



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B47490

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

January 5, 2017

Charter School Board
Lighthouse Academies of Indiana, Inc.
1780 Sloan Avenue
Indianapolis, IN 46203

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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 3 contains two audit results and comments. Management's response is on page 5.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Lighthouse Academies of 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 INDIANA, INC.**

MARION COUNTY, INDIANA

July 1, 2015 to June 30, 2016



TABLE OF CONTENTS

| | Page |
|-----------------------------|-------------|
| School Officials | 1 |
| Transmittal Letter | 2 |
| Audit Results and Comments: | |
| Financial Reporting | 3 |
| Receipts and Deposits | 3 |
| Exit Conference | 4 |
| Official Response..... | 5 |

LIGHTHOUSE ACADEMIES OF INDIANA, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2015 to June 30, 2016

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---------------------------------|------------------------|---------------------|
| President of Board of Directors | Amber Audrain | 07/01/15 – 06/30/16 |
| Superintendent | Ryan Gall | 07/01/15 – 06/30/16 |
| School Treasurer | Linda Ahronian | 07/01/15 – 06/30/16 |



The Board of Directors
Lighthouse Academies of Indiana, Inc.

We have audited the financial statements of Lighthouse Academies of Indiana, Inc. ("LAI") as of and for the year ended June 30, 2016 and have issued our report thereon dated December 20, 2016. As part of our audit, we tested the LAI'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 LAI was not in compliance with those provisions.

DONOVAN

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

Indianapolis, Indiana
December 20, 2016

www.cpadonovan.com

Avon Office | 5151 E. U.S. HWY 36 Avon, IN 46123 | 317.745.6411

Indianapolis Office | 9245 North Meridian Street, Ste. 302 Indianapolis, IN 46260 | 317.844.8300

LIGHTHOUSE ACADEMIES OF INDIANA, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2015 to June 30, 2016

FINANCIAL REPORTING

Our examination of the semi-annual financial reports to the Indiana Department of Education (Form 9) for the period July 1, 2015 to June 30, 2016 revealed multiple issues, including:

1. The overall cash balance on the Form 9 reports at June 30, 2016 did not agree with the balance of cash per the LAI schools' accounting records.
2. Fund balances for federal grants did not reflect the true balances of the grant programs.
3. Receipts and expenditures activity reported did not reflect the true activity for the period reported.

A fund, as used in the manual, represents money set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

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)

RECEIPTS AND DEPOSITS

In our audit, we examined records relating to cash received at the schools pertaining to such items as extra-curricular activity fees, fundraisers, fees, and donations. We tested 25 receipts from both LAI schools (50 in total). From these cash receipts transactions, we noted the following issues:

- For Indianapolis Lighthouse Charter School East, we noted that 23 of the 25 receipts tested did not include the form of payment.
- For Indianapolis Lighthouse Charter School - South, we noted that 3 of the 25 receipts were not deposited in a timely manner.

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)

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)

LIGHTHOUSE ACADEMIES OF INDIANA, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2015 to June 30, 2016

The contents of this report were discussed on December 20, 2016 with Amber Audrain (President of the Board of Directors), Marcia Saulo (Managing Director of Finance, Lighthouse Academies, Inc.), and Tina Dobson (Indiana Controller, Lighthouse Academies, Inc.). The Official Response has been made a part of this report and may be found on page 5.

Lighthouse Academies, Inc.

December 22, 2016

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

RE: Responses to Lighthouse Academies of Indiana Supplemental Audit Report

Dear Sir:

Financial Recording issues

Audit Comment: The overall cash balance on the form 9 reports at June 30, 2016 did not agree with the balance of cash per the LAI schools' accounting records

School response: A fund balance report will be created to balance funds for form 9 reporting

Audit Comment: Fund balances for federal grants did not reflect the true balances of grant reports

School response: A fund balance report will be created to balance funds and track expenditures and deposits

Audit Comment: Receipts and expenditures activity reported did not reflect the true activity for the period reported

School response: A new procurement software will be utilized to track purchases and to ensure the timely processing of invoices.

Receipts and Deposits

Audit Comment: Deposit forms do not include the form of payment

School response: Deposits have included the form of payment, but the SBOA form was not filled out properly. Operations personnel will be trained to properly fill out SBOA form.

Audit Comment: Receipts were not deposited in a timely manner.

School response: School has put in a place a procedure to ensure timely deposits.

Sincerely,



Tina Dobson
Indiana Controller
Lighthouse Academies, Inc.