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November 21, 2017

Charter School Board
Damar Charter School, Inc.
d/b/a Damar Charter Academy
6067 Decatur Boulevard
Indianapolis, IN 46241

We have reviewed the report prepared by Damar Charter School, Inc. d/b/a Damar Charter Academy and opined upon by BKD, LLP, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Damar Charter School, Inc. d/b/a Damar Charter Academy, as of June 30, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, BKD, LLP prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit 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 audited Financial Statements and Supplemental Audit 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

Independent Auditor's Report and Financial Statements
June 30, 2017 and 2016

Damar Charter School, Inc.
d/b/a Damar Charter Academy
June 30, 2017 and 2016

Contents

Independent Auditor’s Report on Financial Statements and Supplementary Information	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities.....	4
Statements of Cash Flows	6
Notes to Financial Statements	7
Supplementary Information	
Statements of Activities by Fund.....	14
Other Information	16
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>.....	17

Independent Auditor's Report on Financial Statements and Supplementary Information

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

Report on the Financial Statements

We have audited the accompanying financial statements of Damar Charter School, Inc. d/b/a Damar Charter Academy (Academy), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our 2017 audit was also conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Damar Charter School, Inc. d/b/a Damar Charter Academy as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of activities by fund listed in the 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 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 of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2017, on our consideration of the 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* in considering the Academy's internal control over financial reporting and compliance.

BKD, LLP

Indianapolis, Indiana
November 6, 2017

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

**Statements of Financial Position
June 30, 2017 and 2016**

Assets

	2017	2016
Cash	\$ 967,230	\$ 927,624
Tuition and other receivables, net of allowance of \$583,128	59,177	2,257
Medicaid receivable	19,500	18,075
Property and equipment, net	301,492	334,983
Total assets	\$ 1,347,399	\$ 1,282,939

Liabilities and Net Assets

Liabilities

Accounts payable - Damar Services, Inc.	\$ 327,968	\$ 341,504
Accounts payable - other	30,000	30,000
Accrued expenses	1,976	1,976
Deferred rent expense	8,153	18,032
Note payable - Damar Services, Inc.	48,786	73,786
Total liabilities	416,883	465,298

Net Assets

Unrestricted	906,883	817,641
Temporarily restricted	23,633	-
Total net assets	930,516	817,641
Total liabilities and net assets	\$ 1,347,399	\$ 1,282,939

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

**Statements of Activities
Years Ended June 30, 2017 and 2016**

	Unrestricted	2017 Temporarily Restricted	Total
Revenues, Gains and Other Support			
Contributions	\$ 11,759	\$ -	\$ 11,759
Grants	345,125	30,000	375,125
State basic grant (tuition support)	2,250,956	-	2,250,956
Medicaid	65,926	-	65,926
Other revenue	76,130	-	76,130
Net assets released from restrictions	6,367	(6,367)	-
Total revenues, gains and other support	<u>2,756,263</u>	<u>23,633</u>	<u>2,779,896</u>
Expenses			
Salaries and wages	1,306,922	-	1,306,922
Employee benefits	225,969	-	225,969
Payroll taxes	86,216	-	86,216
Professional services	280,864	-	280,864
Office supplies	7,890	-	7,890
Occupancy	382,212	-	382,212
Conference and meetings	21,905	-	21,905
Depreciation	109,203	-	109,203
Insurance	38,227	-	38,227
Student transportation	130,159	-	130,159
Miscellaneous and other	75,939	-	75,939
Total expenses	<u>2,665,506</u>	<u>-</u>	<u>2,665,506</u>
Change in Net Assets Before Other Changes	90,757	23,633	114,390
Other Changes			
Interest expense	(1,515)	-	(1,515)
Change in Net Assets	89,242	23,633	112,875
Net Assets, Beginning of Year	<u>817,641</u>	<u>-</u>	<u>817,641</u>
Net Assets, End of Year	<u>\$ 906,883</u>	<u>\$ 23,633</u>	<u>\$ 930,516</u>

2016		
Unrestricted	Temporarily Restricted	Total
\$ 13,406	\$ -	\$ 13,406
279,765	-	279,765
2,257,886	-	2,257,886
35,669	-	35,669
77,846	-	77,846
-	-	-
2,664,572	-	2,664,572
1,298,918	-	1,298,918
230,898	-	230,898
89,236	-	89,236
286,280	-	286,280
7,968	-	7,968
362,043	-	362,043
15,043	-	15,043
98,429	-	98,429
34,936	-	34,936
36,500	-	36,500
96,518	-	96,518
2,556,769	-	2,556,769
107,803	-	107,803
(1,976)	-	(1,976)
105,827	-	105,827
711,814	-	711,814
\$ 817,641	\$ -	\$ 817,641

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statements of Cash Flows
Years Ended June 30, 2017 and 2016

	2017	2016
Operating Activities		
Change in net assets	\$ 112,875	\$ 105,827
Items not requiring cash		
Depreciation	109,203	98,429
Changes in		
Tuition receivable	(56,920)	171
Medicaid receivable	(1,425)	(55)
Accounts payable	(13,536)	88,361
Accrued expenses	-	(3,475)
Deferred rent expense	(9,879)	(1,191)
Net cash provided by operating activities	140,318	288,067
Investing Activity - purchase of property and equipment	(75,712)	(88,277)
Financing Activity - payments on note payable	(25,000)	(25,000)
Increase in Cash	39,606	174,790
Cash, Beginning of Year	927,624	752,834
Cash, End of Year	\$ 967,230	\$ 927,624

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

Notes to Financial Statements June 30, 2017 and 2016

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

On August 16, 2011, the Damar Charter School, Inc. d/b/a Damar Charter Academy (Academy) signed an agreement with The Mayor of Indianapolis to begin operations as a public charter school. The first day of school was August 17, 2011. The mission of the Academy is to provide students with autism and other developmental and intellectual challenges the opportunity to achieve to their highest academic potential while developing practical behavioral, communication and daily living skills toward improved community integration and success. The Academy utilizes best practice and research-informed teaching and support strategies tailored specifically to each student as developed and reflected in an individual education plan.

The Academy is currently in its seventh year of operation, and the final year of the initial charter. As a result, the Academy has begun the process of charter renewal for an additional seven years. The renewal application has been submitted to the Mayor's Office of Education Innovation, and the Academy will appear before the Indianapolis Charter School Board November 2, 2017. The Mayor's Office has recommended a full renewal of the Academy's charter for another seven year term, the maximum allowed by the authorizer.

Beginning in the 2017-18 school year, the Academy implemented a classroom expansion, which resulted in an additional two classrooms and approximately 30-35 students. This grew the chartered student population from 150 to 185 students, a 23% increase.

Although open to all Indiana students, this Kindergarten through 12th grade public school predominantly has children with developmental disabilities or learning disabilities enrolled as students. The student population is a mix of Damar Service's residential clients and non-resident students. The Academy was formed as a 501(c)(3) under the Internal Revenue Service code.

Damar Services, Inc. (Damar Services) functions as the Academy's education management organization (EMO) under a management services agreement dated August 16, 2011 and which is coterminous with the Academy's charter. In addition to the contractual services provided under the EMO agreement, Damar Services voluntarily provides up to 20 additional staff every school day, which facilitates additional support in the Academy's classrooms and increases the staff to student ratios. The additional staff provided by Damar Services is critical to the success of the Academy. The Academy has one employee, which is the President and Chief Executive Officer of Damar Services.

The Academy is governed by an independent board of directors whose members include five elected directors, three Damar Services board of directors and a Damar Services staff director.

The Academy's revenues and other support are derived principally from tuition support from the State of Indiana. This revenue is based upon a formula from the Department of Education for the number of students enrolled in the Academy. Additionally, the Academy receives grants and contributions from donors for the support of its activities.

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Notes to Financial Statements
June 30, 2017 and 2016

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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 differ from those estimates.

Cash

At June 30, 2017, the Academy's cash accounts exceeded federally insured limits by approximately \$687,000.

Tuition Receivable

The tuition receivable balance primarily represents the unpaid amounts due from the State of Indiana for tuition support. At June 30, 2013, the State of Indiana forgave the Common School Loan and accordingly, the Academy reduced the corresponding basic tuition grant receivable. However, the State of Indiana made no provision to reimburse for the special education portion of the receivable. The State has acknowledged that the special education receivable is owed, but does not have a funding solution outside of an Indiana General Assembly approval. As a result, the Academy reduced the remaining tuition grant receivable to zero.

The allowance for doubtful accounts is determined by management based on the Academy's historical losses, specific customer circumstances and general economic conditions. Periodically, management reviews accounts receivable and adjusts the allowance based on current circumstances and charges off uncollectible receivables when all attempts to collect have failed.

The allowance for doubtful accounts was \$583,128 at June 30, 2017 and 2016, to recognize the State of Indiana may not pay the portion of 2013 tuition support that is due to the Academy.

Property and Equipment

Property and equipment is depreciated on a straight-line basis over the estimated useful life of each asset. The Academy provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Equipment	3 - 5
Computers	3 - 5
Software	3 - 5

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

Notes to Financial Statements June 30, 2017 and 2016

Long-Lived Asset Impairment

The Academy evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2017 and 2016.

Temporarily Restricted Net Assets

Temporarily restricted net assets are those whose use by the Academy has been limited by donors to a specific time period or purpose. Temporarily restricted net assets of \$23,633 were restricted for counseling initiatives at June 30, 2017. The Academy did not have any temporarily restricted net assets at June 30, 2016.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Government Grants

Support funded by grants is recognized as the Academy performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Academy is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Academy is subject to federal income tax on any unrelated business taxable income. The Academy files tax returns in the U.S. federal jurisdiction. With few exceptions, the Academy is no longer subject to U.S. federal examinations by tax authorities for years before 2014.

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Functional Allocation of Expenses

Certain costs have been allocated among the program and management and general categories based on the actual expenditures and cost allocations estimated by the Academy's personnel.

Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Note 2: Property and Equipment

Property and equipment at June 30 consists of:

	2017	2016
Equipment	\$ 684,511	\$ 615,167
Computers	144,740	138,372
Software	38,619	38,619
	867,870	792,158
Less accumulated depreciation and amortization	(566,378)	(457,175)
	\$ 301,492	\$ 334,983

Note 3: Note Payable

The Academy has a note payable to Damar Services that was issued in 2013 to cover costs of relocating to a new facility. At June 30, 2017 and 2016, the balance of the note was \$48,786 and \$73,786, respectively. The note bears interest of 2%. The note is due and payable on the earlier of June 30, 2018 or on demand, which may be made by Damar Services at any time. Payments on the note are due annually at June 30 in the amount of \$25,000 beginning on June 30, 2014 and continuing on each successive June 30 thereafter until the maturity date of which the remaining unpaid principal and accrued interest are due. The note is secured by substantially all assets of the Academy.

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

Notes to Financial Statements
June 30, 2017 and 2016

Note 4: Operating Leases

Rent and Lease Expense

Under a lease dated November 2012, the Academy leases approximately 20,000 square feet of space from Damar Services. The initial term of this lease is set to expire on June 30, 2018 and the rent calculates to an effective lease per square foot of approximately \$9.76. Rent expense is recognized on the straight-line method and was \$192,332 and \$186,232 for the years ended June 30, 2017 and 2016, respectively. Deferred rent expense for the years ended June 30, 2017 and 2016 was \$8,153 and \$18,032, respectively, to recognize the difference between rental payments made and rent expense according to the straight-line method. The current lease is scheduled to expire June 30, 2018, with a renewal option at which the rent shall be equal to 90% of the fair value at the time of renewal, with a 2% annual rent escalation. However, the initial renewal option rent shall not be greater than \$10.72 per square foot.

Damar Services rents the space occupied by the Academy from Mitchell Logistics. Holladay Partners Midwest is the general partner and management company of Mitchell Logistics. A member of the Academy's board of directors is employed by Holladay Properties Midwest.

Additionally, during 2016, the Academy utilized vehicles which were leased or owned by Damar Services. Under this arrangement, Damar Services charges the Academy a predetermined amount each year. The amount charged to the Academy for 2016 was \$36,500. Starting in 2017, the Academy contracted with a third party to provide transportation services. The Academy also rents certain equipment from Damar Services, which totaled \$12,533 and \$14,750 for 2017 and 2016, respectively. The office equipment and vehicle leases are annual leases.

Future minimum lease payments for the office space at June 30, 2017 is \$201,401 to be paid during 2018.

Note 5: Management Services Agreement

On August 16, 2011, the Academy and Damar Services signed a Charter School Service Contract. In effect, this contract authorizes Damar Services to provide all educational services to the Academy to include curriculum, instruction, employees, physical facilities, financial and all other facets required to run a public school. Damar Services assumes responsibility for the administration, operation and performance of the Academy, including all administrative services reasonably necessary for the operation of a charter school, as set forth in the Charter School Service Contract. Termination clauses for both the Academy and Damar Services are included in the contract.

The Academy and Damar Services have a management services agreement under which Damar Services provides management services for the Academy. In 2017 and 2016, the Academy paid \$133,000 and \$133,000, respectively, to Damar Services under this agreement. The agreement continues through the termination or expiration of the Academy, unless otherwise cancelled under the contract terms.

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

**Notes to Financial Statements
June 30, 2017 and 2016**

Contracted Services Detail

As part of the management services agreement, Damar Services provides a number of contractual services and facilities to the Academy, which are noted below:

	2017	2016
Vehicle lease	\$ -	\$ 36,500
Management agreement	133,000	133,000
Security	2,448	2,448
	\$ 135,448	\$ 171,948

Additionally, the Academy reimburses Damar Services for a variety of expenses, which include but are not limited to all employee costs, insurance, supplies, transportation, professional services and other miscellaneous items. The school Superintendent is the only Academy employee and is uncompensated.

Total payments to Damar Services for contracted services and other operating expenses for the fiscal years ended June 30, 2017 and 2016 was \$2,682,018 and \$2,490,026, respectively.

At June 30, 2017 and 2016, the Academy had accounts payable totaling \$327,968 and \$341,504, respectively, and a note payable of \$48,786 and \$73,786 at June 30, 2017 and 2016, respectively, owed to Damar Services.

Note 6: Functional Expenses

Expenses by functional classifications are as follows:

	2017	2016
Program services	\$ 2,245,973	\$ 2,370,636
Management and general	421,048	188,109
	\$ 2,667,021	\$ 2,558,745

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

Notes to Financial Statements
June 30, 2017 and 2016

Note 7: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Revenue, Grants and Other Support

Approximately 81% and 85% of revenue was received in 2017 and 2016, respectively, from the State of Indiana under the State Basic Grant, which includes tuition support and special education funding.

Current Economic Conditions

In addition to serving as the Academy's EMO, Damar Services provides a significant number of students and staff to the school. Any reduction to the census at Damar Services may ultimately have an adverse effect on the Academy's enrollment and classroom staffing. Further, Indiana school education funding is a component of the biennial budget approved by the Indiana General Assembly (IGA). Future funding bears a level of uncertainty dependent upon decisions related to the budget made by the IGA during session.

Supplementary Information

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statement of Activities by Fund
Year Ended June 30, 2017

	General Fund	Lunch Fund	Textbook Fund	Lilly Counseling	School Administration Fund	E-Rate	Title I Fund	Title II Fund	Federal Special Ed Fund	Facilities Grant Fund	Performance Awards	Total
Revenues, Gains and Other Support												
Contributions	\$ 11,759	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,759
Grants	88,617	-	-	30,000	22,692	-	123,526	7,143	103,147	-	-	375,125
State basic grant	2,250,956	-	-	-	-	-	-	-	-	-	-	2,250,956
Medicaid	65,926	-	-	-	-	-	-	-	-	-	-	65,926
Other revenue	425	65,421	10,284	-	-	-	-	-	-	-	-	76,130
Total revenues, gains and other support	<u>2,417,683</u>	<u>65,421</u>	<u>10,284</u>	<u>30,000</u>	<u>22,692</u>	<u>-</u>	<u>123,526</u>	<u>7,143</u>	<u>103,147</u>	<u>-</u>	<u>-</u>	<u>2,779,896</u>
Expenses												
Salaries and wages	1,104,929	-	-	6,367	15,450	-	73,033	7,143	100,000	-	-	1,306,922
Employee benefits	218,822	-	-	-	-	-	4,000	-	3,147	-	-	225,969
Payroll taxes	86,216	-	-	-	-	-	-	-	-	-	-	86,216
Professional services	280,864	-	-	-	-	-	-	-	-	-	-	280,864
Office supplies	2,703	-	-	-	-	-	5,187	-	-	-	-	7,890
Occupancy	382,212	-	-	-	-	-	-	-	-	-	-	382,212
Conference and meetings	21,905	-	-	-	-	-	-	-	-	-	-	21,905
Depreciation	109,203	-	-	-	-	-	-	-	-	-	-	109,203
Insurance	38,227	-	-	-	-	-	-	-	-	-	-	38,227
Student transportation	130,159	-	-	-	-	-	-	-	-	-	-	130,159
Miscellaneous and other	5,536	63,852	-	-	-	-	6,551	-	-	-	-	75,939
Total expenses	<u>2,380,776</u>	<u>63,852</u>	<u>-</u>	<u>6,367</u>	<u>15,450</u>	<u>-</u>	<u>88,771</u>	<u>7,143</u>	<u>103,147</u>	<u>-</u>	<u>-</u>	<u>2,665,506</u>
Change in Net Assets Before Other Changes	36,907	1,569	10,284	23,633	7,242	-	34,755	-	-	-	-	114,390
Other Changes												
Interest expense	(1,515)	-	-	-	-	-	-	-	-	-	-	(1,515)
Change in Net Assets	35,392	1,569	10,284	23,633	7,242	-	34,755	-	-	-	-	112,875
Net Assets, Beginning of Year	209,075	787	45,430	-	102,838	8,499	140,524	12,933	138,727	153,748	5,080	817,641
Net Assets, End of Year	<u>\$ 244,467</u>	<u>\$ 2,356</u>	<u>\$ 55,714</u>	<u>\$ 23,633</u>	<u>\$ 110,080</u>	<u>\$ 8,499</u>	<u>\$ 175,279</u>	<u>\$ 12,933</u>	<u>\$ 138,727</u>	<u>\$ 153,748</u>	<u>\$ 5,080</u>	<u>\$ 930,516</u>

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statement of Activities by Fund
Year Ended June 30, 2016

	General Fund	Lunch Fund	Textbook Fund	School Administration Fund	E-Rate	Title I Fund	Title II Fund	Federal Special Ed Fund	Facilities Grant Fund	Performance Awards	Total
Revenues, Gains and Other Support											
Contributions	\$ 13,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,406
Grants	82,500	-	-	14,106	-	74,259	7,849	101,051	-	-	279,765
State basic grant	2,257,886	-	-	-	-	-	-	-	-	-	2,257,886
Medicaid	35,669	-	-	-	-	-	-	-	-	-	35,669
Other revenue	82	66,863	10,901	-	-	-	-	-	-	-	77,846
Total revenues, gains and other support	<u>2,389,543</u>	<u>66,863</u>	<u>10,901</u>	<u>14,106</u>	<u>-</u>	<u>74,259</u>	<u>7,849</u>	<u>101,051</u>	<u>-</u>	<u>-</u>	<u>2,664,572</u>
Expenses											
Salaries and wages	1,131,069	-	-	-	-	65,000	7,849	95,000	-	-	1,298,918
Employee benefits	219,347	-	-	-	-	5,500	-	6,051	-	-	230,898
Payroll taxes	89,236	-	-	-	-	-	-	-	-	-	89,236
Professional services	286,280	-	-	-	-	-	-	-	-	-	286,280
Office supplies	4,209	-	-	-	-	3,759	-	-	-	-	7,968
Occupancy	362,043	-	-	-	-	-	-	-	-	-	362,043
Conference and meetings	15,043	-	-	-	-	-	-	-	-	-	15,043
Depreciation	98,429	-	-	-	-	-	-	-	-	-	98,429
Insurance	34,936	-	-	-	-	-	-	-	-	-	34,936
Student transportation	36,500	-	-	-	-	-	-	-	-	-	36,500
Miscellaneous and other	33,124	63,394	-	-	-	-	-	-	-	-	96,518
Total expenses	<u>2,310,216</u>	<u>63,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,259</u>	<u>7,849</u>	<u>101,051</u>	<u>-</u>	<u>-</u>	<u>2,556,769</u>
Change in Net Assets Before Other Changes	79,327	3,469	10,901	14,106	-	-	-	-	-	-	107,803
Other Changes											
Interest expense	(1,976)	-	-	-	-	-	-	-	-	-	(1,976)
Change in Net Assets	77,351	3,469	10,901	14,106	-	-	-	-	-	-	105,827
Net Assets, Beginning of Year	131,724	(2,682)	34,529	88,732	8,499	140,524	12,933	138,727	153,748	5,080	711,814
Net Assets, End of Year	<u>\$ 209,075</u>	<u>\$ 787</u>	<u>\$ 45,430</u>	<u>\$ 102,838</u>	<u>\$ 8,499</u>	<u>\$ 140,524</u>	<u>\$ 12,933</u>	<u>\$ 138,727</u>	<u>\$ 153,748</u>	<u>\$ 5,080</u>	<u>\$ 817,641</u>

Other Information

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Other Information

The report presented herein was prepared in addition to another official report prepared for the School as listed below:

Supplemental Report of Damar Charter School, Inc.

The Supplemental Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance With Government Auditing Standards

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Damar Charter School, Inc. d/b/a Damar Charter Academy (Academy), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 6 2017.

Internal Control Over Financial Reporting

Management of the Academy is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit of the financial statements, we considered the Academy's internal control to determine the audit procedures that are appropriate in the circumstances 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. 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 Academy'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 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the Academy's management in a separate letter dated November 6, 2017.

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 entity'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.

BKD, LLP

Indianapolis, Indiana
November 6, 2017