



STATE OF INDIANA
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October 8, 2014

Charter School Board
Challenge Foundation Academy, Inc.
3980 Meadows Drive
Indianapolis, IN 46205

We have reviewed the Supplemental Audit Report prepared by Sikich, LLP, 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. Page 5 contains two audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Challenge Foundation Academy, Inc. 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

CHALLENGE FOUNDATION ACADEMY, INC.

MARION COUNTY, INDIANA

JULY 1, 2012 TO JUNE 30, 2013



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CHALLENGE FOUNDATION ACADEMY, INC.

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Luanne Brown	12-15-11 to 06-30-13
Superintendent of Schools	Charlie Schlegel	07-01-09 to 06-30-13
President of the School Board	Rose Mays Charlie Garcia	09-01-09 to 05-01-13 05-01-13 to 06-30-13
Treasurer of the School Board	Owen B. Melton	07-01-09 to 06-30-13



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Certified Public Accountants & Advisors
Members of American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S AUDIT REPORT

To The Board of Directors
of Challenge Foundation Academy, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements of Challenge Foundation Academy, Inc., which comprise the statement of financial position as of June 30, 2013, and the related statement of activities and cash flows, and have issued our report thereon dated September 5, 2014.

In connection with our audit, we noted that Challenge Foundation Academy, Inc. failed to comply with the school lunch reimbursements and prenumbered tickets and ticket sales provisions of the *Accountant and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, as outlined in the *Guidelines for Audits of State and Local Governments by Authorized Independent Public Accountants*, issued by the Indiana State Board of Accounts. Our audit was not directed primarily toward obtaining knowledge as to whether Challenge Foundation Academy, Inc. failed to comply with the terms of the *Accountant and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced *Accountant and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, issued by the Indiana State Board of Accounts, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of Challenge Foundation Academy, Inc. and the Indiana State Board of Accounts, and is not intended to be and should not be used by anyone other than these specified parties.

Sikich, LLP

Sikich LLP

September 5, 2014

CHALLENGE FOUNDATION ACADEMY, INC.

AUDIT RESULTS AND COMMENTS

SCHOOL LUNCH REIMBURSEMENT

The Academy incorrectly calculated eligibility on five of the applicants we tested with regard to the school nutrition program.

The State Board of Accounts is of the audit position charter schools shall request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. The written communication to the Department of Education must also request a determination if any increases or decreases in funding will result to the charter school because of the concerns noted with the verification process. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 17).

PRENUMBERED TICKETS AND TICKET SALES REPORTS (Form SA-4)

During our review of extra-curricular events, we were unable to determine that receipts of monies agreed to ticket sales reports since pre-numbered tickets were not issued and ticket sales reports were not used for receipt of monies during the extra-curricular events.

Ticket sales conducted by any activity shall be accounted for as follows:

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 Charters Schools, Chapter 2)

CHALLENGE FOUNDATION ACADEMY, INC.

MARION COUNTY

EXIT CONFERENCE

The contents of this report were discussed on January 20, 2014, with John Ackerman, Kelly Herron and Kyle Rouse, Director of Operations. The officials concurred with our audit findings.