



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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December 16, 2014

Charter School Board  
Indiana Schools of Excellence, Inc.  
3423 S. Michigan Street  
South Bend, IN 46614-1719

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac, LLC, Independent Public Accountants, for the period July 1, 2011 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 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 Indiana Schools of Excellence, 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  
**INDIANA SCHOOLS OF EXCELLENCE, INC.**  
ST. JOSEPH COUNTY, INDIANA  
July 1, 2011 to June 30, 2013

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

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INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

School Officials

July 1, 2011 to June 30, 2013

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Yolanda Turner-Smith	07/01/11 – 06/30/12
President of Board of Directors	Albert Smith	07/01/12 – 06/30/13
School Leader	Tania Grimes	07/01/11 – 06/30/13

The Board of Directors  
Indiana Schools of Excellence, Inc.

We have audited the financial statements of **Indiana Schools of Excellence, Inc.** (the “School”) as of and for the years ended June 30, 2013 and 2012, and have issued our report thereon dated August 4, 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  
August 4, 2014

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

July 1, 2011 to 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)

TEXTBOOK REIMBURSEMENT

The School compiles a record of students eligible for textbook reimbursement from data provided by FSP, a contracted third party lunch provider. However, the School was unable to provide us with the record of students supporting the textbook reimbursement claims submitted for the years ended June 30, 2012 and 2013.

Charter schools must provide accurate information to the Indiana Department of Education pertaining to the number of students that received free/reduced textbooks. If a variance occurs between the charter school records and the report provided the IDOE, then written communication must also request a determination if any increases or decreases in funding will result to the charter school because of the variance. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

INDIANA SCHOOLS OF EXCELLENCE, INC.

ST. JOSEPH 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 15 instances out of a sample of 25 for 2012 and 9 instances out of 25 for 2013, the collections were deposited later than 5 days 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 periods January 1, 2012 to June 30, 2012 and January 1, 2013 to June 30, 2013 revealed that the June 30 cash balances did not reflect the balance as reported on the books and records. The balances reported on Form 9 were lower than the general ledger balances by \$16,155 and \$227,105, respectively.

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)

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

INDIANA SCHOOLS OF EXCELLENCE, INC.

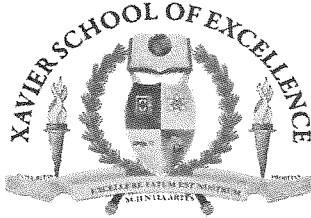
ST. JOSEPH COUNTY, INDIANA

Exit Conference

July 1, 2011 to June 30, 2013

The contents of this report were discussed on October 30, 2014, with Tania Grimes (School Leader), Bob Edmondson (Business Manager), Jim Shafter (Accountant), and Albert Smith (Board President). The Official Response has been made a part of this report and may be found on page 6.





**Tania Grimes, EdD**  
Director

## XAVIER SCHOOL OF EXCELLENCE

3423 S. Michigan Street  
South Bend, IN 46614-1719

School Office (574) 231-6600  
FAX(574) 231-6640

August 4, 2014

### SUPPLEMENTAL AUDIT REPORT

### OFFICIAL RESPONSE AND PLANNED CORRECTIVE ACTION

#### CAPITAL ASSETS

A complete inventory of all capital assets will be conducted by June 30 of each year and recorded on the applicable Capital Assets Ledger.

#### TEXTBOOK REIMBURSEMENT

Xavier School of Excellence turned in data based on State student count days. FSP turned in data based on the number of students enrolled in June. Due to student enrollments and withdrawals throughout the year, the numbers did not match. This will be addressed so that data submitted by FSP and Xavier School of Excellence are for the same reporting date.

#### RECEIPTS AND DEPOSITS

With the non-renewal of our contract with American Quality Schools, Xavier School of Excellence has hired a Business Manager and accountant. All deposits are now made within one business day of receipt.

#### CASH BALANCES

This was the responsibility of our EMO, American Quality Schools. We did not re-new our contract with them. Our new accountant will correct this.

Respectfully,

Tania Grimes, EdD  
Director

“Excellence Is Our Destiny!”