



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B45581

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

December 10, 2015

Charter School Board
Damar Charter School, Inc.
d/b/a Damar Charter Academy
5125 Decatur Blvd., Suite D
Indianapolis, IN 46241

We have reviewed the Supplemental Audit Report prepared by BKD, LLP, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the finding in the report. Page 3 contains one audit result and comment. Management's response is on page 5.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Damar Charter School, Inc. d/b/a Damar Charter Academy was prepared in accordance with the guidelines established by the State Board of Accounts.

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

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

**Damar Charter School, Inc.
d/b/a Damar Charter Academy**

Supplemental Report

June 30, 2015

Damar Charter School, Inc.
d/b/a Damar Charter Academy
June 30, 2015

Contents

Schedule of School Officials	1
Transmittal Letter	2
Audit Results and Comments	3
Exit Conference	4
Official Response	5

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Schedule of School Officials
June 30, 2015

Office	Official	Term
Board Chair	Rich Harcourt rich@damarcharteracademy.org	July 30, 2014 - July 30, 2015
Board Treasurer	Doug Stewart dstewart@superioroil.com	July 30, 2014 - July 30, 2015
Accounting Director/Controller	Elaine Showalter elaines@damarcharteracademy.org	July 30, 2010 - July 30, 2015
Superintendent	Dr. James Dalton jimd@damarcharteracademy.org	July 30, 2010 - July 30, 2015

Accountants' Report

Board of Directors
Damar Charter School, Inc.
d/b/a Damar Charter Academy
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Damar Charter School, Inc. d/b/a Damar Charter Academy as of and for the year ended June 30, 2015, and have issued our report thereon dated October 28, 2015.

We have performed the procedures outlined in Exhibit A of the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts dated July 2012 in accordance with standards on consulting services issued by the American Institute of Certified Public Accountants. The findings for the procedures performed are included in the Audit Results and Comments section. We make no representation regarding the sufficiency of the procedures for the purpose for which the report has been requested or for any other purpose.

This report is intended solely for the information and use of the Board of Directors and management of Damar Charter School, Inc. d/b/a Damar Charter Academy and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Indianapolis, Indiana
October 28, 2015

**Damar Charter School, Inc.
d/b/a Damar Charter Academy**

**Audit Results and Comments
Year Ended June 30, 2015**

Overdrawn Cash Balance for Lunch Fund

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems, which shall be investigated by the charter school. Upon testing of fund cash balances at June 30, 2015, it was determined that the lunch fund had a deficit balance of \$2,632. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

**Damar Charter School, Inc.
d/b/a Damar Charter Academy
Exit Conference
Year Ended June 30, 2015**

The contents of this report were discussed on October 28, 2015, with Doug Stewart, Board Treasurer; Rich Harcourt, Board Assistant Secretary, Board Assistant Treasurer and School Treasurer; and Elaine Showalter, Accounting Director/Controller of Damar School, Inc. The Official Response has been made part of this report and may be found on the next page.

**Damar Charter School, Inc.
d/b/a Damar Charter Academy**

**Official Response
Year Ended June 30, 2015**

Overdrawn Cash Balance for Lunch Fund

Management agrees and accepts the finding that at June 30, 2015, the lunch fund had a deficit balance of \$2,632. The financial model of the State-administered National School Lunch Program (NSLP) is such that, by its nature, the account will be in deficit at year-end, especially if a significant portion of the student population qualifies for the free/reduced lunch program. The NSLP establishes the expense of preparing and serving a student lunch as well as the amount of reimbursement for free, reduced and paid lunches. The reimbursement rates are not set as equal to the cost, resulting in a deficit balance. Management has set controls in place to review fund balances at year-end, and perform account transfers from the general fund as needed.