



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

July 19, 2023

Charter School Board
Damar Charter School, Inc.
d/b/a Damar Charter Academy
5125 Decatur Blvd., Suite D
Indianapolis, IN 46241

We have reviewed the audit report of Damar Charter School, Inc. d/b/a Damar Charter Academy, which was opined upon by FORVIS, LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. 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, 2022, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

The report is filed with this letter 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

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

**Independent Auditor's Report
and Financial Statements**

June 30, 2022 and 2021



Damar Charter School, Inc.
d/b/a Damar Charter Academy
June 30, 2022 and 2021

Contents

Independent Auditor’s Report on Financial Statements and Supplementary Information	1
Financial Statements	
Statements of Financial Position	4
Statements of Activities.....	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplementary Information	
Statements of Activities by Fund.....	16
Other Information	18
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> - Independent Auditor’s Report.....	19

Independent Auditor's Report on Financial Statements and Supplementary Information

Board of Directors
Damar Charter School, Inc.
d/b/a Damar Charter Academy
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the 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, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying 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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Academy, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America 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 the Academy's ability to continue as a going concern within one year after the date that these 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 GAAS and *Government Auditing Standards* 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 GAAS and *Government Auditing Standards*, 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 the Academy'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 the Academy'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.

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 as 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 have also issued our report dated February 28, 2023, 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.

FORVIS,LLP

Indianapolis, Indiana
February 28, 2023

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statements of Financial Position
June 30, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,224,694	\$ 2,244,466
Medicaid receivable	125,673	18,134
Prepaid expenses	11,882	-
Property and equipment, net	<u>315,712</u>	<u>296,529</u>
Total assets	<u>\$ 2,677,961</u>	<u>\$ 2,559,129</u>

Liabilities and Net Assets

Liabilities

Accounts payable - Damar Services, Inc.	\$ 404,963	\$ 402,119
Accounts payable - other	30,000	30,000
Deferred rent expense	<u>23,936</u>	<u>23,936</u>
Total liabilities	<u>458,899</u>	<u>456,055</u>

Net Assets

Without donor restrictions	2,219,062	2,003,188
With donor restrictions	<u>-</u>	<u>99,886</u>
Total net assets	<u>2,219,062</u>	<u>2,103,074</u>
Total liabilities and net assets	<u>\$ 2,677,961</u>	<u>\$ 2,559,129</u>

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statements of Activities
Years Ended June 30, 2022 and 2021

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, Gains and Other Support			
Contributions	\$ 12,370	\$ -	\$ 12,370
Grants	402,634	-	402,634
State basic grant (tuition support)	2,710,252	-	2,710,252
Medicaid	38,653	-	38,653
Other revenue	101,421	-	101,421
Net assets released from restriction	99,886	(99,886)	-
Total revenues, gains and other support	<u>3,365,216</u>	<u>(99,886)</u>	<u>3,265,330</u>
Expenses			
Program services	2,674,192	-	2,674,192
Management and general	475,150	-	475,150
Total expenses	<u>3,149,342</u>	<u>-</u>	<u>3,149,342</u>
Change in Net Assets	215,874	(99,886)	115,988
Net Assets, Beginning of Year	<u>2,003,188</u>	<u>99,886</u>	<u>2,103,074</u>
Net Assets, End of Year	<u>\$ 2,219,062</u>	<u>\$ -</u>	<u>\$ 2,219,062</u>

2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 94,001	\$ -	\$ 94,001
344,203	-	344,203
2,886,055	-	2,886,055
44,796	-	44,796
43,799	-	43,799
-	-	-
<u>3,412,854</u>	<u>-</u>	<u>3,412,854</u>
2,619,211	-	2,619,211
472,057	-	472,057
<u>3,091,268</u>	<u>-</u>	<u>3,091,268</u>
321,586	-	321,586
<u>1,681,602</u>	<u>99,886</u>	<u>1,781,488</u>
<u>\$ 2,003,188</u>	<u>\$ 99,886</u>	<u>\$ 2,103,074</u>

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

**Statements of Functional Expenses
Years Ended June 30, 2022 and 2021**

	2022		
	Program Services	Management and General	Total
Salaries and wages	\$ 1,215,112	\$ 285,303	\$ 1,500,415
Employee benefits	284,294	56,661	340,955
Payroll taxes	89,315	20,951	110,266
Professional services	315,191	35,450	350,641
Office supplies	719	81	800
Occupancy	409,250	46,028	455,278
Conference and meetings	51,784	5,824	57,608
Depreciation	99,990	11,246	111,236
Insurance	29,673	3,337	33,010
Student transportation	71,130	8,000	79,130
Miscellaneous and other	107,734	2,269	110,003
	\$ 2,674,192	\$ 475,150	\$ 3,149,342

	2021		
	Program Services	Management and General	Total
Salaries and wages	\$ 1,305,834	\$ 290,098	\$ 1,595,932
Employee benefits	252,743	51,142	303,885
Payroll taxes	94,862	22,255	117,117
Professional services	323,102	36,340	359,442
Office supplies	1,917	216	2,133
Occupancy	382,478	43,014	425,492
Conference and meetings	28,880	3,248	32,128
Depreciation	96,609	10,866	107,475
Insurance	41,476	4,665	46,141
Student transportation	48,982	5,510	54,492
Miscellaneous and other	42,328	4,703	47,031
	\$ 2,619,211	\$ 472,057	\$ 3,091,268

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 115,988	\$ 321,586
Items not requiring cash		
Depreciation	111,236	107,475
Changes in		
Medicaid receivable	(107,539)	31,985
Prepaid expenses	(11,882)	1,026
Accounts payable	2,844	69,878
Deferred rent expense	-	831
Net cash provided by operating activities	110,647	532,781
Investing Activity - purchase of property and equipment	(130,419)	(114,974)
Increase (Decrease) in Cash	(19,772)	417,807
Cash, Beginning of Year	2,244,466	1,826,659
Cash, End of Year	\$ 2,224,694	\$ 2,244,466

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

Notes to Financial Statements
June 30, 2022 and 2021

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 year term ending September 30, 2018. During fiscal year 2018, the renewal application was approved by the Mayor's office and the scheduled term date was extended to September 30, 2025.

Although open to all Indiana students, this Kindergarten through 12th 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.

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, 2022 and 2021

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, 2022, the Academy's cash accounts exceeded federally insured limits by approximately \$1,974,000.

Tuition Receivables

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, 2022 and 2021, 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:

	<u>Years</u>
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, 2022 and 2021**

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, 2022 and 2021.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board reserve account.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are subject to donor restrictions. The Academy’s restrictions are temporary in nature, that will be met by the passage of time or other events specified by the donor.

Contributions

Contributions are provided to the Academy either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Academy overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

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

Notes to Financial Statements June 30, 2022 and 2021

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

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.

Expense Allocation

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs have been allocated among the program, and management and general categories based upon head count, time tracking and expense tracking.

Subsequent Events

Subsequent events have been evaluated through February 28, 2023, which is the date the financial statements were available to be issued.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 2: Property and Equipment

Property and equipment at June 30 consists of:

	2022	2021
Equipment	\$ 947,671	\$ 831,434
Computers	359,246	359,246
Software	39,901	39,901
	1,346,818	1,230,581
Less accumulated depreciation and amortization	(1,031,106)	(934,052)
	\$ 315,712	\$ 296,529

Note 3: Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes:

	2022	2021
Counseling initiatives	\$ -	\$ 99,886
	-	99,886

Net assets released from restrictions during the year were as follows:

	2022	2021
Counseling initiatives	\$ 99,886	\$ -
	99,886	-

Note 4: Operating Leases

Rent and Lease Expense

The Academy leases approximately 20,000 square feet of space from Damar Services at an effective lease per square foot of approximately \$10.62. The lease term ends June 30, 2025.

Rent expense is recognized on the straight-line method and was \$229,050 and \$217,604 for the years ended June 30, 2022 and 2021, respectively. Deferred rent expense to recognize the difference between rental payments made and rent expense according to the straight-line method was \$23,936 at June 30, 2022 and 2021.

The Academy also rents certain equipment from Damar Services, which totaled \$13,698 and \$13,126 for 2022 and 2021, respectively. The office equipment and vehicle leases are annual leases.

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Notes to Financial Statements
June 30, 2022 and 2021

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

2023		\$ 221,734
2024		226,243
2025		230,751
		\$ 678,728

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.

The Academy and Damar Services have a management services agreement under which Damar Services provides management services for the Academy. In 2022 and 2021, the Academy paid \$133,000 to Damar Services under this agreement. The agreement continues through the termination or expiration of the Academy, unless otherwise cancelled under the contract terms.

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, 2022 and 2021 was \$3,201,773 and \$2,778,497, respectively.

At June 30, 2022 and 2021, the Academy had accounts payable to Damar Services totaling \$404,963 and \$402,119, respectively.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

Note 6: Liquidity and Availability

Financial assets are available for general expenditure, that is, without donor restrictions limiting their use, within one year of June 30, 2022 and 2021, comprise the following:

	2022	2021
Financial assets		
Cash	\$ 2,224,694	\$ 2,244,466
Medicaid receivable	125,673	18,134
	2,350,367	2,262,600
Net assets with donor restrictions	-	99,886
Cash held for other funds	385,435	240,222
Board reserve account	25,000	25,000
Authorizer reserve account	30,675	30,673
	441,110	395,781
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,909,257	\$ 1,866,819

The Academy manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. To achieve these principles, the Academy forecasts its future cash flows and monitors its liquidity and reserves.

The board reserve account is maintained to provide liquidity for unanticipated expenditures or other cash needs based upon the operating cycle of the Academy. The authorizer reserve account is required by the Mayor's office to provide funding for final expenses if the Academy ceased operations.

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 85% of revenue received in 2022 and 2021, respectively, was from the State of Indiana under the State Basic Grant, which includes tuition support and special education funding.

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

**Notes to Financial Statements
June 30, 2022 and 2021**

Concentration

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.

Supplementary Information

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statement of Activities by Fund
Year Ended June 30, 2022

	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	School Safety Fund	Total
Revenues, Gains and Other Support													
Contributions	\$ 12,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,370
Grants	179,000	-	-	-	-	-	108,978	-	108,637	-	-	6,019	402,634
State basic grant	2,710,252	-	-	-	-	-	-	-	-	-	-	-	2,710,252
Medicaid	38,653	-	-	-	-	-	-	-	-	-	-	-	38,653
Other revenue	672	90,656	10,093	-	-	-	-	-	-	-	-	-	101,421
Total revenues, gains and other support	<u>2,940,947</u>	<u>90,656</u>	<u>10,093</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>108,978</u>	<u>-</u>	<u>108,637</u>	<u>-</u>	<u>-</u>	<u>6,019</u>	<u>3,265,330</u>
Expenses													
Salaries and wages	1,466,352	-	-	34,063	-	-	-	-	-	-	-	-	1,500,415
Employee benefits	333,121	-	-	7,834	-	-	-	-	-	-	-	-	340,955
Payroll taxes	107,882	-	-	2,384	-	-	-	-	-	-	-	-	110,266
Professional services	299,546	-	-	51,095	-	-	-	-	-	-	-	-	350,641
Office supplies	800	-	-	-	-	-	-	-	-	-	-	-	800
Occupancy	455,278	-	-	-	-	-	-	-	-	-	-	-	455,278
Conference and meetings	57,608	-	-	-	-	-	-	-	-	-	-	-	57,608
Depreciation	111,236	-	-	-	-	-	-	-	-	-	-	-	111,236
Insurance	33,010	-	-	-	-	-	-	-	-	-	-	-	33,010
Student transportation	79,130	-	-	-	-	-	-	-	-	-	-	-	79,130
Miscellaneous and other	17,926	87,567	-	4,510	-	-	-	-	-	-	-	-	110,003
Total expenses	<u>2,961,889</u>	<u>87,567</u>	<u>-</u>	<u>99,886</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,149,342</u>
Change in Net Assets	(20,942)	3,089	10,093	(99,886)	-	-	108,978	-	108,637	-	-	6,019	115,988
Net Assets, Beginning of Year	<u>1,025,414</u>	<u>32,548</u>	<u>98,546</u>	<u>99,886</u>	<u>118,574</u>	<u>8,499</u>	<u>175,279</u>	<u>30,429</u>	<u>138,727</u>	<u>348,248</u>	<u>5,080</u>	<u>21,844</u>	<u>2,103,074</u>
Net Assets, End of Year	<u>\$ 1,004,472</u>	<u>\$ 35,637</u>	<u>\$ 108,639</u>	<u>\$ -</u>	<u>\$ 118,574</u>	<u>\$ 8,499</u>	<u>\$ 284,257</u>	<u>\$ 30,429</u>	<u>\$ 247,364</u>	<u>\$ 348,248</u>	<u>\$ 5,080</u>	<u>\$ 27,863</u>	<u>\$ 2,219,062</u>

Damar Charter School, Inc.
d/b/a Damar Charter Academy
Statement of Activities by Fund
Year Ended June 30, 2021

	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	School Safety Fund	Total
Revenues, Gains and Other Support													
Contributions	\$ 94,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,001
Grants	145,500	-	-	-	-	-	50,528	17,496	108,835	-	-	21,844	344,203
State basic grant	2,886,055	-	-	-	-	-	-	-	-	-	-	-	2,886,055
Medicaid	44,796	-	-	-	-	-	-	-	-	-	-	-	44,796
Other revenue	7	35,753	8,039	-	-	-	-	-	-	-	-	-	43,799
Total revenues, gains and other support	<u>3,170,359</u>	<u>35,753</u>	<u>8,039</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,528</u>	<u>17,496</u>	<u>108,835</u>	<u>-</u>	<u>-</u>	<u>21,844</u>	<u>3,412,854</u>
Expenses													
Salaries and wages	1,450,932	-	-	-	-	-	45,000	-	100,000	-	-	-	1,595,932
Employee benefits	303,885	-	-	-	-	-	-	-	-	-	-	-	303,885
Payroll taxes	103,504	-	-	-	-	-	4,778	-	8,835	-	-	-	117,117
Professional services	359,442	-	-	-	-	-	-	-	-	-	-	-	359,442
Office supplies	2,133	-	-	-	-	-	-	-	-	-	-	-	2,133
Occupancy	425,492	-	-	-	-	-	-	-	-	-	-	-	425,492
Conference and meetings	32,128	-	-	-	-	-	-	-	-	-	-	-	32,128
Depreciation	107,475	-	-	-	-	-	-	-	-	-	-	-	107,475
Insurance	46,141	-	-	-	-	-	-	-	-	-	-	-	46,141
Student transportation	54,492	-	-	-	-	-	-	-	-	-	-	-	54,492
Miscellaneous and other	16,036	30,245	-	-	-	-	750	-	-	-	-	-	47,031
Total expenses	<u>2,901,660</u>	<u>30,245</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,528</u>	<u>-</u>	<u>108,835</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,091,268</u>
Change in Net Assets	268,699	5,508	8,039	-	-	-	-	17,496	-	-	-	21,844	321,586
Net Assets, Beginning of Year	<u>756,715</u>	<u>27,040</u>	<u>90,507</u>	<u>99,886</u>	<u>118,574</u>	<u>8,499</u>	<u>175,279</u>	<u>12,933</u>	<u>138,727</u>	<u>348,248</u>	<u>5,080</u>	<u>-</u>	<u>1,781,488</u>
Net Assets, End of Year	<u>\$ 1,025,414</u>	<u>\$ 32,548</u>	<u>\$ 98,546</u>	<u>\$ 99,886</u>	<u>\$ 118,574</u>	<u>\$ 8,499</u>	<u>\$ 175,279</u>	<u>\$ 30,429</u>	<u>\$ 138,727</u>	<u>\$ 348,248</u>	<u>\$ 5,080</u>	<u>\$ 21,844</u>	<u>\$ 2,103,074</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.

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*

Independent Auditor's Report

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) as a basis for designing 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.

Report on 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 financial statements. 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.

FORVIS,LLP

Indianapolis, Indiana
February 28, 2023