



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B56486

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March 17, 2021

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

We have reviewed the Supplemental Audit Report for Friends of Canaan, Inc. d/b/a Canaan Community Academy, prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report. Page 3 contains three audit results and comments. Management's response is on pages 5 through 7.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**SUPPLEMENTAL AUDIT REPORT
OF
FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY**

JEFFERSON COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



CLAconnect.com

**WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING**

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
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**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	David Herring	07/01/19 – 06/30/20
Chief Administrator Officer	Rhonda Pennington	07/01/19 – 06/30/20
Chief Operations Officer	Megan Ritz	07/01/19 – 06/30/20



CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Canaan, Indiana

We have audited the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School) as of and for the year ended June 30, 2020, and have issued our report thereon dated March 4, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 4, 2021

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020**

GENERAL RECEIPTS TESTING

During testing, it was noted that the bank deposit was not completed timely for seventeen (17) out of the forty (40) cash receipts tested.

All charter school money must be deposited in the designated depository no later than the business day following the receipt of funds in the same form in which the funds were received. Timely deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

GENERAL DISBURSEMENTS TESTING

During testing, it was noted that there were five (5) instances out of the forty (40) general disbursements tested where sales tax was paid by the School.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT DOCUMENTATION

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School did not maintain consistent and complete enrollment records for fourteen (14) students of the thirty (30) students tested for enrollment.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020**

The contents of this report were discussed on March 4, 2021 with Rhonda Pennington (Chief Administrative Officer) and Terry Kenny (Board Treasurer) The Official Response has been made a part of this report and may be found on page 5.



8775 N. Canaan Main St. (P. O. Box 20) Canaan, IN 47224

812-839-0003

To whom it may concern:

Canaan Community Academy is a small rural school located thirty minutes from a bank. The banking hours make it difficult for the Chief Operations Officer to make daily deposits.

Due to the small school population there are days that there are no monies to deposit and sometimes the monies received are for an amount less than \$50.00. Monies are secured in a safe until a deposit can be made.

Please direct questions to the Chief Administrative Officer.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rhonda Pennington', written in a cursive style.

Rhonda Pennington
Chief Administrative Officer



8775 N Canaan Main St. (P. O. Box 20) Canaan, IN 47224

812-839-0003

To whom it may concern:

The payment of sales tax is due to employees purchasing items (with approval from CAO) and turning in receipts for reimbursement.

This also applies to orders placed through Amazon, the sales tax is less than the cost of time/fuel to pick up items and with Primes free shipping it is a more efficient way to receive materials.

Please direct any questions to the Chief Administrative Officer (CAO).

Sincerely,

A handwritten signature in black ink that reads 'Rhonda Pennington'. The signature is written in a cursive style.

Rhonda Pennington
Chief Administrative Officer



8775 N Canaan Main St. (P. O. Box 20) Canaan, IN 47224

812-839-0003

To whom it may concern:

This is a response to clarify the procedure used when submitting the spring/fall ADM. The student enrollment information is entered by the administrative assistant into the student management system (Harmony). The Chief Operations Officer is responsible for preparing the ADM report. Once the ADM report is prepared it is reviewed for accuracy by the Chief Administrative Officer. Then after it is approved it is submitted by the Chief Operations Officer. The ADM report is printed; it did not display signature lines. Going forward the ADM report will be signed at the bottom of the document.

Canaan Community Academy has recently had staffing changes for the Administrative Assistant, Chief Operations Officer and the Chief Administrative Officer recently returned after a medical leave.

Please direct additional questions to the Chief Administrative Officer.

Sincerely,

A handwritten signature in black ink, appearing to read 'Rhonda Pennington'. The signature is written in a cursive style.

Rhonda Pennington
Chief Administrative Officer

