



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 15, 2023

Charter School Board
Signature School, Inc.
610 Main Street
Evansville, IN 47708

We have reviewed the audit report of Signature School, Inc. which was opined upon by Kemper CPA Group, LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Signature School, Inc. as of June 30, 2022 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 Signature School, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SIGNATURE SCHOOL, INC.
FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2022

(With Independent Auditor's Report Thereon)



SIGNATURE SCHOOL, INC.

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1 – 3
Financial Statement:	
Statement of Cash Receipts and Disbursements	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 – 10
Supplementary Information	11
Independent Auditor's Report on Supplementary Information	12
Supplementary Information	
Schedule of Receivables	
Schedule of Capital Assets	
Schedule of Accounts Payable	
Schedule of Debt	13
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>	14 – 15
Schedule of Findings and Responses	16
Other Report	17

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Signature School, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Signature School, Inc. (a nonprofit organization), which comprise the statement of cash receipts and disbursements as of June 30, 2022, and the related statement of functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the cash receipts and disbursements as of June 30, 2022, and the functional expenses for the year then ended in accordance with the cash receipts and disbursements basis of accounting.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Signature School, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 receipts and disbursements 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Signature School, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards* and *Guidelines for the Audits of Charter Schools Performed by Private Examiners* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards* and *Guidelines for the Audits of Charter Schools Performed by Private Examiners* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Signature School, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Signature School, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors
Signature School, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022, on our consideration of Signature School, 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 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 Signature School, Inc.'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 Signature School, Inc.'s internal control over financial reporting and compliance.

Evansville, Indiana
November 21, 2022



Certified Public Accountants and Consultants

SIGNATURE SCHOOL, INC.
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
Year Ended June 30, 2022

Cash receipts:	
State basic grant	\$ 2,733,927
Other state support	425,193
Federal grant revenue	381,142
Student fees	159,248
Contributions	113,158
Textbook rental and sale	50,085
Extra curricular activities fees	43,117
Interest income	333
Other income	1,733
Loan proceeds	125,000
Total cash receipts	<u>4,032,936</u>
Cash disbursements:	
Salaries and wages	1,954,700
Payroll taxes	141,526
Employee benefits	482,487
Advertising	859
Training and professional development	594
Professional fees	217,704
Repairs and maintenance	45,114
Supplies	293,227
Insurance	38,408
Postage and printing	1,417
Travel	447
Food purchases	1,508
Text books	24,364
Other expenses	22,388
Extra curricular expenses	44,687
Rent of building and equipment	286,326
Building and equipment expense	19,951
Dues and fees	16,409
Printing and publications	3,556
Bank service charges	8,125
Parking	20,400
Purchase of investments	200,333
Loan payments	225,000
Total cash disbursements	<u>4,049,530</u>
Decrease in cash	(16,594)
Cash, beginning of year	182,502
Cash, end of year	<u>\$ 165,908</u>

SIGNATURE SCHOOL, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

	Student Services	Management and General	Total
Salaries and wages	\$ 1,804,787	\$ 149,913	\$ 1,954,700
Payroll taxes	130,589	10,937	141,526
Employee benefits	470,338	12,149	482,487
Advertising	859	0	859
Training and professional development	594	0	594
Professional fees	199,229	18,475	217,704
Repairs and maintenance	43,952	1,162	45,114
Supplies	292,927	300	293,227
Insurance	19,324	19,084	38,408
Postage and printing	1,417	0	1,417
Travel	447	0	447
Food purchases	1,508	0	1,508
Text books	24,364	0	24,364
Other expenses	22,388	0	22,388
Extra curricular expenses	44,687	0	44,687
Rent of building and equipment	283,628	2,698	286,326
Building and equipment expense	19,951	0	19,951
Dues and fees	16,409	0	16,409
Printing and publications	0	3,556	3,556
Bank service charges	8,125	0	8,125
Parking	20,400	0	20,400
Purchase of investments	200,333	0	200,333
Loan payments	225,000	0	225,000
	<u>\$ 3,831,256</u>	<u>\$ 218,274</u>	<u>\$ 4,049,530</u>

SIGNATURE SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 1 – Organization and Summary of Significant Accounting Policies

A. Nature of Activities

Signature School, Inc. (School) is a not-for-profit organization that provides secondary education for children in grades nine through twelve. The School 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 School under Indiana Code 20-24-3-1.

B. Basis of Accounting

The accompanying financial statements have been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. 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 outstanding promises to give and obligations for expenses unpaid at the date of the financial statements are not included in the financial statements.

C. Cash

The School maintains its cash balance in checking accounts at a local financial institution. These balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2022, cash accounts did not exceed FDIC insured limits.

D. Receipts

Receipts come primarily from resources provided under the Indiana Charter Schools Act. Under the Act, the School 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 School also receives revenue related to cost reimbursements grants, which is also recognized as revenue when reimbursements are received.

Note 2 – Date of Management’s Review

The School has evaluated subsequent events through November 21, 2022, the date the financial statements were available to be issued.

SIGNATURE SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 3 – Income Taxes

The School 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 School 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 School files its Form 990 in the U.S. federal jurisdiction and 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 School did elect to make the annuity contributions on behalf of each member. The School is required to contribute at an actuarially determined rate (5.5% for the year ended June 30, 2022), as established, and which may be amended, by the INPRS Board of Trustees. Contributions to TRF for the year ended June 30, 2022 totaled \$126,233, and equaled the required contributions for the year.

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 Indiana Public Retirement System (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.

SIGNATURE SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 4 – Defined Benefit Retirement Plans (Concluded)

B. Public Employees’ Retirement Fund (Concluded)

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 School is required to contribute at an actuarially determined rate (11.20% for the year ended June 30, 2022), as established, and which may be amended, by the INPRS Board of Trustees. The School did not elect to make the annuity contributions on behalf of each member. Contributions to PERF for the year ended June 30, 2022, totaled \$25,980, 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.

C. Other Retirement Plans

For certified employees, The School also provides additional retirement benefits under the plans described below:

401(a) Annuity Plan: The School contributes 1% of each employee’s base salary to the plan. Contributions totaled \$1,622 for the year ended June 30, 2022.

Voluntary Employees’ Beneficiary Association: The School contributes 1% of each employee’s base salary to the plan for retiree group health benefits. Contributions totaled \$12,891 for the year ended June 30, 2022.

403(b) Plan: The School will match 100% of employee contributions not to exceed the percentages noted below. Employer contributions totaled \$12,843 for the year ended June 30, 2022.

<u>Years of Service</u>	<u>Match Percentage</u>
0 - 16	.75%
17 - 29	1.50%
30 +	3.00%

SIGNATURE SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS

June 30, 2022

Note 5 – Leases

The School’s premises are leased from Signature School Foundation, Inc. under an annually renewable agreement (see Note 9). Lease payments made to Signature School Foundation, Inc. for the year ended June 30, 2022 were \$180,000.

The School leases two copiers under noncancelable operating leases. The lease agreements provide for minimum future rental payments as of June 30, 2022, as follows:

2023	\$ 195,430
2024	15,430
	<hr/>
	\$ 210,860
	<hr/>

Rental expense for the leases totaled \$286,326 for the year ended June 30, 2022.

Note 6 – Concentration

Approximately 70% of the School’s funding was provided by the state basic grant in fiscal year 2022.

Note 7 – Contingencies

The School 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 School for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the School’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 Party Transactions

Signature School Foundation, Inc.

Signature School Foundation, Inc. (SSF) provides financial and other support for the School. The chairman of the School’s Board of Directors also serves as chairman of the SSF Board of Directors.

SIGNATURE SCHOOL, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

Note 8 – Related Party Transactions (Concluded)

Signature School Foundation, Inc. (Concluded)

The School's premises are leased from SSF under an annually renewable agreement which provides for monthly rental payments of \$15,000 plus reimbursements to SSF for maintenance, insurance, and utilities. Lease payments to SSF totaled \$180,000 for the year ended June 30, 2022.

Contributions received from SSF totaled \$22,500 for the year ended June 30, 2022.

Sponsor

Employees of the school participate in the health insurance programs offered by the School's sponsor, the Evansville-Vanderburgh School Corporation. Total amounts remitted to the sponsor for the premiums totaled \$290,219 for the year ended June 30, 2022.

THE SIGNATURE SCHOOL, INC.
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

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
Signature School, Inc.

We have audited the financial statements of Signature School, Inc. as of and for the year ended June 30, 2022, and our report thereon dated November 21, 2022, which expressed an unmodified opinion on the financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Receivables, Schedule of Capital Assets, Schedule of Accounts Payable and Schedule of Debt, 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.

Evansville, Indiana
November 21, 2022

Kemper CPA Group, LLP
Certified Public Accountants and Consultants

THE SIGNATURE SCHOOL, INC.
SUPPLEMENTARY INFORMATION
Year Ended June 30, 2022

Schedule of Receivables

Accounts Receivable:

General fund

\$ 27,717

Schedule of Capital Assets

Machinery and equipment

\$ 1,469,827

Schedule of Accounts Payable

General fund

\$ 82,472

Schedule of Debt

Due to Signature School Foundation

\$ 0



**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
Signature School, 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 Signature School, Inc. (a nonprofit organization), which comprise the statements of cash receipts and disbursements and functional expenses for the year ended June 30, 2022, and the related notes to the financial statements, and have issued our report thereon dated November 21, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Signature School, Inc.’s (School) 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 School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’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
Signature School, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 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.

Evansville, Indiana
November 21, 2022


Certified Public Accountants and Consultants

THE SIGNATURE SCHOOL, INC.
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2022

Findings – Financial Statement Audit

None for the current year.

THE SIGNATURE SCHOOL, INC.
OTHER REPORT
Year Ended June 30, 2022

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

Supplemental Compliance Examination Report of Signature School, Inc.