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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](http://www.in.gov/sboa)

December 19, 2018

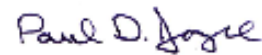
Charter School Board  
Damar Charter School, Inc.  
d/b/a Damar Charter Academy  
6067 Decatur Boulevard  
Indianapolis, IN 46241

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, 2017 to June 30, 2018. 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, 2018 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, CPA  
State Examiner

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

Independent Auditor's Report and Financial Statements  
June 30, 2018 and 2017

**Damar Charter School, Inc.**  
**d/b/a Damar Charter Academy**  
June 30, 2018 and 2017

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## Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors  
Damar Charter School, Inc.  
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, 2018 and 2017, 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 and 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, 2018 and 2017, 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 also have issued our report dated December 14, 2018 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Academy's 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  
December 14, 2018

**Damar Charter School, Inc.**  
**d/b/a Damar Charter Academy**  
**Statements of Financial Position**  
**June 30, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
Cash	\$ 1,224,065	\$ 967,230
Tuition and other receivables, net of allowance of \$583,128	2,986	34,808
Medicaid receivable	43,586	43,869
Property and equipment, net	266,041	301,492
Total assets	\$ 1,536,678	\$ 1,347,399

**Liabilities and Net Assets**

**Liabilities**

Accounts payable - Damar Services, Inc.	\$ 301,423	\$ 327,968
Accounts payable - other	30,000	30,000
Accrued expenses	-	1,976
Deferred rent expense	-	8,153
Note payable - Damar Services, Inc.	-	48,786
Total liabilities	331,423	416,883

**Net Assets**

Unrestricted	1,196,251	906,883
Temporarily restricted	9,004	23,633
Total net assets	1,205,255	930,516
Total liabilities and net assets	\$ 1,536,678	\$ 1,347,399

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

**Statements of Activities  
Years Ended June 30, 2018 and 2017**

	<b>Unrestricted</b>	<b>2018 Temporarily Restricted</b>	<b>Total</b>
<b>Revenues, Gains and Other Support</b>			
Contributions	\$ 63,043	\$ 15,000	\$ 78,043
Grants	279,238	-	279,238
State basic grant (tuition support)	2,593,435	-	2,593,435
Medicaid	91,906	-	91,906
Other revenue	99,463	-	99,463
Net assets released from restrictions	29,629	(29,629)	-
Total revenues, gains and other support	<u>3,156,714</u>	<u>(14,629)</u>	<u>3,142,085</u>
<b>Expenses</b>			
Salaries and wages	1,498,911	-	1,498,911
Employee benefits	234,761	-	234,761
Payroll taxes	108,962	-	108,962
Professional services	298,074	-	298,074
Office supplies	4,948	-	4,948
Occupancy	406,415	-	406,415
Conference and meetings	25,341	-	25,341
Depreciation	101,206	-	101,206
Insurance	14,173	-	14,173
Educational supplies	2,183	-	2,183
Student transportation	80,568	-	80,568
Miscellaneous and other	91,804	-	91,804
Total expenses	<u>2,867,346</u>	<u>-</u>	<u>2,867,346</u>
<b>Change in Net Assets Before Other Changes</b>	289,368	(14,629)	274,739
<b>Other Changes</b>			
Interest expense	-	-	-
<b>Change in Net Assets</b>	289,368	(14,629)	274,739
<b>Net Assets, Beginning of Year</b>	<u>906,883</u>	<u>23,633</u>	<u>930,516</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,196,251</u>	<u>\$ 9,004</u>	<u>\$ 1,205,255</u>

<b>2017</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 11,759	\$ -	\$ 11,759
345,125	30,000	375,125
2,250,956	-	2,250,956
65,926	-	65,926
76,130	-	76,130
6,367	(6,367)	-
<u>2,756,263</u>	<u>23,633</u>	<u>2,779,896</u>
1,306,922	-	1,306,922
225,969	-	225,969
86,216	-	86,216
280,864	-	280,864
7,890	-	7,890
382,212	-	382,212
21,905	-	21,905
109,203	-	109,203
38,227	-	38,227
-	-	-
130,159	-	130,159
75,939	-	75,939
<u>2,665,506</u>	<u>-</u>	<u>2,665,506</u>
90,757	23,633	114,390
(1,515)	-	(1,515)
89,242	23,633	112,875
817,641	-	817,641
<u>\$ 906,883</u>	<u>\$ 23,633</u>	<u>\$ 930,516</u>

**Damar Charter School, Inc.**  
**d/b/a Damar Charter Academy**  
**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Change in net assets	\$ 274,739	\$ 112,875
Items not requiring cash		
Depreciation	101,206	109,203
Changes in		
Tuition receivable	31,822	(56,920)
Medicaid receivable	283	(1,425)
Accounts payable	(26,545)	(13,536)
Accrued expenses	(1,976)	-
Deferred rent expense	(8,153)	(9,879)
Net cash provided by operating activities	371,376	140,318
<b>Investing Activity</b> - purchase of property and equipment	(65,755)	(75,712)
<b>Financing Activity</b> - payments on note payable	(48,786)	(25,000)
<b>Increase in Cash</b>	256,835	39,606
<b>Cash, Beginning of Year</b>	967,230	927,624
<b>Cash, End of Year</b>	\$ 1,224,065	\$ 967,230

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

## **Notes to Financial Statements June 30, 2018 and 2017**

### **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 signed an initial seven year charter with the Mayor's Office to operate the school, with the seven years term ending September 30, 2018. During fiscal year 2017, the Academy submitted their renewal application to extend the term an additional seven years. The renewal application was approved by the Mayor's office in fiscal year 2018. The scheduled term date for the extended agreement is September 30, 2025.

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. In the 2018-19 school year, the Academy maintained the expanded classrooms with a chartered student population of 185 students that provides additional room to accommodate up to 205 students. During the 2017-18 school year, the Academy had a total student population of 195 students.

Although open to all Indiana students, this Kindergarten through 12<sup>th</sup> 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, 2018 and 2017**

***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, 2018, the Academy's cash accounts exceeded federally insured limits by approximately \$974,066

***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, 2018 and 2017, to recognize that 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:

	<b>Years</b>
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, 2018 and 2017**

***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, 2018 and 2017.

***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 \$9,004 were restricted for substance abuse prevention programs at June 30, 2018. Temporarily restricted net assets of \$23,633 were restricted for counseling initiatives at June 30, 2017.

***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 2015.

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

**Notes to Financial Statements**  
**June 30, 2018 and 2017**

***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 December 14, 2018, 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:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 720,808	\$ 684,511
Computers	172,916	144,740
Software	39,901	38,619
	<u>933,625</u>	<u>867,870</u>
Less accumulated depreciation and amortization	<u>(667,584)</u>	<u>(566,378)</u>
	<u>\$ 266,041</u>	<u>\$ 301,492</u>

**Note 3: Note Payable**

The Academy had a note payable to Damar Services that was issued in 2013 to cover costs of relocating to a new facility, which was paid off during fiscal year 2018. At June 30, 2017, the balance of the note was \$48,786.

**Damar Charter School, Inc.**  
**d/b/a Damar Charter Academy**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**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 expired on June 30, 2018 and the rent calculated to an effective lease per square foot of approximately \$9.76. On July 1, 2018, this lease was extended to June 30, 2025. The effective lease per square foot under the extended lease is approximately \$10.62.

Rent expense is recognized on the straight-line method and was \$209,927 and \$192,332 for the years ended June 30, 2018 and 2017, respectively. Deferred rent expense to recognize the difference between rental payments made and rent expense according to the straight-line method was \$8,153 at June 30, 2017. There was no deferred rent at June 30, 2018.

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.

The Academy also rents certain equipment from Damar Services, which totaled \$13,568 and \$12,533 for 2018 and 2017, respectively. The office equipment and vehicle leases are annual leases.

Future minimum lease payments for the office space under the new lease executed July 1, 2018 are as follow:

2019	\$ 204,930
2020	209,029
2021	213,157
2022	217,431
2023	<u>221,734</u>
	<u><u>\$ 1,066,281</u></u>

**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.

**Damar Charter School, Inc.**  
**d/b/a Damar Charter Academy**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

The Academy and Damar Services have a management services agreement under which Damar Services provides management services for the Academy. In 2018 and 2017, 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.

***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:

	<b>2018</b>	<b>2017</b>
Management agreement	\$ 133,000	\$ 133,000
Security	1,389	2,448
	\$ 134,389	\$ 135,448

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, 2018 and 2017 was \$2,916,484 and \$2,682,018, respectively. During 2018, Damar Services also made contributions to the Academy totaling \$43,673 for program initiatives.

At June 30, 2018 and 2017, the Academy had accounts payable totaling \$301,423 and \$327,968, respectively, and a note payable of \$48,786 at June 30, 2017 owed to Damar Services. The note payable was paid off during 2018.

**Note 6: Functional Expenses**

Expenses by functional classifications are as follows:

	<b>2018</b>	<b>2017</b>
Program services	\$ 2,415,362	\$ 2,245,973
Management and general	451,984	421,048
	\$ 2,867,346	\$ 2,667,021

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

**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**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 83% and 81% of revenue was received in 2018 and 2017, 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.

**Note 8: Future Change in Accounting Principle**

The Financial Accounting Standards Board recently issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which requires a variety of changes to financial statement presentation and disclosures. The Academy expects to first apply the ASU during its fiscal year ending June 30, 2019 through a retrospective application to previous years' statements for comparative purposes. The Academy is in the process of evaluating the impact the amendment will have on the financial statements.

## **Supplementary Information**

**Damar Charter School, Inc.**  
**d/b/a Damar Charter Academy**  
**Statement of Activities by Fund**  
**Year Ended June 30, 2018**

	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
<b>Revenues, Gains and Other Support</b>												
Contributions	\$ 78,043	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 78,043
Grants	1,295	-	-	-	14,721	-	62,183	-	103,539	97,500	-	279,238
State basic grant	2,593,435	-	-	-	-	-	-	-	-	-	-	2,593,435
Medicaid	91,906	-	-	-	-	-	-	-	-	-	-	91,906
Other revenue	1,191	85,602	12,670	-	-	-	-	-	-	-	-	99,463
Total revenues, gains and other support	2,765,870	85,602	12,670	-	14,721	-	62,183	-	103,539	97,500	-	3,142,085
<b>Expenses</b>												
Salaries and wages	1,330,694	-	-	-	12,848	-	55,000	-	100,369	-	-	1,498,911
Employee benefits	234,761	-	-	-	-	-	-	-	-	-	-	234,761
Payroll taxes	100,792	-	-	-	-	-	5,000	-	3,170	-	-	108,962
Professional services	298,074	-	-	-	-	-	-	-	-	-	-	298,074
Office supplies	2,765	-	-	-	-	-	2,183	-	-	-	-	4,948
Occupancy	406,415	-	-	-	-	-	-	-	-	-	-	406,415
Conference and meetings	25,341	-	-	-	-	-	-	-	-	-	-	25,341
Depreciation	101,206	-	-	-	-	-	-	-	-	-	-	101,206
Insurance	14,173	-	-	-	-	-	-	-	-	-	-	14,173
Educational supplies	2,183	-	-	-	-	-	-	-	-	-	-	2,183
Student transportation	80,568	-	-	-	-	-	-	-	-	-	-	80,568
Miscellaneous and other	(8,971)	77,142	-	23,633	-	-	-	-	-	-	-	91,804
Total expenses	2,588,001	77,142	-	23,633	12,848	-	62,183	-	103,539	-	-	2,867,346
<b>Change in Net Assets Before Other Changes</b>	177,869	8,460	12,670	(23,633)	1,873	-	-	-	-	97,500	-	274,739
<b>Other Changes</b>												
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-
<b>Change in Net Assets</b>	177,869	8,460	12,670	(23,633)	1,873	-	-	-	-	97,500	-	274,739
<b>Net Assets, Beginning of Year</b>	244,467	2,356	55,714	23,633	110,080	8,499	175,279	12,933	138,727	153,748	5,080	930,516
<b>Net Assets, End of Year</b>	\$ 422,336	\$ 10,816	\$ 68,384	\$ -	\$ 111,953	\$ 8,499	\$ 175,279	\$ 12,933	\$ 138,727	\$ 251,248	\$ 5,080	\$ 1,205,255

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

	General	Lunch	Textbook	Lilly	School		Title I	Title II	Federal	Facilities	Performance	Total
	Fund	Fund	Fund	Counseling	Administration	E-Rate	Fund	Fund	Ed Fund	Grant	Awards	
<b>Revenues, Gains and Other Support</b>												
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>
<b>Expenses</b>												
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>
<b>Change in Net Assets Before Other Changes</b>	36,907	1,569	10,284	23,633	7,242	-	34,755	-	-	-	-	114,390
<b>Other Changes</b>												
Interest expense	(1,515)	-	-	-	-	-	-	-	-	-	-	(1,515)
<b>Change in Net Assets</b>	35,392	1,569	10,284	23,633	7,242	-	34,755	-	-	-	-	112,875
<b>Net Assets, Beginning of Year</b>	209,075	787	45,430	-	102,838	8,499	140,524	12,933	138,727	153,748	5,080	817,641
<b>Net Assets, End of Year</b>	<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>

## **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 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, 2018, 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 December 14, 2018.

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

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
December 14, 2018