



STATE OF INDIANA
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January 22, 2015

Charter School Board
21st Century Charter School at Fountain Square, Inc. d/b/a
University Heights Preparatory Academy
3919 Madison Avenue
Indianapolis, IN 46227

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac, LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. 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 responses are included on Page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for 21st Century Charter School at Fountain Square, Inc. d/b/a University Heights Preparatory 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
21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

July 1, 2013 to June 30, 2014

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

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21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

School Officials

July 1, 2013 to June 30, 2014

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Rollin Dick	07/01/13 – 06/30/14
School Leader(s)	Jay McGee Masimba Taylor	07/01/13 – 09/30/13 10/01/13 – 06/30/14
Treasurer	Kyle Rouse Laura Lora	07/01/13 – 12/17/13 12/18/13 – 06/30/14

The Board of Directors
21st Century Charter School at Fountain Square, Inc.

We have audited the financial statements of **21st Century Charter School at Fountain Square, Inc. d/b/a University Heights Preparatory Academy** (the "School") as of and for the year ended June 30, 2014 and have issued our report thereon dated October 29, 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.



Indianapolis, IN
October 29, 2014

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2013 to June 30, 2014

CAPITAL ASSETS

The School maintains a capital assets record for accounting purposes; however, it has not conducted a physical inventory of such assets as verification of the accounting 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)

RECEIPTS AND DEPOSITS

The School receives cash for various purposes including school lunch, school spirit wear, yearbooks, field trips and athletics. From a sample of 25 cash receipts, we noted that written receipts are prepared to document each bank deposit, but are not written consistently at the point of payment.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

Audit Results and Comments, Continued

TICKET SALES

The School charges admission to certain school events, but does not utilize pre-numbered tickets or complete the SA-4 Ticket Form Reconciliation.

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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

TRAVEL ADVANCES

The School allows for travel advances by employees; however, the School's written travel reimbursement policies do not address the circumstances required to obtain an advance or the reporting of expenses relating to the advance.

If the charter school authorizes travel advances, it must have a policy identifying the individual who may receive an advance, the use and purpose of the advance, the information that is required to account for the advance, a reconciliation of actual expenses (upon return for the trip) versus amounts advanced, and the refunding of any excess money that was in advanced in a timely manner. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

21st CENTURY CHARTER SCHOOL AT FOUNTAIN SQUARE, INC.
d/b/a
UNIVERSITY HEIGHTS PREPARATORY ACADEMY

MARION COUNTY, INDIANA

Exit Conference

July 1, 2013 to June 30, 2014

The contents of this report were discussed on November 24, 2014 with Lauren Rush (Chief Operations Officer, Community Charter Network) and Mike Smith (Board Treasurer). The Official Response has been made a part of this report and may be found on page 6.

Capital Assets

We agree that, as of June 30, 2014, the school did not have an updated physical asset inventory.

Corrective Action:

In October 2014 the school contracted with a firm to complete a full physical asset inventory. Upon receipt of inventory, we will coordinate with our accountants to align this inventory to our record of capital assets kept for accounting purposes. We will make necessary adjustments and maintain this list through regular maintenance.

Cash Receipts

We agree that receipts were not consistently provided to payers.

Corrective Action:

One staff member will be designated to receive all payments and issue all receipts at the school. A carbon copy, numbered receipt book will be used. One copy will be given to the payer at the time of payment and the other copies will be maintained at the school.

Ticket Sales

We agree that, primarily due to an athletic director transition, the school did properly account for ticket sales.

Corrective Action:

The University Heights Academy business manager will be trained on how to utilize an SBOA approved form for tracking ticket sales. The business manager will ensure that form is completed and tickets are correctly filed for every event.

Travel Advances

We agree that travel advances were granted for employees during FY14, though our travel policy did not dictate circumstances required to obtain and record back-up for such an advance.

Corrective Action:

Travel advances will not be issued or permitted moving forward.