



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B43494

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

May 13, 2014

Charter School Board
Carousel Family Services, Inc. d/b/a
Veritas Academy
530 E. Ireland Road, Building B
South Bend, IN 46614

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 and 4 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 Carousel Family Services, Inc. d/b/a Veritas 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY
ST. JOSEPH COUNTY, INDIANA
July 1, 2012 to June 30, 2013

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

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CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

School Officials

Year Ended June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Theo Williams	07/01/12 – 06/30/13
Director of Education	Germaine Smith	07/01/12 – 06/30/13
Treasurer	Mike Jaarda	07/01/12 – 06/30/13

The Board of Directors
Carousel Family Services, Inc.

We have audited the financial statements of Carousel Family Services, Inc. d/b/a Veritas Academy (the "School") as of and for the year ended June 30, 2013 and have issued our report thereon dated February 21, 2014. 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.

Fitzgerald Isaac LLC

Indianapolis, IN
February 21, 2014

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

Year Ended June 30, 2013

REQUIRED REPORTS

Two ADM counts were taken during the 2013 fiscal year. A signed and dated copy of the second ADM Report was not maintained by the building level administrator.

The building level administrator (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the Organizer, shall provide a written certification of ADM to properly document responsibility. The certification must at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

RECEIPTS AND DEPOSITS

The School issues written receipts for various cash collections including textbook fees, uniforms, and school lunch. In 14 instances of the 25 receipts selected for testing, we noted that the bank deposit was not made in a timely manner. Collections were held from 6 to 34 days after the date of receipt before being deposited in the bank.

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).

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments, Continued

TICKET SALES

The School charges admission to certain school events, but does not complete the SA-4 Ticket Form Reconciliation as a means to control the funds received. The School uses a "Money Form" that does not contain the required information included on the SA-4.

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).

TEXTBOOK RENTALS

The School maintains a process for textbook rentals and pursues delinquent accounts, but does not have a formal policy to address uncollectible accounts.

The charter school must have a written policy concerning a procedure for the writing off of bad debts, uncollectible accounts receivable, or any adjustments to record balances. Documentation must exist for all efforts made by the charter school to collect amounts owed prior to any write-offs. Officials or employees authorizing, directing or executing write-offs or adjustments to records which are not documented or warranted may be held personally responsible. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Exit Conference

Year Ended June 30, 2013

The contents of this report were discussed on April 1, 2014 with Germaine Smith (Director of Education) and June Hill (Board Member). The Official Response has been made a part of this report and may be found on page 6.

VERITAS ACADEMY

INDIANA'S FIRST CHARTER SCHOOL

530 E. Ireland Rd., PO Box 10028, South Bend, IN 46680

Phone: 574.287.3230 Fax: 574.287.2643

www.veritas.k12.in.us

April 8, 2014

Management's Response to Compliance Findings:

All ADM counts and written certification have previously been submitted and properly filed. However this year, although the ADM counts were submitted and filed, one of the two documents were not signed. The Building Level Administrator and the Administrative Assistant, in addition to submitting the ADM count, will follow through with providing written certification to properly document responsibility.

Receipts and Deposits:

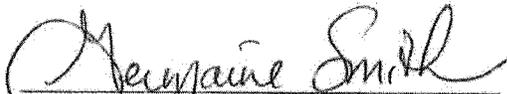
We believe that proper controls are in place to secure cash and /or checks received until the time of deposit. We will, however, adopt a policy where a deposit is made daily for cash/checks received during the day to minimize the risk of misappropriation of assets.

Ticket Sales

We have already begun using pre-numbered tickets and the SA-4 Ticket form reconciliation for school events where admission is charged.

Text Books Rental

We will adopt a policy in which all delinquent accounts will be followed up on by the school in a consistent and uniform manner.



Germaine Smith, Director of Education



Jeannette Pancoast, Board President

A Public School of Choice for Empowering Excellence, Achievement, and Community

Veritas Academy's educational mission is to provide its students with a strong academic curriculum and cultural opportunities in a supportive, innovative, and challenging environment that fosters academic success and good citizenship.