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December 29, 2015

Charter School Board
Joshua Academy, Inc.
1230 E. Illinois Street
Evansville, IN 47711

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Kemper CPA Group, LLP, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Joshua Academy, Inc., as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In addition to the report presented herein, a Supplemental Audit Report for Joshua Academy, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

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

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

JOSHUA ACADEMY, INC.

**FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2015

(With Independent Auditor's Report Thereon)



JOSHUA ACADEMY, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Joshua Academy, Inc.

Report on the Financial Statements

We have audited the accompanying statement of cash receipts and disbursements of Joshua Academy, Inc. (a nonprofit organization), for the year ended June 30, 2015, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit 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 *Guidelines for the Audits of Charter Schools Performed by Private Examiners* as issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of cash receipts and disbursements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the statement of cash receipts and disbursements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Joshua Academy, Inc.

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash receipts and disbursements of Joshua Academy, Inc. (Academy) for the year ended June 30, 2015 in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2015, on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Academy's internal control over financial reporting and compliance.

Evansville, Indiana
November 19, 2015



Certified Public Accountants and Consultants

JOSHUA ACADEMY, INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2015

Cash receipts:	
State basic grant	\$ 1,704,244
Other state support	29,546
Federal grant revenue	183,008
School food services	192,459
Student fees	3,424
Child care fees	63,433
Contributions	23,126
Textbook rental and sale	5,356
Fundraising income	1,915
Other income	19,701
Collections on note receivable	6,074
	<hr/>
Total cash receipts	2,232,286
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Cash disbursements:	
Salaries and wages	1,153,374
Payroll taxes	102,972
Employee benefits	210,760
Training and professional development	22,527
Professional fees	158,845
Utilities	108,021
Repairs and maintenance	18,195
Equipment rental	29,270
Supplies	96,237
Student transportation	800
Insurance	32,627
Telephone	5,464
Postage and printing	5,292
Travel	9,271
Advertising	1,890
Food purchases	63,042
Books and periodicals	28,640
Uniforms	1,796
Interest expense	4,794
Other expenses	12,304
Principle payments on long-term debt	41,481
Building and equipment expense	28,823
Computer expense	23,423
Dues and fees	1,112
Bank service charges	1,585
	<hr/>
Total cash disbursements	2,162,545
	<hr/>
Increase in cash	69,741
Cash, beginning of year	306,736
	<hr/>
Cash, end of year	\$ 376,477
	<hr/>

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2015

Note 1 – Organization and Summary of Significant Accounting Policies

A. Organization

Joshua Academy, Inc. (Academy) is a not-for-profit organization that provides primary education for children in kindergarten through grade six. The Academy is incorporated under the laws of the State of Indiana and is a public charter school sponsored by the Evansville-Vanderburgh School Corporation, which granted a charter to the Academy under Indiana Code 20-24-3-1.

B. Basis of Accounting

The accompanying financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash receipts and disbursements basis differs from generally accepted accounting principles primarily because the effects of revenue not collected and expenses not paid at the date of the financial statement are not included in the financial statement.

C. Cash

The Academy maintains its cash balance in a checking account at a local financial institution. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2015, the Academy had no amounts in excess of FDIC insurance coverage.

D. Receipts

Receipts come primarily from resources provided under the Indiana Charter Schools Act. Under the Act, the Academy receives an amount per student in relation to funding received by public schools in the same geographic area. This state basic grant from the State of Indiana is based on enrollment, and is paid in equal monthly installments, which are recognized as revenue when received.

The Academy also receives revenue related to cost reimbursements grants, which is also recognized as revenue when reimbursements are received.

Note 2 – Subsequent Events

The Academy has evaluated subsequent events through November 19, 2015, the date the financial statement was available to be issued.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2015

Note 3 – Income Taxes

The Academy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Academy believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Academy files its Form 990 in the U.S. federal jurisdiction and the office of the states attorney general for the State of Indiana. The Academy is generally no longer subject to examination by the Internal Revenue Service for years before 2012.

Note 4 – Defined Benefit Retirement Plans

A. Teachers' Retirement Fund

Plan Description: Certified employees participate in the Indiana Teachers' Retirement Fund (TRF), a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS). All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the INPRS Board of Trustees, most requirements of the system, and gives the school corporations authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions, plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, plus the interest credited to the member's account. School corporations may elect to make the contributions on behalf of the member.

Funding Policy: Plan members are required to contribute 3% of their annual creditable compensation, set by state statute. The Academy is required to contribute at an actuarially determined rate (7.5 % for the year ended June 30, 2015), as established, and which may be amended, by the INPRS Board of Trustees. The Academy did elect to make the annuity contributions on behalf of each member. Contributions to TRF for the year ended June 30, 2015 totaled \$75,578, and equaled the required contributions for the year.

B. Public Employees' Retirement Fund

Plan Description: Non-certified employees participate in the Public Employees' Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan administered by the INPRS. All full-time employees are eligible to participate in PERF. State statutes (IC 5-10.2 and 5-10.3) govern, through the INPRS Board of Trustees, most requirements of the system, and give the employer authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions, plus an annuity provided by the member's annuity savings account.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2015

Note 4 – Defined Benefit Retirement Plans (Concluded)

B. Public Employees’ Retirement Fund (Concluded)

The annuity savings account consists of member contributions, plus the interest credited to the member’s account. Employers may elect to make the contributions on behalf of the member.

Funding Policy: Plan members are required to contribute 3% of their annual creditable compensation, set by state statute. The Academy is required to contribute at an actuarially determined rate (11.20% for the year ended June 30, 2015), as established, and which may be amended, by the INPRS Board of Trustees. The Academy did elect to make the annuity contributions on behalf of each member. Contributions to PERF for the year ended June 30, 2015, totaled \$35,728, and equaled the required contributions for the year.

INPRS administers both of these plans, and issues publicly available financial reports for each, which include financial statements and required supplementary information. These reports may be obtained by contacting INPRS, 1 North Capital Street, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

Note 5 – Leases

The Academy leases two copiers under cancelable operating leases. The lease agreements provide for minimum future rental payments as of June 30, 2015, as follows:

Year Ending June 30	
2016	\$ 18,978
2017	10,843
2018	3,659
2019	829
Total minimum rentals	<u>\$ 34,309</u>

Rental expense for the leases totaled \$29,270 for the year ended June 30, 2015.

Note 6 – Functional Expenses

A summary of expenses by functional classification for the year ended June 30, 2015, is as follows:

Program	\$ 1,922,129
Management and General	186,481
Fundraising	12,453
	<u>\$ 2,121,063</u>

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENT
June 30, 2015

Note 7 – Concentration

Amount received under the state basic grant totaled 76% of all cash receipts in fiscal year 2015.

Note 8 – Contingencies

The Academy receives funding from Federal and state agencies and from private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request refund of monies advanced, or refuse to reimburse the Academy for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Academy's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

JOSHUA ACADEMY, INC.
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2015

The following supplementary information is required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners*.



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Joshua Academy, Inc.

We have audited the financial statement of Joshua Academy, Inc. as of and for the year ended June 30, 2015, and our report thereon dated November 19, 2015, which expressed an unmodified opinion on the financial statement, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The Schedule of Receivables, Schedule of Capital Assets, Schedule of Accounts Payable, and Schedule of Debt, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statement. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement, and, accordingly, we do not express an opinion or provide any assurance on it.

Kemper CPA Group, LLP

Evansville, Indiana
November 19, 2015

Certified Public Accountants and Consultants

JOSHUA ACADEMY, INC.
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2015

Schedule of Receivables

Note receivable, unsecured, dated September 1, 2011, due in monthly installments of \$499 plus interest through August 1, 2015, bearing interest at 0.25%	<u>\$ 720</u>
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Accounts Receivable:

Lunch fund	\$ 17
Children's zone	5,314
Book rentals	473
	<u>\$ 5,804</u>

Schedule of Capital Assets

Moveable equipment	\$ 261,115
Fixed equipment	17,543
Kitchen equipment	2,255
Storage building	1,321,980
School bus	56,875
Land	288,900
	<u>\$ 1,948,668</u>

Schedule of Accounts Payable

General fund	<u>\$ 14,485</u>
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Schedule of Debt

Note payable, unsecured, dated June 30, 2009, due in monthly installments of \$3,360 including interest through June 30, 2015, bearing interest at 7.49%	<u>\$ 38,000</u>
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Joshua Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of Joshua Academy, Inc. (a nonprofit organization), which comprise the statement of cash receipts and disbursements for the year ended June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated November 19, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered Joshua Academy, Inc.'s (Academy) internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Evansville, Indiana
November 19, 2015

Certified Public Accountants and Consultants

JOSHUA ACADEMY, INC.
OTHER REPORT
Year Ended June 30, 2015

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

Supplemental Compliance Examination Report of the Joshua Academy, Inc.