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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

July 24, 2018


Charter School Board
Carpe Diem Indiana, Inc.
2240 N. Meridian Street
Indianapolis, IN 46208

We have reviewed the report prepared by Carpe Diem Indiana, Inc. and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Carpe Diem Indiana, Inc. as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, CliftonLarsonAllen 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, three Supplemental Audit Reports for Carpe Diem Indiana, Inc. were prepared in accordance with the guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

CARPE DIEM INDIANA, INC.

**FINANCIAL STATEMENTS,
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2016 AND 2015

CARPE DIEM INDIANA, INC.
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**CARPE DIEM INDIANA, INC.
OTHER REPORTS
YEAR ENDED JUNE 30, 2016**

The report presented herein was prepared in addition to other official reports prepared for Carpe Diem Indiana, Inc. (CDI) as listed below:

Supplemental Audit Report of Carpe Diem Indiana, Inc. – Carpe Diem Meridian

Supplemental Audit Report of Carpe Diem Indiana, Inc. – Carpe Diem Shadeland

Supplemental Audit Report of Carpe Diem Indiana, Inc. – Carpe Diem Northwest

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
Carpe Diem Indiana, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Carpe Diem Indiana, Inc. (an Indiana nonprofit organization), which comprise the statements of financial position as of June 30, 2016 and 2015, 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.

Auditors' 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 and the standards applicable to financial audits contained in *Government Accounting 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 auditors' 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 Carpe Diem Indiana, Inc. as of June 30, 2016 and 2015, 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.

Emphasis-of-Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 8 to the financial statements, the entity incurred a significant net loss for the year ended June 30, 2016, and its' June 30, 2016 current and total liabilities exceeded current and total assets by \$1,759,501 and \$3,124,143, respectively. These conditions raise substantial doubt about its ability to continue as a going concern. Management's plans regarding those matters also are described in Note 8. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 7 to the financial statements, certain errors resulting in understatement of amounts previously reported for liabilities and expenses and temporarily restricted net assets were discovered by management of the School and corrected during the current year. Accordingly, the amounts have been restated as of July 1, 2014, to correct the errors. Our opinion is not modified with respect to these matters.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2017, on our consideration of Carpe Diem Indiana, Inc.'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 result 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 Carpe Diem Indiana, Inc.'s internal control over financial reporting and compliance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses, Financial Position by School, Activities by School, and Functional Expenses by School are presented for purposes of additional analysis and are 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2017

CARPE DIEM INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS	<u>2016</u>	(Restated) <u>2015</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 35,746	\$ 115,583
Grants receivable	147,136	521,979
Prepaid expenses	118,213	109,631
Total current assets	<u>301,095</u>	<u>747,193</u>
PROPERTY AND EQUIPMENT		
Equipment	557,757	119,304
Computer equipment/software	1,481,139	374,921
Building improvements	213,681	213,681
Total	<u>2,252,577</u>	<u>707,906</u>
Less: accumulated depreciation	(751,400)	(354,981)
Total property and equipment	<u>1,501,177</u>	<u>352,925</u>
OTHER ASSETS		
Security deposits	10,375	27,635
Total Assets	<u>\$ 1,812,647</u>	<u>\$ 1,127,753</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ 349,822	\$ 449,822
Current portion of note payable	798,624	579,198
Accounts payable	78,660	181,828
Related party payable	-	25,507
Accrued expenses	175,994	13,193
Paid days off accrual	222,415	81,695
Short term capital lease obligations	266,678	-
Other current liabilities	24,205	-
Total current liabilities	<u>1,916,398</u>	<u>1,331,243</u>
LONG-TERM LIABILITIES		
Note payable, net of current portion	1,965,827	154,546
Long term capital lease obligations	1,054,565	-
Total long-term liabilities	<u>3,020,392</u>	<u>154,546</u>
Total Liabilities	4,936,790	1,485,789
NET ASSETS		
Unrestricted	(3,124,143)	(858,036)
Temporarily restricted	-	500,000
Total accumulated deficit	<u>(3,124,143)</u>	<u>(358,036)</u>
Total Liabilities and Accumulated Deficit	<u>\$ 1,812,647</u>	<u>\$ 1,127,753</u>

See accompanying Notes to Financial Statements.

**CARPE DIEM INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUE AND CONTRIBUTED SUPPORT			
Contributions and donations	\$ 8,694	\$ -	\$ 8,694
Grant revenue	889,103		889,103
State support	2,816,716	-	2,816,716
Other revenue	11,217	-	11,217
Total revenue	3,725,730	-	3,725,730
Net assets released from restrictions	500,000	(500,000)	-
 Total revenue and support	 4,225,730	 (500,000)	 3,725,730
 EXPENSES			
Program services	5,335,657	-	5,335,657
Supporting services:			
General and administrative	1,156,180	-	1,156,180
 Total expenses	 6,491,837	 -	 6,491,837
 CHANGE IN NET ASSETS	 (2,266,107)	 (500,000)	 (2,766,107)
 ACCUMULATED DEFICIT, BEGINNING OF YEAR	 (858,036)	 500,000	 (358,036)
 ACCUMULATED DEFICIT, END OF YEAR	 \$(3,124,143)	 \$ -	 \$(3,124,143)

See accompanying Notes to Financial Statements.

CARPE DIEM INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015 (RESTATED)

	Unrestricted	Temporarily Restricted	Total
REVENUE AND CONTRIBUTED SUPPORT			
Contributions and donations	\$ 4,002	\$ -	\$ 4,002
Grant revenue	306,930	500,000	806,930
State support	1,767,574	-	1,767,574
Other revenue	18,944	-	18,944
Total revenue and support	2,097,450	500,000	2,597,450
EXPENSES			
Program services	1,579,986	-	1,579,986
Supporting services:			
General and administrative	1,016,870	-	1,016,870
Total expenses	2,596,856	-	2,596,856
CHANGE IN NET ASSETS	(499,406)	500,000	594
ACCUMULATED DEFICIT, BEGINNING OF YEAR	(358,630)	-	(358,630)
ACCUMULATED DEFICIT, END OF YEAR	\$ (858,036)	\$ 500,000	\$ (358,036)

See accompanying Notes to Financial Statements.

CARPE DIEM INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015

	2016	(Restated) 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,766,107)	\$ 594
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	396,419	83,980
Effects of changes in operating assets and liabilities:		
Grants receivable	374,843	(521,979)
Prepaid expenses	(8,582)	(109,631)
Security deposits	17,260	(4,840)
Accounts and related party payable	(128,675)	107,409
Accrued expenses	303,520	94,732
Interest payable	24,205	-
	<u>(1,787,117)</u>	<u>(349,735)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,425)	31,415
	<u>(5,425)</u>	<u>31,415</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	2,207,745	500,000
Principal payments on notes payable	(177,038)	(121,198)
Net payments on line of credit	(100,000)	-
Principal payments on capital lease obligations	(218,002)	-
	<u>1,712,705</u>	<u>378,802</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(79,837)	60,482
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	115,583	55,101
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 35,746</u>	<u>\$ 115,583</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 246,916</u>	<u>\$ 35,567</u>
Noncash investing and financing transactions:		
Property and equipment purchased through capital lease	<u>\$ 1,539,245</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Carpe Diem Indiana, Inc. (CDI) was incorporated in April 2012 under the laws of the State of Indiana to open and operate charter schools in the State of Indiana. CDI commenced operations in July 2012 with the opening of Carpe Diem Meridian (Meridian) in the fall of 2012. Two additional schools, Carpe Diem Shadeland (Shadeland) and Carpe Diem Northwest (Northwest) were opened during the year ended June 30, 2016. CDI currently operates these three inner-city Indianapolis charter school campuses, collectively referenced to herein as “the Schools”, which provide outstanding education to underserved children by maintaining high standards of academic rigor, efficiency, and accountability. CDI’s primary source of revenue and support are grants from the Indiana Department of Education.

Through the Schools, CDI offers education, special education, and instructional staff training programs for grades 6-12. Education includes enhanced national and state-mandated educational objectives, implemented with a focus on character development and academic performance. Students participate in service learning projects and are exposed to an internationally focused perspective on the world. The Schools use a curriculum designed to promote critical thinking skills, academic achievement, and personal development through the use of in-depth investigations that engage students in community, projects, and service. Special education is an addition to the Schools’ core educational program. Instructional staff training program includes in house training on staff development days and off site training for teachers and interventionists.

Net Asset Classifications

The financial statements have been prepared in accordance with the Financial Accounting Standards Board’s guidance applicable to Not-for-Profit Organizations, which requires, among other things, that the financial statements report the changes in total and of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted. The following class of net assets is maintained.

Unrestricted net assets

The unrestricted net asset class includes general assets and liabilities of CDI. The unrestricted net assets of CDI may be used at the discretion of management to support the CDI’s purposes and operations.

Temporarily restricted net assets

Temporarily restricted expendable amounts are those which are restricted by donors for a specific period of time or a specific purpose. As of June 30, 2016, CDI has no temporarily restricted net assets. There were \$500,000 in temporarily restricted net assets as of June 30, 2015.

Permanently restricted net assets

Net assets subject to donor-imposed stipulations require that they be maintained permanently by CDI. Generally, the donors of these assets permit CDI to use all or part of the income earned on the related investments for general or specific purposes. As of June 30, 2016 and 2015, CDI has no permanently restricted net assets.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, CDI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Grants Receivable

Grants receivable represent the uncollected portion of funds from grants awarded to CDI. Management has deemed these amounts to be fully collectible within one year.

Property and Equipment

Property and equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. CDI capitalizes additions of fixed assets in excess of \$5,000 cost or fair value, if contributed. CDI will also capitalize any additions of fixed assets in excess of \$25,000 for aggregate purchases. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets ranging from 3 to 10 years. Expenditures for property and equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation expense was \$396,419 and \$83,980 for the years ended June 30, 2016 and 2015, respectively.

Contributed Materials And Services

Contributed services are recognized as contributions in accordance with accounting guidance of FASB ASC, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by CDI. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

CDI did not receive any in-kind contributions during the years ended June 30, 2016 and 2015.

Volunteers provide program services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under Contributions Disclosure Topic of FASB ASC. These services include volunteering at events, picking up donations, and various clerical work.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, CDI receives an amount per student for each school in relation to the funding received by public schools in the same geographic area. Funding from the State of Indiana is based on enrollment, and paid in equal monthly installments in January through December following the start of the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of CDI's revenue is the product of cost reimbursement grants. Accordingly, CDI recognizes revenue under the grants in the amounts of costs and expenses at the time they are incurred.

Nature of Activities

Expenses are reported by the nature of activities they support in the following categories:

Program Services

CDI's schools provide education, special education and staff training programs to inner city students grades six (6) through twelve (12) to foster character development and academic performance.

Supporting Services

Supporting services expenses relate to the overall direction of CDI, and include expenses for support activities of CDI and business management of it's schools.

Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the 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 vary from the estimates that were used.

Advertising

CDI expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2016 and 2015 were \$254,622 and \$147,936, respectively.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

CDI is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. CDI is not considered to be a private foundation. Accordingly, no provision for income taxes has been reflected in the financial statements.

CDI has adopted the provisions of Uncertain Tax Positions Disclosure Topics of FASB ASC, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses de-recognition, classification, interest and penalties, disclosure, and transition. In the normal course of business, CDI is subject to examination by taxing authorities. However, at present there are no ongoing income tax audits or unresolved disputes with the various tax authorities that CDI currently files or has filed.

Concentration and Credit Risk

Financial instruments that potentially subject CDI to concentrations of credit risk consist principally of temporary cash investments and grants receivable.

CDI places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. There were no funds in excess of FDIC insured limits at June 30, 2016 and 2015.

Concentrations of credit risk with respect to grants receivable are limited due to CDI's ability to accomplish the terms of the grants. Credit losses, if any, have been provided in the financial statements and have been within management's expectations.

Operating Funds from the Indiana Department of Education amounts to 95% and 89% of the CDI's support and revenue for the years ended June 30, 2016 and 2015, respectively. A state funding formula is used to determine the amount of revenue a charter school receives. The formula is based on the number of students enrolled in the school during the year.

Risks and Uncertainties

CDI's schools provide education instruction services to families residing in Marion and surrounding counties in Indiana, and are subject to the risks of economic and competitive forces at work within this geographic area. The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect CDI and its schools. Additionally, non-compliance in regards to federal and state standards and regulations could result in reduction of funding or repayment of disallowed costs.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 2 OPERATING LEASES

CDI leases space and equipment at its Meridian school location under leases which expire at varying dates through 2035. The lease agreements required monthly payments of \$23,170 for the year ended June 30, 2015. CDI entered into additional space and furniture, fixture and equipment leases for the Shadeland and Northwest locations in April and May 2015, respectively. The furniture, fixture and equipment leases are capitalized leases. See Note 9. Lease payments commenced on these lease agreements in August 2015 and expire at various dates through 2035. These leases require monthly payments beginning in August 2015 for all three locations of \$86,490. All location leases include a 2% increase after year four of the lease term. See Note 8.

For the years ended June 30, 2016 and 2015, total building and equipment rent expense totaled \$1,014,085 and \$291,144, respectively.

The future minimum rental payments required under the operating leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 1,037,900
2018	1,037,900
2019	1,048,300
2020	1,069,200
2021	1,090,600
Thereafter	18,301,000
Total	<u>\$ 23,584,900</u>

NOTE 3 PENSION PLAN

The faculty and certain administrative employees of CDI's schools are participants in a 401(k) tax deferred contribution retirement plan (the Plan). All participants may contribute to the Plan. The School contributes 10% of the employee's gross wages to the Plan.

CDI contributions to employees' 401(k) plans totaled \$14,087 and \$913 for the years ended June 30, 2016 and 2015, respectively.

NOTE 4 RELATED PARTIES

Carpe Diem Learning Systems, Inc. (CDLS) was the management company of Carpe Diem Indiana, Inc. through June 15, 2016. CDLS is a separately incorporated, for-profit organization that is not controlled by the School. In 2015, the School borrowed funds from CDLS. Carpe Diem Indiana, Inc. repaid the borrowed funds in 2016. At June 30, 2016 there were no amounts due to CDLS. At June 30, 2015, the School owed \$25,507 as a related party payable under current liabilities.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 5 LINE OF CREDIT

For the school year ended June 30, 2015, CDI had maintained a \$450,000 line of credit, which originally expired on June 27, 2014. CDI was granted a three month extension of the maturity date to September 27, 2014. On October 23, 2014, the line of credit was renewed as two separate lines of credit for \$100,000 and \$350,000 with a maturity date of October 22, 2015, respectively. The lines of credit are also guaranteed personally by two individuals who are unrelated third parties. At June 30, 2015, the outstanding balance was \$449,822. Interest was based on LIBOR plus 3.75%.

The \$100,000 line of credit was paid in full in January 2016 and the \$350,000 line of credit was paid in full June 2016, but a new line of credit was issued to CDI concurrently for \$350,000. At June 30, 2016, the balance was \$349,822. Interest on the new \$350,000 line of credit is based on LIBOR plus 3.89%. At the June 17, 2017 maturity date, the agreement requires for full payment of the principal plus any unpaid accrued interest. CDI is only required to pay principal at maturity.

Interest expense was \$24,205 and \$19,940 for the years ended June 30, 2016 and 2015, respectively.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 6 NOTE PAYABLE

The note payable included the following at June 30:

	<u>2016</u>	<u>2015</u>
Note payable - individual payable in full December 2015, including interest at 6% per year. Secured by grants receivable.	\$ -	\$ 476,500
IFF Note payable in monthly installments of \$9,436, including interest computed at 5%, through maturity on November 1, 2017, secured by substantially all property and equipment	154,545	257,243
Indiana State Board of Education - Common School Fund advance loan - Meridian - payable over 10 years in monthly installments, maturing on December 1, 2026, including interest at 1% per year. Secured by future accounts receivable.	1,227,020	-
Indiana State Board of Education - Common School Fund advance loan - Shadeland - payable over 10 years in monthly installments, maturing on December 1, 2026, including interest at 1% per year. Secured by future accounts receivable.	421,401	-
Indiana State Board of Education - Common School Fund advance loan - Northwest - payable over 10 years in monthly installments, maturing on December 1, 2026, including interest at 1% per year. Secured by future accounts receivable.	371,824	-
Charter School Capital, Inc. - Meridian. Secured by future receivable for June - August 2016, expected to be \$328,809. Due within the year or by August 2017, at the latest.	164,000	-
Note payable - individual payable in full by June 1, 2017, including interest at 6% per year. Secured by grants receivable.	212,830	-
Note payable - individual payable in full by June 1, 2017, including interest at 6% per year. Secured by grants receivable.	212,831	-
	<u>2,764,451</u>	<u>733,743</u>
Less: current maturities	(798,624)	(579,198)
Total long-term debt	<u>\$ 1,965,827</u>	<u>\$ 154,546</u>

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 6 NOTE PAYABLE (CONTINUED)

Principal payments on the note payable are due as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2017	\$ 798,624
2018	248,618
2019	202,025
2020	202,025
2021	202,025
Thereafter	1,111,134
Total	<u>\$ 2,764,451</u>

Total interest expense during the years ended June 30, 2016 and 2015 was \$222,711 and \$15,627, respectively.

NOTE 7 CORRECTION OF 2015 ERROR

Certain errors resulting in an understatement of amounts previously reported for current liabilities, specifically the accrual for paid days off, was discovered during the current year. Accordingly, an adjustment of \$81,695 was made to the June 30, 2015 statement of financial position to increase the current liability accrual for paid days off. A corresponding entry was made to increase reported fringe benefit expense, which is presented as a component of general and administrative expense by \$81,695 for the same time period in the statement of activities, thus decreasing the ending balance of unrestricted net assets for the 2015 year-end by the same amount.

In addition, certain errors resulting in an understatement of amounts previously reported for temporarily restricted net assets, specifically there was a grant totaling \$250,000 that was discovered during the current year that should have been restricted in prior year. Accordingly, an adjustment of \$250,000 has been made to increase temporarily restricted contribution and temporarily restricted net assets and decrease unrestricted contribution and unrestricted net assets by the same amount as of and for the year ended June 30, 2015.

NOTE 8 GOING CONCERN – SUBSTANTIAL DOUBT NOT ALLEVIATED

As shown in the accompanying financial statements, CDI incurred a net loss of \$2,766,107 for the year ended June 30, 2016. As of that date, CDI's current liabilities exceeded its current assets by \$1,759,501 and its total liabilities exceeded its total assets by \$3,124,143. In addition, CDI has significant long-term lease and debt payment obligations as further described in Notes 2, 6 and 9. Those factors create uncertainty about CDI's ability to continue as a going concern for the year following the financial statement date.

Management of CDI has evaluated these conditions, and has developed and implemented a plan which they believe alleviates these conditions and stabilizes its operations.

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 8 GOING CONCERN – SUBSTANTIAL DOUBT NOT ALLEVIATED (CONTINUED)

Key elements of management’s plan include reduction of future obligations and expense by consolidating from three school locations to two school locations. Management ceased operations at the Shadeland location/campus - but not the Shadeland school. The school moved to the Meridian campus effective November 2016. Management has also completed negotiations with the landlord of the school properties to abate the rent due to the Shadeland location until such time as a suitable sublessor can be secured. Rent is abated for all three locations for the period of August 2016 – July 2017; however, rent will continue to accrue during this period and payments will resume in July 2017.

Also key to management’s plan is the increase of enrollment at the two remaining schools for future school years from 365 students to 500 students for the school years 2016/2017 and 2017/2018, respectively. Significant advertising and other efforts are being made to secure increase enrollment and management is confident that such efforts will be successful. Management has also been in communications with holders of notes payable totaling \$425,661 that are due June 2017 to apprise them of the financial condition of the organization and begin efforts to renegotiate the terms of there debt agreements. These efforts are ongoing as of the report date.

Management believes these efforts will be successful in increasing revenues and controlling expenses sufficiently to enable CDI to meet its debt, lease, and operating obligations in the next fiscal year and beyond. The financial statements do not include any adjustments that might be necessary if CDI is unable to continue as a going concern.

NOTE 9 OBLIGATIONS UNDER CAPITAL LEASES

CDI leased computer equipment, furniture and fixtures (tables, chairs, etc) under 5 year capital leases commencing in August 2015 for the Shadeland campus and for the Northwest campus; the assets and liabilities under these capital leases were recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets were depreciated over their estimated productive lives. Depreciation of assets under these capital leases was included in depreciation expense for the year ended June 30, 2016.

Following is a summary of property held under capital leases:

	2016	2015
Computer equipment, furniture and fixtures	\$ 1,106,218	\$ -
Less: accumulated depreciation	(264,546)	-
Property held under capital leases, net	\$ 841,672	\$ -

CARPE DIEM INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 9 OBLIGATIONS UNDER CAPITAL LEASES (CONTINUED)

Minimum future lease payments under capital leases as of June 30, 2016 are:

<u>Year Ending June 30.</u>	<u>Amount</u>
2017	\$ 266,678
2018	300,496
2019	338,610
2020	381,554
2021	33,905
Total	<u>\$ 1,321,243</u>

Interest rates on capitalized leases are 12% percent annually.

NOTE 10 SUBSEQUENT EVENTS

In preparing these financial statements, CDI has evaluated subsequent events and transactions for potential recognition or disclosure through March 31, 2017, the date the financial statements were available to be issued, and determined the following subsequent events should be disclosed:

In August 2016, CDI moved the Shadeland operations to the Meridian location as a cost savings measure. Shadeland still operates separately from Meridian on their own charter.



**INDEPENDENT AUDITORS' 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 and Management
Carpe Diem Indiana, Inc.
Indianapolis, Indiana

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 statements of Carpe Diem Indiana, Inc., which comprise the statement of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2017.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying [include the title of the schedule in which the findings are reported (e.g., schedule of findings and responses or schedule of findings and questioned costs)], we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described as 2016-001 in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies as reported in items 2016-002, 2016-003 and 2016-004.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carpe Diem Indiana, Inc.'s financial statements are 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003.

Carpe Diem Indiana, Inc.'s Response to Findings

Carpe Diem Indiana, Inc.'s responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Carpe Diem Indiana, Inc.'s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not to provide an opinion on the effectiveness of the School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2017



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Carpe Diem Indiana, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Carpe Diem Indiana, Inc.'s (CDI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CDI's major federal programs for the year ended June 30, 2016. CDI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of CDI's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CDI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CDI's compliance.

Basis for Qualified Opinion on CFDA# 84.282 Charter School

As described in the accompanying schedule of findings and questioned costs, CDI did not comply with requirements regarding CFDA# 84.282 Charter School as described in finding number 2016-006 for Procurement, Suspension and Debarment. Compliance with such requirements is necessary, in our opinion, for CDI to comply with the requirements applicable to that program.

Qualified Opinion on CFDA# 84.282 Charter School

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, CDI complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA# 84.282 Charter School for the year ended June 30, 2016.

CDI's response to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. CDI's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of CDI is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered CDI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CDI's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-006 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-005 and 2016-007 to be significant deficiencies.

CDI's response to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. CDI's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of CDI as of and for the year ended June 30, 2016, and have issued our report thereon dated March 31, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2017

CARPE DIEM INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education Pass-Through Programs From:				
Indiana Department of Education— Indiana CSP Project 2010-2015 - Shadeland	84.282	A58-5-15OT-2838	\$ -	\$ 72,350
Indiana Department of Education— Indiana CSP Project 2010-2015 - Northwest	84.282	A58-5-15OT-2837	-	54,568
Indiana Department of Education— Indiana CSP Project 2010-2015 - Shadeland	84.282	A58-6-16OT-3280	-	244,503
Indiana Department of Education— Indiana CSP Project 2010-2015 - Northwest	84.282	A58-6-16OT-3281	-	254,500
Subtotal CFDA# 84.282			-	625,921
Indiana Department of Education— ESEA 2014-2015 Title I Application for Grant	84.010	Project # 15-9755	-	136,520
Indiana Department of Education— ESEA 2015-2016 Title I Application for Grant	84.010	Project # 16-9630	-	17,780
Indiana Department of Education— ESEA 2015-2016 Title I Application for Grant	84.010	Project # 16-9710	-	36,753
Subtotal CFDA# 84.010			-	191,053
Indiana Department of Education— Part B, Section 611 for Special Education for FY 2016	84.027	14216-558-PN01	-	41,303
Indiana Department of Education— Part B, Section 611 for Special Education for FY 2016	84.027	14216-583-PN01	-	12,385
Indiana Department of Education— Part B, Section 611 for Special Education for FY 2016	84.027	14216-584-PN01	-	18,426
Subtotal CFDA# 84.027			-	72,114
Indiana Department of Education— NCLB Title II, Part A - Improving Teacher Quality July 1, 2014 - September 30, 2016	84.367	FFY14 LEA#9755	-	13,884
Indiana Department of Education— NCLB Title II, Part A - Improving Teacher Quality July 1, 2015 - September 30, 2017	84.367	FFY15 LEA#9755	-	7,451
Indiana Department of Education— NCLB Title II, Part A - Improving Teacher Quality July 1, 2015 - September 30, 2017	84.367	FFY15 LEA#9630	-	5,612
Indiana Department of Education— NCLB Title II, Part A - Improving Teacher Quality July 1, 2015 - September 30, 2017	84.367	FFY15 LEA#9710	-	959
Subtotal CFDA# 84.367			-	27,906
Total Department of Education			-	916,994
Total Expenditures of Federal Awards			\$ -	\$ 916,994

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CARPE DIEM INDIANA, INC
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Carpe Diem Indiana, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Carpe Diem Indiana, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. CDI did not elect to use the 10-percent de minimus indirect cost rate as allowed under the *Uniform Guidance*.

**CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
3. Noncompliance material to financial statements noted? yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? x yes none reported
2. Type of auditors’ report issued on compliance for major federal programs: Qualified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

CFDA Number(s)

84.282

Name of Federal Program or Cluster

Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

Section II – Financial Statement Findings

2016 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Management employs competent personnel who understand CDI's operations. While they record the Schools' day to day transactions in a consistent manner, they lack the expertise to analyze and record complex transactions to ensure that all transactions are properly recorded in the financial statements to provide reasonable assurance that financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP); therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, or detected and corrected, by the organization's internal controls. This situation is very common for small organizations with limited resources. In the current year, there were two situations that called for a prior year restatement.

Criteria or specific requirement: Management of CDI is responsible for the content of the financial statements and for ensuring that internal controls are in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Context: While CDI assumed responsibility for the financial statements through the management representation letter, CLA prepared the financial statements and GAAP disclosure checklists. Additionally, we noted two items that needed restatement from the prior year.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, restatements, fraud, or errors occurring and not being detected and corrected.

Cause: CDI has not adopted a policy to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP; however, management has reviewed and approved the annual financial statements and related notes, as prepared by CLA, and has accepted responsibility for those financial statements.

Recommendation: We recommend that CDI assess the current capabilities of accounting employees and either (a) develop a training program to ensure that they obtain the skills and technical knowledge necessary to prepare financial statements in accordance with GAAP or (b) hire accounting personnel with the requisite knowledge and skill to do so.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. CDI will work with current accounting personnel to update footnote information for financial statement preparation which was the primary basis for this finding.

CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

2016 – 002

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 10, requires timely receipts and deposits. Specifically, 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. CDI should have internal controls designed to ensure compliance with those provisions.

Condition: During our testing, we noted CDI maintained support of timely receipts and deposits; however, did not maintain the receipt and deposit transaction register in a manner that individual cash receipts can be identified by school. The underlying documentation supporting each deposit, is adequate to record the receipt in the accounts of CDI; however, this transaction register should also be able to be segregated by individual school.

Context: During our cash receipt/ deposit testing, we noted that numerous receipts/deposits did not have adequate documentation to assert which school the deposit was related to.

Cause: CDI was unaware that such documentation was not being maintained.

Effect: We were unable to accurately determine which location numerous receipts/deposits were attributable to.

Recommendation: We recommend CDI design and implement controls to ensure appropriate documentation is maintained to support timely receipts and deposits and such documentation is reviewed by management.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. New CDI management has implemented procedures to ensure adequate back up for all deposits is obtained. Occasionally information necessary for correct general ledger recording is obtained via additional correspondence. For the following fiscal year, for all deposits, required sufficient backup will be available to support the general ledger entries.

CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

2016 – 003

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Compliance

Criteria or specific requirement: Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 2 and Part 8, requires procedures for the initiation approval of expenditures. CDI should have internal controls designed to ensure compliance with those provisions.

Condition: During our testing, we noted that CDI did not have adequate internal controls designed to support timely approval and payment of invoices or prevent improper payment of sales tax.

Context: During our cash disbursement testing, we noted the procedure for processing invoices and remitting payment includes appropriate and timely authorization by CDI to make such payments timely and prevent improper payment of sales tax. However, we noted the following findings:

- Seventy-six (76) of one hundred and eighty (180) disbursements were not paid timely;
- Fifty-five (55) of one hundred and eighty (180) disbursements did not have include the required approving stamp and signature; and,
- Twelve (12) of one hundred and eighty (180) disbursements improperly included payment for sales tax.

Cause: CDI did not follow established procedures for timely approval and payment.

Effect: We were unable to accurately determine if compliance requirements were met for 76 disbursements tested.

Recommendation: We recommend CDI design and implement controls to support timely approval and payment of invoices to prevent improper payment of sales tax.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. Following the 2015 audit, the former CDI management installed an electronic requisitions/purchase order/invoice approval system called Expense Watch which includes an approval chain for all purchases and expenditures of the school(s). Electronic documentation of the initiator and approver was stored for all transactions. This system was abandoned three-fourths through the fiscal year with the change of key personnel, until new management was established in FY17. Thus the records were not accessible for the audit. New management has implemented internal control procedures to ensure proper and timely approval of all payments. Financial constraints inherited by the new management resulted in untimely payments. This has been rectified in the current fiscal year.

CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

2016 – 004

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Each school must submit an annual independently audited financial statement report to the SBOA no later than 180 days after fiscal year end (December 31st), and to the ICSB by no later than January 15th, for the fiscal year ending the previous June 30th.

Criteria or specific requirement: IC 5-11-1-25: Audits performed by private examiners are to be completed and all required reports issued within 180 days after the close of the audit period.

Context: There were significant delays in the audit process which caused the reports to not be filed timely.

Effect: Potential outcomes per IC 5-11-1-25 are that any charter school that does not have an audit completed and reports submitted by the deadline or request an extension will have their audit completed by the State Board of Accounts. If the audit requires the issuance of financial statements on a Generally Accepted Accounting Principles (GAAP) basis and/or the performance of a federal audit in accordance with either Office of Management and Budget (OMB) Circular A133 or Uniform Guidance then the cost of the audit will be based on the current full cost per hour audit cost charged to other governmental units.

Cause: As noted above, there were significant delays in the audit process which caused the reports to not be filed timely.

Recommendation: As noted in 2016-001, CDI had a change in management at the end of fiscal 2016 to better leverage skilled resources to alleviate issues and complications with financial reporting.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding. The audit was delayed for 2016 due in part to unforeseen circumstances experienced by the auditors and the auditee, as well as challenges management is actively working through related to the financial status of the organization.

CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

Section III – Findings and Questioned Costs – Major Federal Programs

2016 – 005

Federal agency: US Department of Education

Federal program title: Charter Schools

CFDA Number: 84.282

Pass-Through Agency: Indiana Department of Education

Pass-Through Numbers: A58-5-15OT-2838, A58-5-15OT-2837, A58-6-16OT-3280, A58-6-16OT-3281

Award Period: 10/14/14 – 7/31/16

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: It is a requirement that all payroll submitted for reimbursement under A-122 Cost Principles that time and effort reporting be documented for this grant prior to reimbursement.

Condition: The time and effort reports received were documented after request for reimbursement. As such, this is a control finding.

Questioned costs: \$-0-

Context: Due to charter school management turnover in July 2016, current management did not have access to any previously documented time and effort reporting logs that would have been kept by prior management. With that said, as the funds for the planning grant were for the start of two new schools (Shadeland and Northwest) and whereas the employees were working only for those schools individually, the Superintendent who was there at the time has completed updated documentation for time and effort reporting. As such, we will report the control deficiency for timeliness of certifications, but we have determined that there would be no questioned costs.

Cause: Due to charter school management turnover in July 2016, current management does not have access to any time and effort reporting logs that would have been kept by prior management.

Effect: Potential effect is that employee payroll could have been charged to the wrong grant.

Repeat Finding: No

Recommendation: As this grant has ceased operation, we make no further recommendations for CDI. In discussion with CDI about the general requirements of time and effort reporting, we noted that they are keeping track of time and effort for all other grants where applicable.

Views of responsible officials: There is no disagreement with the audit finding. The notes addressed in response to Finding 2016-002 address this finding as well.

**CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

2016 – 006

Federal agency: US Department of Education

Federal program title: Charter Schools

CFDA Number: 84.282

Pass-Through Agency: Indiana Department of Education

Pass-Through Numbers: A58-6-16OT-3280, A58-6-16OT-3281

Award Period: 8/01/15 – 7/31/16

Type of Finding: Material Weakness in Internal Control over Compliance

Criteria or specific requirement: A-110 outlines specific procurement procedures and documentation that apply to disbursements under federal grants.

Condition: Procurement files were not retained for contracts greater than \$25,000.

Questioned costs: \$-0-

Context: Due to charter school management turnover in July 2016, current management did not have access to any previously documented procurement files. As such, we were unable to inspect for bids, or documentation of suspension and debarment, etc.

Cause: Due to charter school management turnover in July 2016, current management did not have access to any previously documented procurement files.

Effect: The school could have contracted with those on the suspended and debarred listing as well as not followed proper procurement procedures for federal grants as noted at A-110. However, we were able to verify that none of the vendors were suspended or debarred.

Repeat Finding: No

Recommendation: The current administration should ensure that current procurement policies and procedures are in accordance with the Uniform Guidance and to follow such policies and procedures.

Views of responsible officials: There is no disagreement with the audit finding. CDI management did review after the fact that no contracted vendors were on the suspended and debarred listing. New CDI management has procurement procedures in place to include ensuring contracted vendors are checked for suspension and debarment.

CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016

2016 – 007

Federal agency: US Department of Education

Federal program title: Charter Schools

CFDA Number: 84.282

Pass-Through Agency: Indiana Department of Education

Pass-Through Numbers: A58-5-15OT-2838, A58-5-15OT-2837, A58-6-16OT-3280, A58-6-16OT-3281

Award Period: 10/14/14 – 7/31/16

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: It is a requirement that all expenditures have supporting documentation to know whether or not it was an allowable cost of the grant. CDI has established controls to ensure that federal funds are not expended on activities that are prohibited by the laws, regulations, and the provisions of the grant agreements pertaining to the program. CDI utilizes the signature of the proper authority to denote the control is working effectively.

Condition: While reviewing invoices for proper signatures denoting approval to pay, we discovered missing approval signatures.

Questioned costs: \$-0-

Context: The sample population consisted of 20 selections for Shadeland and 5 selections for Northwest (based on percentage spend of the greater population). 2 out of 20 Shadeland samples were missing the appropriate sign offs. 3 out of 5 Northwest samples were missing the appropriate sign offs. Additionally, we noted that 2 of the 5 Northwest selections were not properly coded.

Cause: It is believed that the controls around the sign off denoting approval to pay may have gotten relaxed with the multiple changes in key client personnel associated with the grant.

Effect: While there were still multiple levels of individuals reviewing the invoice and would have identified any invoices that should not have been paid, and while there were no compliance findings noted, it still remains that the control safeguard was compromised. This should be remedied.

Repeat Finding: No

Recommendation: It is our recommendation that CDI provide retraining on the processes in place in regards to disbursements.

Views of responsible officials: There is no disagreement with the audit finding.

**CARPE DIEM INDIANA, INC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section IV – Prior Year Findings

2015 – 001

See current year finding **2016 – 001**.

2015 – 002

See current year finding **2016 – 002**.

2015 – 003

See current year finding **2016 – 003**.

**CARPE DIEM INDIANA, INC
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2016**

Federal Audit Clearing House

Carpe Diem Indiana, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2016.

Audit period: July 1, 2015 - June 30, 2016

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2016-002 Deposit Location Documentation

Recommendation: We recommend CDI design and implement controls to ensure appropriate documentation is maintained to support timely receipts and deposits and such documentation is reviewed by management.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: See Management Response in Finding 2016-002

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: 06/30/17

2016-003 Processing invoices and remitting payments timely

Recommendation: We recommend CDI design and implement controls to support timely approval and payment of invoices to prevent improper payment of sales tax.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: See Management Response in Finding 2016-003

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: Completed as of 03/31/17

2016-004 Late submission to the State Board of Accounts of Indiana

Recommendation: We recommend CDI design and implement controls to support timely filings to the State Board of Accounts of Indiana.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

**CARPE DIEM INDIANA, INC
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2016**

Action taken in response to finding: See Management Response in Finding 2016-004

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: 12/31/17

MATERIAL WEAKNESS

2016-001 Financial Reporting and Restatement

Recommendation: We recommend that CDI assess the current capabilities of accounting employees and either (a) develop a training program to ensure that they obtain the skills and technical knowledge necessary to prepare financial statements in accordance with GAAP or (b) hire accounting personnel with the requisite knowledge and skill to do so.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: See Management Response in Finding 2016-001

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: 06/30/17

**CARPE DIEM INDIANA, INC
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2016**

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Education

2016-005 Charter Schools – CFDA No. 84.282

Recommendation: As this grant has ceased operation, we make no further recommendations for CDI. In discussion with CDI about the general requirements of time and effort reporting, we noted that they are keeping track of time and effort for all other grants where applicable.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Under new management, our Federal Grants administrator, together with our accounting team and Superintendent's office, all have experience in time and effort reporting and will ensure proper procedures and protocols are followed.

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: Already completed as of 03/31/17

Department of Education

2016-006 Charter Schools – CFDA No. 84.282

Recommendation: The current administration should ensure that current procure policies and procedures are in compliance with the Uniform Guidance and all vendors have adequate procurement files under Section: §200.320 and are being checked annually for suspension and debarment, including documentation kept in said procurement file.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Procurement and documentation requirements have been reviewed with the staff and are in place. This occurred prior to expending funds for the Federal 5B startup grant which has been awarded for the current Fiscal Year.

Formal RFPs will be issued when potentially useful or necessary, including issuing RFPs for food service and other large contracts prior to renewal. While not all RFPs are legally required, the team has decided that it is good practice to extend this process beyond what's minimally mandated.

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: Already completed as of 03/31/17

**CARPE DIEM INDIANA, INC
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2016**

Department of Education

2016-007 Charter Schools – CFDA No. 84.282

Recommendation: It is our recommendation that CDI provide retraining on the processes in place in regards to disbursements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Beginning in Fall of 2016, each campus level invoice is submitted along with a voucher, signed by the Principal, to authorize the invoice and code it properly. Each voucher is then reviewed by the COO, who must give specific approval before payment is released, and by the accounting team to ensure proper coding of the expense.

Names of the contact persons responsible for corrective action: Rick Ogston, Superintendent; Nick Fleege, Chief Operating Officer

Planned completion date for corrective action plan: 6/30/17

If the Federal Audit Clearing House has questions regarding this plan, please call Nick Fleege at 210-718-4172.

CARPE DIEM INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Academics</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 2,775,857	\$ 64,030	\$ 2,839,887
Instructional services	275,796	-	275,796
Professional services	198,595	606,785	805,380
Course materials and supplies	97,783	580	98,363
Advertising	84,399	170,223	254,622
Bank service charges	-	2,521	2,521
Dues and fees	27,101	1,232	28,333
Rent and facilities	1,060,208	26,773	1,086,981
Food purchases	125,800	-	125,800
Insurance	64,296	1,623	65,919
Small equipment purchases	7,396	169	7,565
Postage and printing	749	3,032	3,781
Facilities expense	220,993	5,579	226,572
Professional development	6,863	-	6,863
Travel	147	1,909	2,056
Interest expense	-	246,916	246,916
Depreciation and amortization	389,674	6,745	396,419
Miscellaneous	-	18,063	18,063
	<u>\$ 5,335,657</u>	<u>\$ 1,156,180</u>	<u>\$ 6,491,837</u>

CARPE DIEM INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2015

	Program Services	Supporting Services			Total Expenses
	Academics	Management and General	Planning and Implementation	Total Supporting Services	
Salaries and benefits	\$ 890,917	\$ 18,182	\$ 248,876	\$ 267,058	\$ 1,157,975
Instructional services	74,865	-	-	-	74,865
Professional services	94,715	284,145	236,873	521,019	615,734
Course materials and supplies	35,992	364	2,113	2,477	38,469
Advertising	22,634	45,955	79,347	125,302	147,936
Bank service charges	-	3,124	116	3,240	3,240
Dues and fees	27,665	1,153	1,653	2,806	30,471
Rent and facilities	230,292	4,700	19,868	24,568	254,860
Food purchases	3,503	-	1,155	1,155	4,658
Insurance	21,078	430	-	430	21,509
Small equipment purchases	9,215	188	1,703	1,891	11,107
Postage and printing	89	358	32	390	479
Facilities expense	79,277	1,618	1,583	3,201	82,478
Professional development	7,133	-	17,645	17,645	24,778
Travel	310	4,113	4,328	8,441	8,751
Interest expense	-	35,567	-	35,567	35,567
Depreciation and amortization	82,300	1,680	-	1,680	83,980
	<u>\$ 1,579,986</u>	<u>\$ 401,576</u>	<u>\$ 615,294</u>	<u>\$ 1,016,870</u>	<u>\$ 2,596,856</u>

CARPE DIEM INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2016

ASSETS	<u>Carpe Diem Meridian</u>	<u>Carpe Diem Shadeland</u>	<u>Carpe Diem Northwest</u>	<u>Carpe Diem Indiana, Inc.</u>	<u>Combined</u>
CURRENT ASSETS					
Cash and cash equivalents	\$ 108	\$ 50	\$ 50	\$ 35,538	\$ 35,746
Grants receivable	21,452	64,882	60,802	-	147,136
Prepaid expenses	35,936	40,853	41,424	-	118,213
Total current assets	<u>57,496</u>	<u>105,785</u>	<u>102,276</u>	<u>35,538</u>	<u>301,095</u>
PROPERTY AND EQUIPMENT					
Equipment	119,304	251,028	187,425	-	557,757
Computer equipment/software	374,921	537,870	568,348	-	1,481,139
Building improvements	213,681	-	-	-	213,681
Total	<u>707,906</u>	<u>788,898</u>	<u>755,773</u>	<u>-</u>	<u>2,252,577</u>
Less: accumulated depreciation	<u>(486,854)</u>	<u>(132,677)</u>	<u>(131,869)</u>	<u>-</u>	<u>(751,400)</u>
Total property and equipment	<u>221,052</u>	<u>656,221</u>	<u>623,904</u>	<u>-</u>	<u>1,501,177</u>
OTHER ASSETS					
Security deposits	<u>-</u>	<u>7,955</u>	<u>2,420</u>	<u>-</u>	<u>10,375</u>
Total Assets	<u>\$ 278,548</u>	<u>\$ 769,961</u>	<u>\$ 728,600</u>	<u>\$ 35,538</u>	<u>\$ 1,812,647</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Line of credit	\$ 349,822	\$ -	\$ -	\$ -	\$ 349,822
Current portion of note payable	333,303	233,900	231,421	-	798,624
Accounts payable	-	-	-	78,660	78,660
Related party due (to) from	(785,779)	395,266	433,635	(43,122)	-
Accrued expenses	75,355	42,492	58,147	-	175,994
Paid days off accrual	222,415	-	-	-	222,415
Short term capital lease obligations	-	136,679	129,999	-	266,678
Other current liabilities	5,380	9,533	9,292	-	24,205
Total Current Liabilities	<u>200,496</u>	<u>817,870</u>	<u>862,494</u>	<u>35,538</u>	<u>1,916,398</u>
LONG-TERM LIABILITIES					
Note payable, net of current portion	1,212,262	400,331	353,234	-	1,965,827
Long term capital lease obligations	<u>-</u>	<u>540,488</u>	<u>514,077</u>	<u>-</u>	<u>1,054,565</u>
Total Liabilities	<u>1,412,758</u>	<u>1,758,689</u>	<u>1,729,805</u>	<u>35,538</u>	<u>4,936,790</u>
NET ASSETS					
Unrestricted	(1,134,210)	(988,728)	(1,001,205)	-	(3,124,143)
Temporarily Restricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Accumulated Deficit	<u>(1,134,210)</u>	<u>(988,728)</u>	<u>(1,001,205)</u>	<u>-</u>	<u>(3,124,143)</u>
Total Liabilities and Accumulated Deficit	<u>\$ 278,548</u>	<u>\$ 769,961</u>	<u>\$ 728,600</u>	<u>\$ 35,538</u>	<u>\$ 1,812,647</u>

CARPE DIEM INDIANA, INC.
SCHEDULE OF ACTIVITIES BY SCHOOL
YEAR ENDED JUNE 30, 2016

	<u>Carpe Diem Meridian</u>	<u>Carpe Diem Shadeland</u>	<u>Carpe Diem Northw est</u>	<u>Carpe Diem Indiana, Inc.</u>	<u>Combined</u>
REVENUE AND CONTRIBUTED SUPPORT					
Contributions and donations	\$ 2,074	\$ 5,500	\$ 1,120	\$ -	\$ 8,694
Grant Revenue	213,949	341,970	333,184	-	889,103
State support	1,446,802	657,046	712,868	-	2,816,716
Other revenue	7,052	2,328	1,837	-	11,217
Total revenue and support	<u>1,669,877</u>	<u>1,006,844</u>	<u>1,049,009</u>	<u>-</u>	<u>3,725,730</u>
EXPENSES					
Program services	1,872,343	1,717,053	1,746,261	-	5,335,657
Supporting services:					
General and administrative	<u>389,675</u>	<u>345,946</u>	<u>420,559</u>	<u>-</u>	<u>1,156,180</u>
Total expenses	<u>2,262,018</u>	<u>2,062,999</u>	<u>2,166,820</u>	<u>-</u>	<u>6,491,837</u>
CHANGE IN NET ASSETS	(592,141)	(1,056,155)	(1,117,811)	-	(2,766,107)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(542,069)</u>	<u>67,427</u>	<u>116,606</u>	<u>-</u>	<u>(358,036)</u>
ACCUMULATED DEFICIT, END OF YEAR	<u><u>\$ (1,134,210)</u></u>	<u><u>\$ (988,728)</u></u>	<u><u>\$ (1,001,205)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (3,124,143)</u></u>

CARPE DIEM INDIANA, INC.
SCHEDULE OF FUNCTIONAL EXPENSES BY SCHOOL
YEAR ENDED JUNE 30, 2016

	Program Services				Supporting Services				Total
	Academics				Management and General				
	CDI	Meridian	Shadeland	Northw est	CDI	Meridian	Shadeland	Northw est	Expenses
Salaries and benefits	\$ 2,775,857	\$ 1,004,472	\$ 852,189	\$ 919,196	\$ 64,030	\$ 23,170	\$ 19,657	\$ 21,203	\$ 2,839,887
Instructional services	275,796	94,417	95,596	85,783	-	-	-	-	275,796
Professional services	198,595	85,726	43,614	69,255	606,785	261,927	133,257	211,601	805,380
Course materials and supplies	97,783	43,494	22,371	31,918	580	258	133	189	98,363
Advertising	84,399	22,488	30,993	30,918	170,223	45,356	62,510	62,357	254,622
Bank service charges	-	-	-	-	2,521	1,298	572	651	2,521
Dues and fees	27,101	21,417	2,305	3,379	1,232	973	105	154	28,333
Rent and facilities	1,060,208	340,682	424,745	294,781	26,773	8,603	10,726	7,444	1,086,981
Food purchases	125,800	56,883	32,175	36,742	-	-	-	-	125,800
Insurance	64,296	21,552	21,372	21,372	1,623	545	539	539	65,919
Small equipment purchases	7,396	5,307	2,089	-	169	121	48	-	7,565
Postage and printing	749	325	146	278	3,032	1,316	590	1,126	3,781
Facilities expense	220,993	69,716	57,159	94,118	5,579	1,760	1,443	2,376	226,572
Professional development	6,863	2,413	1,835	2,615	-	-	-	-	6,863
Travel	147	34	44	69	1,909	446	574	889	2,056
Interest expense	-	-	-	-	246,916	35,209	107,868	103,839	246,916
Depreciation and amortization	389,674	103,417	130,420	155,837	6,745	1,790	2,257	2,698	396,419
Miscellaneous	-	-	-	-	18,063	6,903	5,667	5,493	18,063
	<u>\$ 5,335,657</u>	<u>\$ 1,872,343</u>	<u>\$ 1,717,053</u>	<u>\$ 1,746,261</u>	<u>\$ 1,156,180</u>	<u>\$ 389,675</u>	<u>\$ 345,946</u>	<u>\$ 420,559</u>	<u>\$ 6,491,837</u>