



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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March 11, 2024

Charter School Board
URBAN ACT Academy, Inc.
Marion County, Indiana

We have reviewed the Supplemental Audit Report of URBAN ACT Academy, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. 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 on page 3. Management's response is on page 5.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**SUPPLEMENTAL AUDIT REPORT
OF
URBAN ACT ACADEMY, INC.**

MARION COUNTY, INDIANA

July 1, 2022 to June 30, 2023



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URBAN ACT ACADEMY, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2022 to June 30, 2023

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chair of Board of Directors	Morgan Galbreth	07/01/22 – 06/30/23
Head of School	Nigena Livingston	07/01/22 – 06/30/23
Director of Finance and Operations	Theodore Brannum	07/01/22 – 06/30/23



Donovan CPAs

The Board of Directors
URBAN ACT Academy, Inc.

We audited the financial statements of URBAN ACT Academy, Inc. (the “School”) as of and for the year ended June 30, 2023, and issued our report thereon dated February 27, 2024. 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 we believe the School was not in compliance with those provisions.

DONOVAN

Indianapolis, Indiana
February 27, 2024

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URBAN ACT ACADEMY, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2022 to June 30, 2023

RECORD RETENTION - ADM

We were unable to conduct testing related to compliance with the Average Daily Membership (“ADM”) provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts due to the lack of records related to student enrollment and attendance. The School ceased operations in June 2023. Adequate provisions were not made to retain school records in a satisfactory manner for retrieval.

Charter school administrators must be cognizant of their duties of care, loyalty, and obedience. The duty of care requires administrators to be familiar with charter school’s finances and activities and to participate regularly in its operations. Duty of loyalty requires that any conflict of interest, real or possible, always be disclosed in advance of being employed and when they arise. A charter school had the duty to insure that the school complies with applicable laws and regulations and its internal policies and procedures. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8*)

REQUIRED REPORTS - FORM 9 REPORTING

We reviewed the biannual Form 9 reports filed by the School to the Indiana Department of Education for the 2022-2023 school year noting the individual fund balances reported on Form 9 do not agree with the fund activity per the financial records. Specifically, the ending balances at June 30, 2023 for funds 3700, 4100, 5200, 7910, 7923, 7931, and 7963 were not reflective of balances on those funds.

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*)

URBAN ACT ACADEMY, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2022 to June 30, 2023

The contents of this report were discussed on February 27, 2024 with Theo Brannum (Director of Finance and Operations) and Brian Anderson (Outside Consultant). The Official Response has been made a part of this report and may be found on page 5.



February 27, 2024

Donovan CPAs
9292 N. Meridian Street, Suite 150
Indianapolis, IN 46260

Urban Act Academy has closed our charter school on June 30, 2023 and no further action on these findings is applicable.

Sincerely,

The Urban Act Academy Management Team