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January 10, 2017

Charter School Board
Hoosier Academy, Inc.
2855 N Franklin Rd.
Indianapolis, IN 46219

We have reviewed the Supplemental Audit Report prepared by Donovan PC, 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.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for the Hoosier 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
HOOSIER ACADEMY, INC.

MARION COUNTY, INDIANA

July 1, 2015 to June 30, 2016



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HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2015 to June 30, 2016

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	John Marske	07/01/15 – 06/30/16
Head of School	Byron Ernest	07/01/15 – 07/31/16
School Treasurer	Byron Ernest	07/01/15 – 06/30/16



The Board of Directors
Hoosier Academy, Inc.

We have audited the financial statements of Hoosier Academy, Inc. (the “School”) as of and for the year ended June 30, 2016 and have issued our report thereon dated December 23, 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.

DONOVAN

A handwritten signature in dark ink that reads 'Donovan'. The signature is written in a cursive style with a large, looped 'D'.

Indianapolis, Indiana
December 23, 2016

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HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2015 to June 30, 2016

CASH RECEIPTS AND DEPOSITS

In our audit, we examined records relating to cash received at the schools pertaining to such items as testing, reimbursements, and room rentals. We selected 25 receipts from the School's receipt books for the year. From these cash receipts transactions, we noted the following issues:

- For 19 of the 25 receipts tested, funds were not deposited in a timely manner.
- For 3 of the 25 receipts tested, the School was unable to provide documentation to show that the funds were included in a deposit.

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)

ELIGIBILITY VERIFICATION

In our audit of textbook reimbursements, we selected twenty students to verify eligibility determinations made by the school official. In order to be eligible for textbook reimbursement, students must qualify for either free or reduced meal assistance. For three of the students tested, we determined they did not qualify for free or reduced meals and should not have been included on the claim for textbook reimbursement.

The local educational agency must determine household eligibility for free or reduced price meals either through direct certification or the application process at or about the beginning of the school year. [7 CFR, part 245.6(c)]

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)

HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2015 to June 30, 2016

The contents of this report were discussed on December 23, 2016 with Gary Meyer (Board Treasurer), Byron Ernest (Head of Schools), Kathy Coe (Operations Manager), and Patti Ashley (Finance Manager, K12, Inc.). The Official Response has been made a part of this report and may be found on page 5.



Management Responses to FY2016 Supplemental Audit Report

Title	Finding	Recommendations	Actions
Cash Receipts and Deposits	<p>In our audit, we examined records relating to cash received at the schools pertaining to such items as testing, reimbursements, and room rentals. We tested 25 receipts, which constituted all recorded activity for the year. From these cash receipts transactions, we noted the following issues:</p> <ul style="list-style-type: none"> For 19 of the 25 receipts tested, funds were not deposited in a timely manner. For 3 of the 25 receipts tested, the School was unable to provide documentation to show that the funds were included in a deposit. 	<p>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)</p> <p><i>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)</i></p>	<p>The school revised their cash receipt and deposit procedure in FY16, after the completion of the FY15 audit. All deposits will be made according to Compliance Guidelines within a timely basis. A detailed deposit slip prepared and maintained for each deposit. This is attached to the receipt from the bank and supporting documentation. The original receipt is sent to Bookkeeper Plus. These receipts are maintained in the school office and denote whether cash or checks are received.</p>
Eligibility Verification	<p>In our audit of textbook reimbursements we selected twenty students to verify eligibility determinations made by the school official. In order to be eligible for textbook reimbursement, students must qualify for either free or reduced meal assistance. For three of the students tested, we determined they did not qualify for free or reduced meals and should not have been included on the claim for textbook reimbursement.</p>	<p>Charter schools are eligible for textbook reimbursement by completing a signed summary claim form to the DOE office of School Finance. This form reports the number of eligible students per grade level as well as the total cost of textbooks and consumable materials.</p>	<p>The school revisited their textbook reimbursement eligibility claim form process. Student data is reviewed and verified to ensure compliance.</p>