



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B58427

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

January 26, 2022


Charter School Board
Joshua Academy, Inc.
1230 E Illinois St
Evansville, IN 47711

We have reviewed the audit report of Joshua Academy, Inc. which was opined upon by Kemper CPA Group, LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Joshua Academy, Inc. as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Kemper CPA Group, LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Joshua Academy, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

JOSHUA ACADEMY, INC.

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2021

(With Independent Auditor's Report Thereon)



JOSHUA ACADEMY, INC.

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1 – 2
Financial Statements:	
Statement of Cash Receipts and Disbursements	3
Statement of Functional Expenses	4
Notes to Financial Statements	5 – 8
Supplementary Information	9
Independent Auditor's Report on Supplementary Information	10
Supplementary Information	
Schedule of Receivables	
Schedule of Capital Assets	
Schedule of Accounts Payable	11
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 <i>Government Auditing Standards</i>	12 – 13
Other Report	14



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Joshua Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Joshua Academy, Inc. (a nonprofit organization) which comprise the statements of cash receipts and disbursements and functional expenses, for the year ended June 30, 2021, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for 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 the financial statements based on our audit. We conducted our audit 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 and *Guidelines for the Audits of Charter Schools Performed by Private Examiners* as issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of cash receipts and disbursements and functional expenses 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 statements of cash receipts and disbursements and functional expenses, 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.

Board of Directors
Joshua Academy, Inc.

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the cash receipts and disbursements and functional expenses of Joshua Academy, Inc. (Academy) for the year ended June 30, 2021 in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2022, 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 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 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.

Evansville, Indiana
January 4, 2022



Certified Public Accountants and Consultants

JOSHUA ACADEMY, INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2021

Cash receipts:	
State basic grant	\$ 1,909,101
Other state support	35,499
Federal grant revenue	361,654
Other grant revenue	284,238
School food services	162,679
Student fees	11,929
Child care fees	27,435
Contributions	60,483
Textbook rental and sale	5,769
Fundraising income	11,644
Other income	28,185
	<hr/>
Total cash receipts	2,898,616
	<hr/>
Cash disbursements:	
Salaries and wages	1,280,487
Payroll taxes	99,207
Employee benefits	253,837
Training and professional development	4,886
Professional fees	241,614
Utilities	83,341
Repairs and maintenance	34,114
Equipment rental	20,436
Supplies	190,922
Insurance	21,126
Telephone	8,997
Postage and printing	4,648
Travel	10,914
Advertising	6,811
Food purchases	72,006
Books and periodicals	23,772
Uniforms	1,180
Other expenses	4,961
Building and equipment expense	111,248
Computer expense	19,803
Dues and fees	2,356
Bank service charges	1,284
	<hr/>
Total cash disbursements	2,497,950
	<hr/>
Increase in cash	400,666
Cash, beginning of year	497,097
	<hr/>
Cash, end of year	\$ 897,763
	<hr/> <hr/>

JOSHUA ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

	Student Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,057,231	\$ 223,256	\$ 0	\$ 1,280,487
Payroll taxes	80,469	18,738	0	99,207
Employee benefits	206,837	47,000	0	253,837
Training and professional development	3,750	1,136	0	4,886
Professional fees	103,319	138,045	250	241,614
Utilities	0	83,341	0	83,341
Repairs and maintenance	1,501	32,613	0	34,114
Equipment rental	0	20,436	0	20,436
Supplies	134,985	55,937	0	190,922
Insurance	0	21,126	0	21,126
Telephone	1,827	7,170	0	8,997
Postage and printing	4,648	0	0	4,648
Travel	10,914	0	0	10,914
Advertising	0	6,811	0	6,811
Food purchases	72,006	0	0	72,006
Books and periodicals	23,772	0	0	23,772
Uniforms	1,180	0	0	1,180
Other expenses	0	1,955	3,006	4,961
Building and equipment expense	0	111,248	0	111,248
Computer expense	19,803	0	0	19,803
Dues and fees	2,154	202	0	2,356
Bank service charges	0	1,247	37	1,284
	<u>\$ 1,724,396</u>	<u>\$ 770,261</u>	<u>\$ 3,293</u>	<u>\$ 2,497,950</u>

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 1 – Organization and Summary of Significant Accounting Policies

A. Organization

Joshua Academy, Inc. (Academy) is a not-for-profit organization that provides primary education for children in kindergarten through grade six. The Academy is incorporated under the laws of the State of Indiana and is a public charter school sponsored by the Evansville-Vanderburgh School Corporation, which granted a charter to the Academy under Indiana Code 20-24-3-1.

B. Basis of Accounting

The accompanying financial statement has been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and noncash transactions are not recognized. The cash receipts and disbursements basis differs from generally accepted accounting principles primarily because the effects of revenue not collected and expenses not paid at the date of the financial statement are not included in the financial statement.

C. Cash

The Academy maintains its cash balance in a checking account at a local financial institution. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2021, the Academy had \$530,686 in excess of FDIC insurance coverage.

D. Receipts

Receipts come primarily from resources provided under the Indiana Charter Schools Act. Under the Act, the Academy receives an amount per student in relation to funding received by public schools in the same geographic area. This state basic grant from the State of Indiana is based on enrollment, and is paid in equal monthly installments, which are recognized as revenue when received.

The Academy also receives revenue related to cost reimbursements grants, which is also recognized as revenue when reimbursements are received.

E. Paycheck Protection Program Loan (PPP)

The Academy is accounting for the PPP loan as a grant in accordance with FASB ASC 958-605-15, Not-for-Profit Entities, Revenue Recognition of Contributions Received. Grant revenue is recognized as qualifying expenses are incurred and conditions for cancellation of the liability are substantially met. The Academy received notice that the loan was fully forgiven on June 16, 2021 and therefore, the PPP loan funds are included in the accompanying statement of cash receipts and disbursements as other grant revenue.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 2 – Date of Management’s Review

The Academy has evaluated subsequent events through January 4, 2022, the date which the financial statements were available to be issued.

Note 3 – Income Taxes

The Academy is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Academy believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Academy files its Form 990 in the U.S. federal jurisdiction and the office of the state’s attorney general for the State of Indiana.

Note 4 – Defined Benefit Retirement Plans

A. Teachers’ Retirement Fund

Plan Description: Certified employees participate in the Indiana Teachers’ Retirement Fund (TRF), a cost-sharing multiple-employer defined benefit pension plan administered by the Indiana Public Retirement System (INPRS). All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the INPRS Board of Trustees, most requirements of the system, and gives the school corporations authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions, plus an annuity provided by the member’s annuity savings account. The annuity savings account consists of members’ contributions, plus the interest credited to the member’s account. School corporations may elect to make the contributions on behalf of the member.

Funding Policy: Plan members are required to contribute 3% of their annual creditable compensation, set by state statute. The Academy is required to contribute at an actuarially determined rate (5.5% for the year ended June 30, 2021), as established, and which may be amended, by the INPRS Board of Trustees. The Academy did elect to make the annuity contributions on behalf of each member. Contributions to TRF for the year ended June 30, 2021 totaled \$79,064, and equaled the required contributions for the year.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 4 – Defined Benefit Retirement Plans (Concluded)

B. Public Employees’ Retirement Fund

Plan Description: Non-certified employees participate in the Public Employees’ Retirement Fund (PERF), a cost-sharing multiple-employer defined benefit pension plan administered by the INPRS. All full-time employees are eligible to participate in PERF. State statutes (IC 5-10.2 and 5-10.3) govern, through the INPRS Board of Trustees, most requirements of the system, and give the employer authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions, plus an annuity provided by the member’s annuity savings account.

The annuity savings account consists of member contributions, plus the interest credited to the member’s account. Employers may elect to make the contributions on behalf of the member.

Funding Policy: Plan members are required to contribute 3% of their annual creditable compensation, set by state statute. The Academy is required to contribute at an actuarially determined rate (11.20% for the year ended June 30, 2021), as established, and which may be amended, by the INPRS Board of Trustees. The Academy did elect to make the annuity contributions on behalf of each member. Contributions to PERF for the year ended June 30, 2021, totaled \$24,655, and equaled the required contributions for the year.

INPRS administers both of these plans, and issues publicly available financial reports for each, which include financial statements and required supplementary information. These reports may be obtained by contacting INPRS, 1 North Capital Street, Suite 001, Indianapolis, Indiana 46204, or by calling 888-526-1687.

Note 5 – Leases

The Academy leases two copiers under cancelable operating leases. The lease agreements provide for minimum future rental payments as of June 30, 2021, as follows:

2021	\$ 5,700
2022	943
2023	185
Total minimum rentals	<u>\$ 6,828</u>

Rental expense for the leases totaled \$19,740 for the year ended June 30, 2021.

JOSHUA ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note 6 – Concentration

Amount received under the state basic grant totaled 66% of all cash receipts in fiscal year 2021.

Note 7 – Contingencies

The Academy receives funding from Federal and state agencies and from private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantors' review, the funds are considered not to have been used for the intended purpose, the grantors may request refund of monies advanced, or refuse to reimburse the Academy for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Academy's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

Note 8 – Related Parties

The Principal's husband works for Skyline V and F LLC. Skyline V and F LLC provides marketing services to the Academy. Amounts paid to Skyline V and F LLC for the year ended June 30, 2021 were approximately \$3,200. The Board Treasurer works for the accounting firm that processes the Academy's payroll, files quarterly payroll returns and property tax returns. During the year ended June 30, 2021 the Academy paid the firm approximately \$5,100.

Note 9 – Effect of Covid-19 Pandemic

On March 11, 2020, the World Health Organization ("WHO") recognized COVID-19 as a global pandemic, prompting many national, regional and local governments to implement preventative or protective measures, such as travel and business restrictions, temporary state closures, and wide-sweeping quarantines and stay-at-home orders. As a result, COVID-19 and the related restrictive measures have had a significant adverse impact on many sectors of the economy. We believe the ultimate financial impact of the COVID-19 pandemic on the Academy is likely to be determined by factors which are uncertain, unpredictable and outside the control of the Academy. The situation surrounding COVID-19 remains fluid and, if disruptions do arise, they could materially adversely affect future revenues.

Note 10 – Paycheck Protection Program Loan (PPP Loan)

On January 30, 2021, the Academy qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of approximately \$284,238. The PPP loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the SBA. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Academy's request to the extent that PPP loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Academy. The loan was fully forgiven as of June 16, 2021. The loan has been included as other grant revenue on the statement of cash receipts and disbursements.

JOSHUA ACADEMY, INC.
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

The following supplementary information is required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners*.



**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Joshua Academy, Inc.

We have audited the financial statements of Joshua Academy, Inc. as of and for the year ended June 30, 2021, and our report thereon dated January 4, 2022, which expressed an unmodified opinion on the financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Capital Assets, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Kemper CPA Group, LLP

Evansville, Indiana
January 4, 2022

Certified Public Accountants and Consultants

JOSHUA ACADEMY, INC.
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2021

Schedule of Receivables

Lunch fund	\$ 1,638
Title I income	5,772
Title II income	2,091
Title IV income	4,490
Federal Stimulus	7,183
Special education grant	1,210
	<u>\$ 22,384</u>

Schedule of Capital Assets

Moveable equipment	\$ 172,567
Fixed equipment	46,896
Kitchen equipment	2,255
Storage building	1,422,214
School bus	4,000
Technology	25,806
Land	346,827
	<u>\$ 2,020,565</u>

Schedule of Accounts Payable

General fund	<u>\$ 195</u>
--------------	---------------



**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
Joshua Academy, Inc.

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 Joshua Academy, Inc. (a nonprofit organization), which comprise the statements of cash receipts and disbursements and functional expenses for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated January 4, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Joshua Academy, Inc.’s (Academy) internal control over financial reporting (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 entity’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.

Board of Directors
Joshua Academy, Inc.


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 Academy'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.

Evansville, Indiana
January 4, 2022


Kramer CPA Group, LLP
Certified Public Accountants and Consultants

JOSHUA ACADEMY, INC
OTHER REPORT
Year Ended June 30, 2021

The reports presented herein were prepared in addition to another report prepared for the Academy as listed below:

Supplemental Compliance Examination Report of Joshua Academy, Inc.