



**STATE OF INDIANA**  
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February 17, 2016

Charter School Board  
Friends of Canaan, Inc. d/b/a  
Canaan Community Academy  
8775 N. Canaan Main Street  
Canaan, IN 47224

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., 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 findings in the report. Page 3 contains two audit results and comments. Management's response is on page 5.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Friends of Canaan, Inc. d/b/a Canaan Community 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

SUPPLEMENTAL AUDIT REPORT  
OF  
**FRIENDS OF CANAAN, INC.**  
d/b/a  
**CANAAN COMMUNITY ACADEMY**  
JEFFERSON COUNTY, INDIANA  
July 1, 2014 to June 30, 2015



FRIENDS OF CANAAN, INC.  
d/b/a  
CANAAN COMMUNITY ACADEMY

JEFFERSON COUNTY, INDIANA

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FRIENDS OF CANAAN, INC.  
d/b/a  
CANAAN COMMUNITY ACADEMY

JEFFERSON COUNTY, INDIANA

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	C. Terry Rowlett	07/01/14 – 06/30/15
Lead Academic Officer	Donna Taylor	07/01/14 – 06/30/15
Chief Operating Officer	Tara Hayes	07/01/14 – 06/30/15



The Board of Directors  
Friends of Canaan, Inc.

We have audited the financial statements of **Friends of Canaan, Inc. d/b/a Canaan Community Academy** (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated January 8, 2016. As part of our audit, we tested the School’s compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

*Donovan P.C.*

Indianapolis, IN  
January 8, 2016

FRIENDS OF CANAAN, INC.  
d/b/a  
CANAAN COMMUNITY ACADEMY

JEFFERSON COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

PAYROLL COMPLIANCE

In our audit of employee compensation, we selected 15 employees for examination. In two instances, the compensation rate stated in the letter of employment was not in agreement with the actual pay rate in effect. In one instance, actual pay rate was higher than the rate contained in the letter of employment by \$942.68 annually. In the other instance, the employee was paid a salary, while the letter of employment indicated an hourly pay rate. We also noted one instance where the employee time card was not approved by a supervisor.

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as time cards, must show signs of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

CAPITAL ASSETS

The School maintains a record of capital assets for accounting purposes; however, during the 2015 fiscal year the School did not conduct a physical inventory of its capital assets as a means to verify its asset records.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

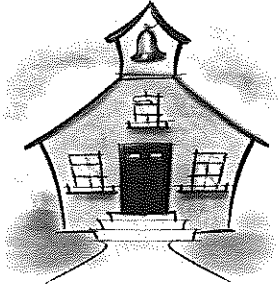
FRIENDS OF CANAAN, INC.  
d/b/a  
CANAAN COMMUNITY ACADEMY

JEFFERSON COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on January 14, 2016 with Donna Taylor (Lead Academic Officer), Megan Ritz (Chief Operating Officer), and Kenneth Miller (Board Member). The Official Response has been made a part of this report and may be found on page 5.



*Canaan Community Academy*  
*8775 N. Canaan Main Street*  
*P.O. Box 20*  
*Canaan, IN. 47224*  
*(812) 839-0003*  
*Donna L. Taylor, Chief Administrative Officer*

*January 14, 2016*

*To Whom It May Concern:*

*In response to the two compliance issues on the Supplemental Audit Report for the SBOA*

- 1. Payroll discrepancies- All contracts will be verified against the payroll amounts at the beginning, middle, and ending of each school year. Each contract will state only one option, either salary or hourly.*
  
- 2. Capital inventory- A room by room inventory was required by the new Chief Administrative Officer the day no current capital inventory could be found. Those inventories will be checked at the end of each school year and any discrepancies will have a written explanation attached to that particular inventory.*

*Sincerely,*

*Donna L. Taylor*  
*Donna L. Taylor, Chief Administrative Officer*