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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 3, 2013

Charter School Board
Padua Academy
349 North Warman Avenue
Indianapolis, IN 46222

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Sikich, LLP, Independent Public Accountants, for the period July 1, 2010 to June 30, 2012. 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 Padua Academy, as of June 30, 2012 and 2011, and the results of its operations for the periods then ended, on the basis of accounting described in the report.

In addition to the report presented herein, a Supplemental Audit Report for Padua 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.

State Board of Accounts

Padua Academy

Financial Statements
With Supplemental Information
June 30, 2012 and 2011

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8555 N. River Rd., Suite 300
Indianapolis, Indiana 46240

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Padua Academy
Indianapolis, Indiana:

We have audited the accompanying statements of financial position of Padua Academy (an Indiana non-profit organization) as of June 30, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of Padua Academy's management. 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; and the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Padua Academy as of June 30, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, on our consideration of Padua Academy's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information listed in the foregoing table of contents 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 basic 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. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sikich, LLP

Sikich LLP

Indianapolis, Indiana
March 8, 2013

PADUA ACADEMY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2012 AND 2011

ASSETS

	2012	2011
CURRENT ASSETS:		
Cash	$ 2,549,650	$ 2,638,180
Grants receivable	551,427	588,428
Prepaid expenses	757	1,326
Total Current Assets	3,101,834	3,227,934
PROPERTY AND EQUIPMENT:		
Furniture and equipment	1,348	-
Computer hardware	30,148	-
Computer software	5,670	1,500
Leasehold improvements	554,415	139,484
Books and educational materials	61,656	13,624
Less: accumulated depreciation	(30,103)	(4,703)
Total Property and Equipment, net	623,134	149,905
OTHER ASSETS:		
Bond fees, net of amortization of $3,620 and $278	46,502	49,844
	$ 3,771,470	$ 3,427,683

See accompanying notes to the financial statements.

PADUA ACADEMY
STATEMENTS OF FINANCIAL POSITION
(continued)
JUNE 30, 2012 AND 2011

LIABILITIES AND NET ASSETS

	2012	2011
CURRENT LIABILITIES:		
Accounts payable	$ 110,965	$ 22,030
Due to Mother Theodore Catholic Academies and the Archdiocese	396,039	447,540
Current portion of bonds payable	50,000	-
Accrued payroll	19,619	16,624
Total Current Liabilities	576,623	486,194
LONG TERM LIABILITIES:		
Accrued interest - common school loans	9,360	-
Bonds payable, net of current portion	2,550,000	2,600,000
Common school loan	539,331	468,019
Loan payable to Archdiocese	525,000	-
Total Long Term Liabilities	3,623,691	3,068,019
NET ASSETS:		
Unrestricted	(485,133)	(275,630)
Temporary restricted	56,289	149,100
Total Net Assets	(428,844)	(126,530)
	$ 3,771,470	$ 3,427,683

See accompanying notes to the financial statements.

PADUA ACADEMY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:			
School lunch program	$ 1,886	$ -	$ 1,886
Student fees	40,730	-	40,730
Contributions and donations	1,218	-	1,218
Grant revenue	1,279,103	-	1,279,103
Overpayments and reimbursements	10,082	-	10,082
Other revenue	2,054	-	2,054
Net assets released from restrictions by satisfaction of temporary restrictions	92,811	(92,811)	-
Total Revenues and Support	1,427,884	(92,811)	1,335,073
PROGRAM AND SUPPORTING SERVICE EXPENSES:			
Program services	929,533	-	929,533
Supporting services:			
General and administrative	697,037	-	697,037
Fundraising	10,817	-	10,817
Total Expenses	1,637,387	-	1,637,387
CHANGE IN NET ASSETS	(209,503)	(92,811)	(302,314)
NET ASSETS, beginning of year	(275,630)	149,100	(126,530)
NET ASSETS, end of year	$ (485,133)	$ 56,289	$ (428,844)

PADUA ACADEMY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2011

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:			
School lunch program	$ 2,022	$ -	$ 2,022
Student fees	13,697	-	13,697
Contributions and donations	251,421	-	251,421
Textbook rental	7,294	-	7,294
Grant revenue	902,607	149,100	1,051,707
Overpayments and reimbursements	3,746	-	3,746
Other revenue	17,569	-	17,569
Total Revenues and Support	1,198,356	149,100	1,347,456
PROGRAM AND SUPPORTING SERVICE EXPENSES:			
Program services	781,232	-	781,232
Supporting services:			
General and administrative	681,590	-	681,590
Fundraising	11,164	-	11,164
Total Expenses	1,473,986	-	1,473,986
CHANGE IN NET ASSETS	(275,630)	149,100	(126,530)
NET ASSETS, beginning of year	-	-	-
NET ASSETS, end of year	$ (275,630)	$ 149,100	$ (126,530)

accompanying notes to the financial statements.

PADUA ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (302,314)	$ (126,530)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	25,400	4,703
(Increase) decrease in:		
Grants receivable	37,001	(588,428)
Prepaid expense	569	(1,326)
Loan fees	3,342	(49,844)
Increase (decrease) in:		
Accounts payable	88,935	22,030
Due to Mother Theodore Catholic Academies	(51,501)	447,540
Accrued interest	9,360	-
Accrued payroll	2,995	16,624
NET CASH USED BY OPERATING ACTIVITIES	(186,213)	(275,231)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(498,629)	(154,608)
NET CASH USED BY INVESTING ACTIVITIES	(498,629)	(154,608)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Long-term debt borrowings	596,312	3,068,019
NET CASH PROVIDED BY FINANCING ACTIVITIES	596,312	3,068,019
NET (DECREASE) INCREASE IN CASH	(88,530)	2,638,180
CASH AND CASH EQUIVALENTS - beginning of year	2,638,180	-
CASH AND CASH EQUIVALENTS - end of year	$ 2,549,650	$ 2,638,180

accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - ADI Schools, Inc. was incorporated June 24, 2009, for the purpose of operating two separately chartered schools Padua Academy (the "Academy") and Andrew Academy, which both opened to students in August of 2010. The Indiana State Board of Accounts considers each charter school its own local education agency, and as such treats them as unique entities. Padua Academy seeks to serve urban Indianapolis by educating students to become self-sufficient and productive leaders who are ready to succeed in a diverse global society. The school has a clear and consistent focus on academic rigor, grounded in strong character development and citizenship.

Basis of Accounting - The financial statements of the Academy have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses when the obligation is incurred.

Basis of Presentation - As required by Financial Statement Presentation Disclosure topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net Assets - The financial statements report amounts separately by class of net assets:

> ***Unrestricted net assets -*** Unrestricted amounts are those currently available for use in the Academy's activities.
>
> ***Temporarily restricted net assets -*** Temporarily restricted expendable amounts are those which are restricted by donors for specific purposes or a set amount of time. As of June 30, 2012 and 2011, the Academy had $56,289 and $149,100 of temporarily restricted net assets, respectively.
>
> ***Permanently restricted net assets -*** Net assets subject to donor-imposed stipulations require that they be maintained permanently by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned on the related investments for general or specific purposes. As of June 30, 2012 and 2011, the Academy had no permanently restricted net assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Academy considers all investments purchased with a maturity of three months or less to be cash equivalents.

Grants Receivable - Grants receivable represent the uncollected portion of funds from grants awarded to the Academy.

Grant receivables are reported net of an allowance for doubtful accounts. There were no allowances, as of June 30, 2012 and 2011, based on management's estimate of the amount of receivables that will actually be collected. Grant receivables are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts.

Property and Equipment - Property and equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. The Academy capitalizes additions of property and equipment in excess of $1,000 cost or fair value, if contributed. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets ranging from 3 to 40 years. Expenditures for property and equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

Depreciation expense was $25,400 and $4,703 for the years ended June 30, 2012 and 2011, respectively.

Bond Fees - The Academy amortizes the loan fees on the straight-line method over the life of the bonds which is fifteen years. Amortization expense amounted to $3,341 and $278 for the years ended June 30, 2012 and 2011, respectively. Amortization expense is estimated to be approximately $3,341 for each of the next fourteen years.

Impairment of Long-lived Assets - The Academy evaluates long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has determined that no impairment existed for the years ended June 30, 2012 and 2011.

Contributed Materials and Services - Contributed services are recognized as contributions in accordance with Contributions Disclosure Topic of FASB ASC, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Academy. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Academy received no in-kind contributions during the years ended June 30, 2012 and 2011, respectively.

Volunteers provide program services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under Contributions Disclosure Topic of FASB ASC. These services include volunteering at events, picking up donations, and various clerical work.

Revenue Recognition - The Academy reports grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or 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. If a restriction is fulfilled in the same time period in which the grant is received, the Academy reports the support as unrestricted.

Functional Expense Allocation - The costs of providing the various programs and other activities have been summarized in the statement of activities. Some expenses relate directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions. The allocation is based on a formula contained within the grant documents.

Costs are allocated to the programs and supporting services. Management periodically evaluates its allocation method and revises it when necessary. Management and general expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of the Academy.

Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could vary from the estimates that were used.

Advertising - The Academy expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2012 and 2011 was $493 and $13,962, respectively.

Income Taxes - The Academy is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Academy is not considered to be a private foundation. Accordingly, no provision for income taxes has been reflected in the Academy’s financial statements.

The Academy has adopted the provisions of Uncertain Tax Positions Disclosure Topics of FASB ASC, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses de-recognition, classification, interest and penalties, disclosure, and transition. In the normal course of business, the Academy is subject to examination by taxing authorities. The Academy’s tax returns for years subsequent to fiscal year 2010 are open, by statute, for review by authorities. However, at present there are no ongoing income tax audits or unresolved disputes with the various tax authorities that the Academy currently files or has filed.

Concentration of Credit Risk - Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of temporary cash investments and grants receivable.

The Academy places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. There was $2,072,449 and $2,289,498 in excess of FDIC insured limits at June 30, 2012 and 2011, respectively.

Concentrations of credit risk with respect to grants receivable are limited due to the Academy's ability to accomplish the terms of the grants. Credit losses, if any, have been provided in the financial statements and have been within management's expectations.

Operating Funds from the Indiana Department of Education amounted to 66.2% and 70.8% of the Academy's support and revenue during the years ended June 30, 2012 and 2011, respectively. A state funding formula is used to determine the amount of revenue a charter school receives. The formula is based on the number of students enrolled in the school during the year.

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Education - Padua Academy is committed to providing a school environment where educators, students, and parents are dedicated to creating a secure, constructive learning environment for all students. Curriculum supports the national Core Curriculum standards in Mathematics and Language Arts and incorporates a variety of instruction, individual and group projects, and experiential learning. Curriculum also includes Social Studies, Visual Arts, Music, and Physical Education. Character development, self-esteem, and community pride are emphasized across all courses of study as part of a "whole student" philosophy.

NOTE 3 - OPERATING LEASES

The Academy entered into a seven year lease with Roman Catholic Archdiocese of Indianapolis Properties, Inc. for educational facilities located at 349 N. Warman Ave., Indianapolis, Indiana. The lease, which expires on June 30, 2017, requires monthly payments ranging from $5,843 to $8,333. During the years ended June 30, 2012 and 2011, $75,000 and $70,116 was expensed for educational facilities rent, respectively.

The Academy also leases three copiers from Sharp Business Systems and one copier from Konica Minolta. One lease will expire in July 2015 and the other copiers' lease will expire in August of 2015. During the years ended June 30, 2012 and 2011, $13,127 and $11,447 was expensed, respectively.

The future minimum rental payments required under the operating leases for the years subsequent to June 30, 2012 are as follows:

Year	Amount
2013	$ 91,448
2014	96,448
2015	101,448
2016	96,258
2017 and thereafter	100,000
	$ 485,602

NOTE 4 - PENSION PLAN

403(b) Plan

The Academy's faculty and certain administrative employees are participants in a 403(b) tax deferred annuity retirement plan. All participants may contribute to the Plan. The Academy also has a grandfathered pension plan for faculty and certain administrative employees that were hired prior to January 1, 2012. Only participants that were hired before January 1, 2012 may contribute to this plan. The employer made a 50% matching contribution up to 8% and 4% for the years ended June 30, 2012, and 2011, respectively.

Pension expense was $46,868 and $24,314 for the years ended June 30, 2012 and 2011, respectively.

NOTE 5 - LONG-TERM DEBT ACTIVITY

Long-term debt activities included the following at June 30, 2012 and 2011:

	2012	2011
Loan Payable in semi - annual installments, including interest computed at 4%, Through maturity on January 1, 2033 (a)	$ 468,019	$ 468,019
Bond Payable in quarterly installments, including interest computed at 5%, Through maturity on January 1, 2031 (b)	2,600,000	2,600,000
Loan Payable in semi - annual installments, including interest computed at 4%, Through maturity on January 1, 2033 (a)	71,312	-
Loan Payable in semi - annual installments, matures January 1, 2033	525,000	
Less: current maturities	(50,000)	-
Total Long-term Debt	$ 3,614,331	$ 3,068,019

(a) The State of Indiana advanced funds from the Common School Fund to assist the Academy during its initial years of operations. Under the terms of the agreements with the State of Indiana, the Academy agreed to repay these loans through deductions from the Academy's share of State Tuition Support. In 2011, the Indiana Common School Fund granted a second moratorium on loan payments. Payments will commence on July 1, 2013.

(b) Qualified School Construction Bonds (QSCBs). Under the American Recovery and Reinvestment Act of 2009, the Federal Treasury created QSCBs tax credit bonds, which provide federal subsidy equal to 4.5% interest. Payments of principle will commence on June 15, 2013.

At June 30, 2012, the debt service requirements of loans payable were as follows:

Year Ending	Total Principal	Total Interest	Total Debt Service
June 30, 2014	$ 226,967	$ 145,054	$ 372,021
June 30, 2015	226,967	133,975	360,942
June 30, 2016	226,967	122,896	349,863
June 30, 2017	226,967	111,818	338,785
June 30, 2018 - and thereafter	2,706,463	536,133	3,242,596
	$ 3,614,331	$ 1,049,876	$ 4,664,207

Total interest paid during the years ended June 30, 2012 and 2011, was $9,360 and $0, respectively.

NOTE 6 - COMMITMENTS AND CONTINGENCIES

The Academy has entered into an agreement for the construction and renovation of their leased educational facility. Current estimated costs for this construction and renovation are $2,060,300.

NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2012 and 2011 are available for the following purposes:

	2012	2011
Walton Grant	$ 56,289	$ 149,100

During the years ended June 30, 2012 and 2011, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2012	2011
Walton Grant	$ 92,811	$ -

NOTE 8 - RELATED PARTIES

The Academy has two affiliated organizations, ADI Charter Schools and Mother Theodore Catholic Academies.

ADI Charter Schools (ADI) is a separate legal entity that is contracted to assist the operations of the school. ADI Charter Schools provides school-specific administrative services and general management and oversight of the Academy. ADI charges the Academy for its expenses related to the services provided. No markup is added to the fees charged to the schools. Total administrative services paid during the years ended June 30, 2012 and 2011 was $47,146 and $35,144, respectively.

Mother Theodore Catholic Academies (MTCA) is an affiliated company of the Academy. MTCA is a separately incorporated, not-for-profit that is not controlled by the Academy. MTCA provides the Academy with advances as needed. During the year, the Academy received advances of $525,000. As of June 30, 2012, the Academy has not repaid this advance.

In addition, the Academy processes its payroll, benefits and other costs through Mother Theodore Catholic Academies (MTCA). If the Academy is unable to make a payment for payroll or other costs it accrues in the accounts payable to MTCA. As of June 30, 2012 and 2011, the balance for account payable to MTCA was $396,039 and $447,540, respectively.

NOTE 9 - SUBSEQUENT EVENT

In preparing these financial statements, the Academy has evaluated subsequent events and transactions for potential recognition or disclosure through March 8, 2013, the date the financial statements were available to be issued.

PADUA ACADEMY
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2012

	Program Service Expenses			Services		
	Grants	Academics	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 140,135	$ 503,589	$ 643,724	$ 360,382	$ -	$ 1,004,106
Professional services	-	873	873	186,102	10,817	197,792
Accounting/payroll services	-	-	-	30,657	-	30,657
Legal services	-	-	-	8,529	-	8,529
Cleaning services	-	27,216	27,216	6,804	-	34,020
Security services	-	754	754	189	-	943
Utilities and services	-	22,732	22,732	5,683	-	28,415
Materials/supplies/fees/postage	2,947	21,003	23,950	14,360	-	38,310
Nutritional support	82,089	-	82,089	120	-	82,209
Before/aftercare and extra-curricular	-	-	-	11,442	-	11,442
Sales/marketing/community relations	-	-	-	12,102	-	12,102
Travel and entertainment	-	-	-	4,146	-	4,146
Vehicle/transportation expense	-	-	-	5,480	-	5,480
Rent and facilities	-	70,502	70,502	17,625	-	88,127
Depreciation and amortization	-	20,320	20,320	5,080	-	25,400
Interest expense	-	14,977	14,977	3,744	-	18,721
Insurance	-	22,396	22,396	5,599	-	27,995
Small equipment purchases	-	-	-	2,522	-	2,522
Miscellaneous	-	-	-	16,471	-	16,471
Total direct program expenses	$ 225,171	$ 704,362	$ 929,533	$ 697,037	$ 10,817	$ 1,637,387

See accompanying notes to the financial statements.

PADUA ACADEMY
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011

	Program Service Expenses			Supporting Services		
	Grants	Academics	Total Program Services	Management and General	Fundrasing	Total Expenses
Salaries and benefits	$ 21,751	$ 540,432	$ 562,183	$ 348,621	$ -	$ 910,804
Professional services	-	570	570	154,646	11,164	166,380
Information technology	-	-	-	10,920	-	10,920
Accounting/payroll services	-	-	-	18,878	-	18,878
Legal services	-	-	-	14,965	-	14,965
Cleaning services	-	27,454	27,454	6,864	-	34,318
Security services	-	293	293	73	-	366
Utilities and services	-	20,555	20,555	5,139	-	25,694
Materials/supplies/fees/postage	-	16,583	16,583	33,176	-	49,759
Nutritional support	66,455	-	66,455	-	-	66,455
Before/aftercare and extra-curricular		-	-	9,714	-	9,714
Sales/marketing/community relations	-	-	-	16,031	-	16,031
Travel and entertainment	-	-	-	2,439	-	2,439
Vehicle/transportation expense	-	-	-	6,037	-	6,037
Rent and facilities	-	65,250	65,250	16,313	-	81,563
Depreciation and amortization	-	3,763	3,763	941	-	4,704
Insurance	-	18,126	18,126	4,531	-	22,657
Small equipment purchases	-	-	-	4,774	-	4,774
Miscellaneous	-	-	-	27,528	-	27,528
Total direct program expenses	$ 88,206	$ 693,026	$ 781,232	$ 681,590	$ 11,164	$ 1,473,986

See accompanying notes to the financial statements.

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8555 N. River Rd., Suite 300
Indianapolis, Indiana 46240

317.842.4466 // www.sikich.com

Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

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*

To the Board of Directors
of Padua Academy
Indianapolis, Indiana:

We have audited the financial statements of Padua Academy as of and for the years ended June 30, 2012 and 2011, and have issued our report thereon dated March 8, 2013. 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.

Internal Control over Financial Reporting

Management of Padua Academy is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Padua Academy's internal control over financial reporting as a basis for designing our auditing procedures 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 Academy's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control over financial reporting.

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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Academy's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Padua Academy's financial statements are free of 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 disclose no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

This report is intended solely for the information and use of Padua Academy's Board of Directors, management, others within the Academy, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Sikich, LLP

Sikich LLP

Indianapolis, Indiana
March 8, 2013

PADUA ACADEMY
OTHER REPORT
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

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

Supplemental Audit Report of Padua Academy