



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B43119

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January 13, 2014

Charter School Board  
Drexel Foundation for Educational Excellence, Inc.  
d/b/a Thea Bowman Leadership Academy  
3401 W. 5<sup>th</sup> Avenue  
Gary, IN 46406

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2012 to June 30, 2013. 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. Pages 3 through 5 contain four audit results and comments. Management's response is on page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy was prepared in accordance with the guidelines established by the State Board of Accounts.

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

*State Board of Accounts*

SUPPLEMENTAL AUDIT REPORT

OF

**DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.**

**d/b/a**

**THEA BOWMAN LEADERSHIP ACADEMY**

LAKE COUNTY, INDIANA

JULY 1, 2012 to June 30, 2013

**Fitzgerald | Isaac** LLC  
Certified Public Accountants

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

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DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.  
d/b/a  
THEA BOWMAN LEADERSHIP ACADEMY

School Officials

Year Ended June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Jori L. Moore	07/01/12 – 06/30/13
Chief Administrative Officer	Gwen Adell	07/01/12 – 06/30/13
Principal	Aletha Fontleroy	07/01/12 – 06/30/13

The Board of Directors  
Drexel Foundation for Educational Excellence, Inc.

We have audited the financial statements of **Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy** (the "School") as of and for the year ended June 30, 2013 and have issued our report thereon dated October 22, 2013. 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.



Indianapolis, IN  
October 22, 2013

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.  
d/b/a  
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2013

CAPITAL ASSETS

The School maintains a record of capital assets for accounting purposes; however, the School does not routinely conduct a physical inventory of its capital assets as a means to verify its asset records.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Assets Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

TICKET SALES

The School charges admission to various athletic and other school events; however, it does not use pre-numbered tickets or reconcile ticket sales via the SA-4 Ticket Sales Form.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.  
d/b/a  
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

RECEIPTS AND DEPOSITS

The School receives cash for various purposes including field trips, uniforms, and book rentals. Procedures were in place to process cash collections; however, we noted that deposits are not always made in a timely manner. In 9 instances out of a sample of 15, the collections were deposited later than 5 days from the receipt date, with many deposits exceeding 2 weeks from the receipt date.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and 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).

CASH BALANCES

Our examination of the semi-annual financial report to the Indiana Department of Revenue (Form 9) for the period January 1, 2013 to June 30, 2013 revealed that the June 30, 2013 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was lower than the general ledger balance by \$140,316.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2013

The contents of this report were discussed on November 26, 2013, with James Harris (Board Treasurer), Thomas Aubin (Vice-President, American Quality Schools), and Josh Samuelson (Senior Account Specialist, American Quality Schools). The Official Response has been made a part of this report and may be found on page 6.

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

OFFICIAL RESPONSE

Year ended June 30, 2013

**CAPITAL ASSETS**

Management agrees with the comment, and will take steps to ensure that a complete inventory of all capital assets owned will be completed at least yearly on or before each year-end.

**TICKET SALES**

Management agrees with the comment, and has ordered the appropriate SA-4 Ticket Sales Form for immediate use by the charter employee responsible for the maintenance, issuance, accounting and reconciliation of ticket sales. Management will also take steps to ensure that appropriate personnel involved in the ticket sale process are adequately trained.

**RECEIPTS AND DEPOSITS**

Management agrees with the comment, and will take steps to ensure that all receipts are deposited timely (i.e., not later than the following business day after receiving funds).

**CASH BALANCES**

The Form 9 is completed and submitted on or before July 31<sup>st</sup> for the period January 1-June 30. The report is submitted based on the internal, unaudited cash basis financial statements as of June 30, and as such, may be different from the report that would be submitted based on the final, audited balances in the accounts. Consequently, there is a chance that differences might exist based on the audited versus unaudited balances. Nonetheless, management will strive to ensure better accuracy in the report filed for the January 1-June 30 time period.