775,072</u>
CHANGE IN NET ASSETS	402,457	407,279
Net Assets - Beginning of Year	<u>3,339,983</u>	<u>2,932,704</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,742,440</u></u>	<u><u>\$ 3,339,983</u></u>

See accompanying Notes to Financial Statements.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 5,227,128	\$ 352,342	\$ 5,579,470	\$ 4,400,588	\$ 904,107	\$ 5,304,695
Employee Benefits	916,142	211,252	1,127,394	906,278	127,007	1,033,285
Classroom, Kitchen, and Office Supplies	1,416,845	93,316	1,510,161	1,959,106	41,818	2,000,924
Professional Services	501,922	194,675	696,597	588,298	264,916	853,214
Depreciation	355,029	-	355,029	311,596	-	311,596
Occupancy	273,021	-	273,021	327,529	-	327,529
Property Rental and Maintenance	443,108	-	443,108	468,251	-	468,251
Insurance	-	146,591	146,591	-	130,006	130,006
Authorizer Oversight Fees	-	187,547	187,547	-	167,592	167,592
Interest	33,050	-	33,050	46,659	-	46,659
Staff Development	83,592	21,199	104,791	20,633	16,332	36,965
Transportation	5,140	-	5,140	16,937	382	17,319
Other	84,851	43,699	128,550	33,168	43,869	77,037
Total Functional Expenses	<u>\$ 9,339,828</u>	<u>\$ 1,250,621</u>	<u>\$ 10,590,449</u>	<u>\$ 9,079,043</u>	<u>\$ 1,696,029</u>	<u>\$ 10,775,072</u>

See accompanying Notes to Financial Statements.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 402,457	\$ 407,279
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	355,029	311,596
Loss on Disposal of Property and Equipment	-	100,987
Changes in Operating Assets and Liabilities:		
Grants Receivable	860,405	(904,911)
Prepaid Expenses	(11,997)	1,659
Accounts Payable and Accrued Expenses	69,667	241,788
Deferred Revenue	4,836	-
Net Cash Provided by Operating Activities	<u>1,680,397</u>	<u>158,398</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,325,448)	(1,151,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	337,533	-
Principal Repayment of Notes Payable	<u>(210,070)</u>	<u>(232,499)</u>
Net Cash Provided (Used) by Financing Activities	<u>127,463</u>	<u>(232,499)</u>
NET CHANGE IN CASH	482,412	(1,225,631)
Cash - Beginning of Year	<u>448,098</u>	<u>1,673,729</u>
CASH - END OF YEAR	<u>\$ 930,510</u>	<u>\$ 448,098</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 33,050</u>	<u>\$ 46,659</u>

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 840 students in grades kindergarten through 12 and is 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.

Board-Designated Net Assets

The board-designated net assets at both June 30, 2023 and 2022, for purposes related to various school academic and sports programs. Board-designated net assets totaled \$177,441 and \$260,039, as of June 30, 2023 and 2022, respectively.

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. As of June 30, 2023, the School has \$4,836 of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2022 and 2021, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Cash

The School considers all demand accounts to be cash.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable and Revenue

Grants receivable and revenue 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.

Contributions, Grants, and Fees

The School receives income from contributions, student 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 or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Taxes on Income

Central Indiana Military Academy, Inc. has received a determination from the U.S. Internal Revenue Service 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, 2022 and 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Property and Equipment

Purchases of 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 \$500 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	5 to 40 Years
Furniture and Equipment	3 Years
Textbooks	4 Years
Vehicles	5 Years

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the School right to use an underlying asset for the lease term and lease liabilities represent the School obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor

Subsequent Events

The School evaluated subsequent events through January 31, 2024, 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.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Loan payable to First Financial Bank, payable in monthly installments of \$3,224 including interest at 5.625% per annum (adjustable annually each August) through March 2029, secured by a mortgage on School facilities and all business assets	\$ 256,929	\$ 221,512
Loan payable to First Financial Bank, payable in monthly installments of \$4,214 including interest at 5.625% per annum (adjustable annually each September) through July 2026, secured by a mortgage on School facilities and all business assets	145,400	188,902
Loan payable to First Financial Bank, payable in monthly installments of \$7,341 including interest at 5.75% per annum (adjustable annually each August) through August 2026, secured by a mortgage on School facilities and all business assets	192,214	331,726

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 2 NOTES PAYABLE (CONTINUED)

<u>Description</u>	<u>2023</u>	<u>2022</u>
Loan payable to First Financial Bank, payable in monthly installments of \$3,224 including interest at 5.75% per annum (adjustable annually each September) through August 2026, secured by a mortgage on School facilities and all business assets	\$ 129,852	\$ 167,653
Loan payable to First Financial Bank, payable in monthly installments of \$2,229 including interest at 4.90% per annum through July 2024, secured by a mortgage on School facilities and all business assets	28,152	52,824
Loan payable to First Financial Bank, payable in monthly installments of \$6,158 including interest at 7.522% per annum through June 2026	197,580	-
Loan payable to First Financial Bank, payable in monthly installments of \$4,362 including interest at 7.522% per annum through June 2026	<u>139,953</u>	<u>-</u>
Total	1,090,080	962,617
Less: Current Portion	<u>(325,441)</u>	<u>(207,979)</u>
Long-Term Portion	<u>\$ 764,639</u>	<u>\$ 754,638</u>

The First Financial Bank notes payable require the School to maintain a minimum debt service coverage ratio greater than 1.25-to-1.00. The School was in compliance with this covenant for the year ended June 30, 2023 and 2022.

Principal maturities of notes payable are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 325,441
2025	317,816
2026	332,083
2027	48,132
2028	35,363
Thereafter	31,245
Total	<u>\$ 1,090,080</u>

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 REVOLVING LINE OF CREDIT

On September 28, 2022, the School entered into a two year \$75,000 revolving line of credit with First Financial Bank to provide short-term financing, which is secured by all business assets. Bank advances on the credit line carry an interest rate of 6.250% with the possibility of interest rate changing daily. Interest rate is calculated based on FFB Prime Rate in effect on the Change Date. As of June 30, 2023, the rate was 5.50% with no outstanding balance.

On September 29, 2021, the School entered into a twelve-month \$75,000 revolving line of credit with First Financial Bank to provide short-term financing, which is secured by all business assets. Bank advances on the credit line carry an interest rate of 3.250% with the possibility of interest rate changing daily. Interest rate is calculated based on FFB Prime Rate in effect on the Change Date. As of June 30, 2022, the rate was 5.50% with no outstanding balance.

NOTE 4 LEASES

ASC Topic 842 – 2023

The School leases equipment under a long-term, noncancelable lease agreements. The leases expire through December 2025. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

The operating lease cost for the year ended June 30, 2023 was \$4,999.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost	<u>\$ 4,999</u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 4,999
Weighted-Average Remaining Lease Term - Operating Leases	1.8 years
Weighted-Average Discount Rate - Operating Leases	3.00%

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 LEASES (CONTINUED)

ASC Topic 842 – 2023 (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2024	\$ 10,300
2025	5,348
2026	1,812
Undiscounted Cash Flows	17,460
(Less) Imputed Interest	(481)
Total Present Value	<u>\$ 16,979</u>
Short-term lease liabilities	\$ 9,947
Long-term lease liabilities	7,032
Total	<u>\$ 16,979</u>

ASC Topic 840 – 2022

The School leases various items of equipment under capital leases. At June 30, 2022, the cost and accumulated depreciation relating to these assets were \$306,200 and \$306,200, respectively.

NOTE 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 multiemployer 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, 2023 and 2022, the School contributed 6.0% and 5.5%, respectively, 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, 2022 (the latest year reported), TRF was approximately 95% funded.

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 in the plan document. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2023 or 2022.

Retirement plan expense under both plans was \$318,293 and \$259,300 for the years ended June 30, 2023 and 2022, respectively.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 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 \$187,547 and \$167,592 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

NOTE 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. Any changes in state or federal legislation could significantly impact 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, 2023, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained at two financial institutions, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

The School is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters is not expected to have a material adverse effect on the School's financial position, results of operations or liquidity.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable.

	<u>2023</u>	<u>2022</u>
Financial Assets	\$ 1,119,276	\$ 1,497,269
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Board Designated for Specific Purpose	<u>(177,441)</u>	<u>(260,039)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 941,835</u>	<u>\$ 1,237,230</u>

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 LIQUIDITY (CONTINUED)

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board of directors has the option to undesignate the \$177,441 and \$260,039 as of June 30, 2023 and 2022, respectively, of board-designated net assets to meet general obligations.

NOTE 9 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories is required.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
OTHER REPORT
FOR THE YEAR ENDING JUNE 30, 2023**

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.
dba: 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*.



INDEPENDENT AUDITORS' 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*

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

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. dba: Anderson Preparatory Academy (the School), which comprise the statement of financial position at June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2024.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy

Report on 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 financial statements. 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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 31, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *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, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School' federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 31, 2024

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30,2023**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Passed through Indiana Department of Education:				
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	\$ -	\$ 565,099
Total Department of Agriculture			-	565,099
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A200014	-	93,292
Title I Grants to Local Educational Agencies	84.010	S010A210014	-	276,636
Total Assistance Listing Number 84.010			-	369,928
Passed through Indiana Department of Education:				
Special Education Cluster - Special Education Grants to States	84.027A	H027A190084	-	225,309
COVID-19: Special Education Cluster - Special Education				
Preschool Grants	84.173X	H173X210104	-	1,450
Total Special Education Cluster			-	226,759
Passed through Indiana Department of Education:				
Charter School Program	84.282D	S282D190002	-	468,487
Passed through Indiana Department of Education:				
Title II Supporting Effective Instruction State Grants	84.367	S367A190013	-	6,179
Title II Supporting Effective Instruction State Grants	84.367	S367A210013	-	10,932
Total Assistance Listing Number 84.367			-	17,111
Passed through Indiana Department of Education:				
Title IV Student Support and Academic Enrichment Program	84.424A	S424A210015	-	25,955
Passed through Indiana Department of Education:				
COVID-19: ESSER II Elementary and Secondary School				
Emergency Relief	84.425D	S425D210013	-	77,478
COVID-19: ESSER III Elementary and Secondary School				
Emergency Relief	84.425U	S425U210013	-	1,039,138
COVID-19: Strategic Planning	84.425U	S425U200013	-	17,500
Total Assistance Listing Number 84.425			-	1,134,116
Total Department of Education			-	2,242,356
Total Expenditures of Federal Awards			\$ -	\$ 2,807,455

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

NOTE 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. dba: Anderson Preparatory Academy (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. 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 of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or a limited as to reimbursement.

The School has elected not to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

**CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes _____ no
 - Significant deficiency(ies) identified? _____ yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)

84.425

Name of Federal Program or Cluster

Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ yes x no

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 001

Federal Agency: U.S Department Education

Federal Program Name: Education Stabilization Funds

Assistance Listing Number: 84.425D, 84.425U

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): S425D210013, S425U210013, 425U200013

Award Period: July 1, 2022 – June 30, 2023

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Per 2 CFR 200.303, "The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). If governors, SEAs, and or subrecipients propose to use ESF funds for construction they must also comply with applicable requirements in 34 CFR section 76.600 and 34 CFR sections 75.600–617. Approved construction projects must comply with all other applicable Uniform Guidance requirements, as well as the ED's regulations regarding construction, as applicable, at 34 CFR section 76.600. As is the case with all construction contracts using laborers and mechanics financed by federal education funds, recipients and subrecipients that use ESF funds for construction contracts over \$2,000 must meet Davis-Bacon prevailing wage requirements.

Condition: The School Corporation did not verify compliance with prevailing wage requirements with subcontractors for construction projects financed by federal education funds.

Questioned costs: None.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 001 (Continued)

Context: 1 of 1 construction projects financed by federal education funds were subject to prevailing wage requirements.

Cause: The School did not have a control in place to verify the construction project used the prevailing wage rate.

Effect: Laborers and mechanics paid by subcontractors may have been paid below prevailing wage rates.

Repeat Finding: No.

Recommendation: For future construction contracts financed by federal funds, we recommend the school verify that subcontractors comply with prevailing wage requirements prior to entering into any contracts with these third parties.

Views of responsible officials: There is no disagreement with the audit finding.

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United States Department of Education

Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 01, 2022 - June 30, 2023

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings in the current year that require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

United States Department of Education

2023-001 Educational Stabilization Fund – Assistance Listing No. 84.425

Recommendation: For future construction contracts financed by federal funds, we recommend the school verify that subcontractors comply with prevailing wage requirements prior to entering into any contracts with these third parties.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: APA Procurement policy will be updated to better reflect the audit recommendation and to specifically outline the procedures for ensuring that this language is included in all construction contracts funded by federal funds. Additionally, procedures will be implemented to ensure that contractors and subcontractors are meeting all requirements including detailed procedures and templates to use for documentation review of labor wages.

Name(s) of the contact person(s) responsible for corrective action: Jill Barker

Planned completion date for corrective action plan: 2/27/2024

If the United States Department of Education has questions regarding this plan, please call Jill Barker, CEO at 765-356-0028.



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