



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B45573

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

December 9, 2015

Charter School Board
Enlace Academy, Inc.
3725 North Kiel Avenue, 2nd Floor
Indianapolis, IN 46224-1228

We have reviewed the Supplemental Audit Report prepared by Fitzgerald/Isaac, LLC, 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. 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 Enlace Academy, 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

ENLACE ACADEMY, INC.

MARION COUNTY, INDIANA

July 1, 2014 to June 30, 2015

Fitzgerald | **Isaac** LLC
Certified Public Accountants

ENLACE ACADEMY, INC.

MARION COUNTY, INDIANA

Table of Contents

	<u>Page</u>
School Officials	1
Transmittal Letter	2
Audit Results and Comments:	
Financial Reporting	3
Payroll Compliance	3
Exit Conference	4
Official Response	5

ENLACE ACADEMY, INC.

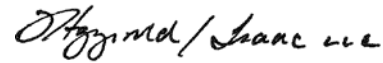
School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Martin Dezelan	07/01/14 – 06/30/15
School Leader/ Treasurer	Kevin Kubacki	07/01/14 – 06/30/15
Business Manager	Denise Castellanos	07/01/14 – 06/30/15

The Board of Directors
Enlace Academy, Inc.

We have audited the financial statements of Enlace Academy, Inc. (the "School") as of and for the year ended June 30, 2015 and have issued our report thereon dated October 19, 2015. 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 19, 2015

ENLACE ACADEMY, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

FINANCIAL REPORTING

Our examination of the semi-annual financial reports to the Indiana Department of Education (Form 9) for the period January 1, 2015 to June 30, 2015 revealed that the June 30, 2015 fund balances for the federal grants did not reflect the balances as reported on the books and records. The cash balance in total was accurately reported, but the composition by fund did not reflect the correct balances due to inaccurate classification of receipts and expenditures.

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)

PAYROLL COMPLIANCE

We examined the payroll contracts for fifteen employees who were paid by the School during the payroll period ended February 27, 2015. In our sample of fifteen, nine of the contracts examined did not support the amounts paid to the employees for the payroll period. The Board of Directors approved an increase in compensation, but the contracts were not amended to reflect the change.

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

ENLACE ACADEMY, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on October 21, 2015 with Kevin Kubacki (School Leader), Dennis Casey (Board Treasurer), Denise Castellanos (Business Manager), and Brian Anderson (Consultant). The Official Response has been made a part of this report and may be found on page 5.

ENLACE ACADEMY

October 26, 2015

Fitzgerald | Isaac LLC
9245 N. Meridian Street, Suite 302
Indianapolis, IN 46260

Enlace Academy will take the following action to address the FY2015 audit comments:

1. We will make appropriate adjustments on the next Form 9 submission to reconcile individual fund differences that resulted after adjusting entries were made in our accounting system.
2. All board/management approved salary changes will be supported with an addendum to current year employee offer letters.

Sincerely,



Enlace Academy Management
Kevin Kubacki, School Leader