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November 16, 2017

Charter School Board  
Friends of Canaan, Inc.  
d/b/a Canaan Community Academy  
8775 N. Canaan Main Street  
Madison, IN 47250

We have reviewed the Supplemental Audit Report for Friends of Canaan, Inc. d/b/a Canaan Community Academy prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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.

The Supplemental Audit Report and associated audited Financial Statements 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, 2016 to June 30, 2017



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**FRIENDS OF CANAAN, INC.**  
**d/b/a CANAAN COMMUNITY ACADEMY**  
**JEFFERSON COUNTY, INDIANA**  
**School Officials**  
**July 1, 2016 to June 30, 2017**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	David Herring	07/01/16 – 06/30/17
Lead Academic Officer	Donna Taylor	07/01/16 – 06/30/17
School Treasurer	Donna Taylor	07/01/16 – 06/30/17



# Donovan CPAs

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, 2017 and have issued our report thereon dated September 29, 2017. 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

Indianapolis, Indiana  
September 29, 2017

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**FRIENDS OF CANAAN, INC.**  
**d/b/a CANAAN COMMUNITY ACADEMY**  
**JEFFERSON COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**RECEIPTS AND DEPOSITS**

Our testing of receipts and deposits revealed that the School was not depositing money in a timely manner. Of the 25 receipts tested, three deposits occurred more than one week after the date of the cash receipt.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

**FRIENDS OF CANAAN, INC.**  
**d/b/a CANAAN COMMUNITY ACADEMY**  
**JEFFERSON COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2016 to June 30, 2017**

The contents of this report were discussed on September 29, 2017 with Kenneth L. Miller, Chairman of the Finance Committee and David Herring, President of the Board of Directors. 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, CAO*

September 29, 2017

**RE: Managements Response to the Findings in Our SBOA Report**

This letter is in response to the findings from Donovan when completing the 2016/2017 Fiscal Year Audit for Canaan Community Academy.

**1. Timely Deposit of Money:**

We understand that one finding was the School was not depositing money in a timely manner. Of the 25 receipts tested, three deposits occurred more than one week after the date of the cash receipt. We understand that timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions.

**Explanation:** The nearest bank is 15 miles from Canaan Community Academy. We sometimes do not receive large amounts of money a daily basis, which makes it a little cumbersome to make small amount deposits on a daily basis. We try to make bank deposits every Friday, but sometimes parents ask us to hold checks until funds can be deposited into their bank account. We also hold fundraisers in which people may write checks at the beginning of the fundraiser but the checks not be deposited into the CCA bank account until the end of the fundraiser.

**Remedy:** In order to remedy the finding of the depositing of funds not being in a timely manner, we will begin to make deposit on a regular twice weekly basis, within the next business day of the date of the written receipt. We understand that to comply with the requirements regarding bank deposits set by the state of Indiana, we must make timely bank deposits. Deposits will be made at a minimum of a twice weekly basis.

Thank you for your understanding and cooperation of the audit findings during the 2016/2017 Audit of Canaan Community Academy. If you have any other questions or concerns regarding the audit of Canaan Community Academy, please do not hesitate to contact the school at 812-839-0003.

Sincerely,



Donna L. Taylor

Chief Administrative Officer