



STATE OF INDIANA
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B46695

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

July 29, 2016

Charter School Board
Lighthouse Academies of Northwest Indiana, Inc.
29140 Chapel Park Drive
Wesley Chapel, FL 33543

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. 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 6 contain four audit results and comments. Management's response is on pages 8 through 9.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Lighthouse Academies of Northwest Indiana, 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
LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
July 1, 2014 to June 30, 2015



LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

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LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Eddie Harvey	07/01/14 – 06/30/15
Superintendent	Jeremy Williams	07/01/14 – 06/30/15
Treasurer	Howard Hammond Linda Ahronian	07/01/14 – 04/21/15 04/22/15 – 06/30/15



The Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.

We have audited the financial statements of **Lighthouse Academies of Northwest Indiana, Inc.** as of and for the year ended June 30, 2015 and have issued our report thereon dated June 3, 2016. 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.

A handwritten signature in dark ink that reads 'DONOVAN' in a cursive, slightly stylized font.

Indianapolis, IN
June 3, 2016

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

REQUIRED REPORTS

The financial report to the Indiana Department of Education (Form 9) submitted by Lighthouse Academies of Northwest Indiana, Inc. did not properly reflect the cash activity for the period from July 1, 2014 to June 30, 2015. The total cash balances per the Form 9s did not agree to the cash balance recorded in the accounting records as of June 30, 2015. The balance for Gary Lighthouse Charter School was under-reported by the amount of \$15,248. The balance for East Chicago Lighthouse Charter School was under-reported by the amount of \$21,908.

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 of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of 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)

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

CASH RECEIPTS AND DEPOSITS

Lighthouse Academies of Northwest Indiana, Inc. schools receive payments for various purposes including uniform sales, student fees, fundraising, and field trips. In our sample of 50 cash receipts transactions (25 for each school) from throughout the year, we noted the following issues:

1. Thirteen payments were not deposited timely (eleven for Gary Lighthouse Charter School and two for East Chicago Lighthouse Charter School).
2. For Gary Lighthouse Charter School, ten of the receipts were not completed in full, specifically, the individual completing the receipt did not sign it.

All charter school money must be deposited in the designated depository no 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)

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)

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

VENDOR DISBURSEMENTS

In our audit, we examined fifty-one vendor disbursements from throughout the fiscal year (thirty from Gary Lighthouse Charter School and twenty-one from East Chicago Lighthouse Charter School) and noted the following issues:

1. For Gary Lighthouse Charter School, nine of the thirty vouchers did not contain proper approval signatures. For East Chicago Lighthouse Charter School, three of twenty-one vouchers did not contain proper approval signatures.
2. For East Chicago Lighthouse Charter School, five of twenty-one disbursements included payment of sales tax.

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: Charter schools may not draw a warrant or check for payment of a claim unless; (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the board having jurisdiction over the allowance of the payment of the claim. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

TEXTBOOK RENTAL AND SCHOOL LUNCH REIMBURSEMENT

We selected a sample of fifteen students for the purpose of verifying the income eligibility for subsidized meals and textbook reimbursement for Gary Lighthouse Charter School. Within this sample we noted:

- One instance where it was determined that the student qualified for free meal payments, when the application supported that they qualified for reduced meal payments.
- Two instances where the applications were not provided, but the student was recorded as qualifying for free meals.
- For one of the School's facilities (College Preparatory Academy), it was unable to provide a complete listing of all students and their status as free, reduced, or paid meals.

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)

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)

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on June 28, 2016 with Marcia Saulo (Management Director of Finance, Lighthouse Academies, Inc.), Jeremy Williams (Regional Vice-President, Lighthouse Academies, Inc.), and Tina Dobson (Controller/Treasurer, Lighthouse Academies, Inc.). The Official Response has been made a part of this report and may be found on page 8.

Lighthouse Academies, Inc.

June 22, 2016

Donovan PC
9245 N. Meridian St., Suite 302
Indianapolis, IN 46260
ATTN: Mr. Eugene P Fitzgerald

RE: Responses to Indianapolis Lighthouse Charter School Supplemental Audit Report

Dear Sir:

Form 9 issues

Audit Comment: Cash balance on Form 9 at June 30, 2015 did not agree with the balance of cash per School's accounting records.

School Response: bank accounts are reconciled in Komputrol and Quickbooks and the cash balance is balanced to the bank accounts.

Cash Receipts and Deposits

Audit Comment: Charter school money was not deposited were not deposited in a timely manner and not in the same form which the funds were received.

School Response: Procedure is in place for all receipts over \$50 to be deposited with 24 hours of receipt to the bank.

Audit Comment: State Board of Accounts prescribed or approved forms were not used.

School Response: As part of the procedure, prescribed forms for deposits are used for documenting deposits.

Vendor disbursement issues

Audit Comment: Vendor disbursements included disbursements were not appropriately approved before disbursements.

School Response: Every vendor disbursement is approved by the Director of Operations and Indiana Controller.

Audit Comment: Vendor disbursements include sales tax.

School Response: Sales tax is removed on invoices during vendor disbursement processing with sales tax exemption certificates sent to vendors which are charging sales tax.

Textbook rental and School lunch reimbursement issues

Audit Comment: School was unable to verify the income eligibility for subsidized meals and textbook reimbursement.

School Response: The Director of Operations for NWI will verify the income eligibility for subsidized meals and textbook reimbursements.

Sincerely,

Lighthouse Academies, Inc.

Tina Dobson
Indiana Controller
Lighthouse Academies, Inc.