



STATE OF INDIANA
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April 13, 2016

Charter School Board
Carousel Family Services, Inc. d/b/a
Veritas Academy
530 E. Ireland Road, Building B
South Bend, IN 46614

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. Page 3 contains two audit results and comments. Management's response is on page 6.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Carousel Family Services, Inc. d/b/a Veritas 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY
ST. JOSEPH COUNTY, INDIANA
July 1, 2014 to June 30, 2015



CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

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CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH 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	Jeannette Pancoast	07/01/14 – 10/31/14
	Allison Laidig	11/01/14 – 06/30/15
Director of Education	Germaine Smith	07/01/14 – 06/30/15
Treasurer	June Hill	07/01/14 – 06/30/15



The Board of Directors
Carousel Family Services, Inc.

We have audited the financial statements of **Carousel Family Services, Inc. d/b/a Veritas Academy** (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated February 1, 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 P.C.

Indianapolis, IN
February 1, 2016

CAROUSEL FAMILY SERVICES, INC.

d/b/a

VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

RECEIPTS AND DEPOSITS

The School issues written receipts for various cash collections including textbook fees, uniforms, and school lunch. For 7 of the 25 receipts selected for testing, the School was unable to provide documentation identifying the bank deposit that corresponded to the given receipt. Additionally, of the 18 receipts that were supported by a deposit, we noted that in 7 instances the bank deposit was not made in a timely manner. Collections were held for periods of 5 days to 22 days after the date of receipt before being deposited in the bank. Also, for 7 of the 25 receipts selected for testing, it was clear that a receipt was not issued to the payer at the time of the transaction because the payer copy was still in the receipt book.

Receipts shall be issued and recorded at the time of the transaction, for example, when cash or a check is received, a receipt shall be immediately prepared and given to the person making payment.

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)

VENDOR DISBURSEMENTS

We selected and examined a sample of 25 vendor disbursement transactions from throughout the 2015 fiscal year. Within this sample, we noted five payments that included the imposition of late fees.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

CAROUSEL FAMILY SERVICES, INC.
d/b/a
VERITAS ACADEMY

ST. JOSEPH COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on February 12, 2016 with Germaine Smith (Director of Education), Theo Williams (Board President), and Kathryn Brook (Administrative Assistant). The Official Response has been made a part of this report and may be found on page 5.

VERITAS ACADEMY
INDIANA'S FIRST CHARTER SCHOOL

530 E. Ireland Rd., Bldg. B, South Bend, IN 46614

Phone: 574.287.3230 Fax: 574.287.2643

www.veritasacademy.us

February 26, 2016

Management's Response to Compliance Findings:

Receipts and Deposits:

The current Audit period overlapped the previous audit period resulting in the same compliance findings; thus, the similar results being consistent is not unexpected. We believe that proper controls are in place to secure cash and /or checks received until the time of deposit. In order to minimize the risk of misappropriation of assets and in order to remain compliant with our procedures we have adjusted our Receipts and Deposit Policy to reflect the following:

Deposits over \$100 will be made weekly unless there is a total accumulation of \$500 or more on any given day, in which case a deposit will be made the same day.

In addition, to avoid avoid/minimize the break down in the accounting documentation process which occurred during the interim of a personnel changeover the following improvements will be implemented:

1. *Step by Step procedures for handling receipts and deposits will be developed to insure consistency.*
2. *In addition to the Administrative Assistant, a second staff member will be cross trained to handle receipts and deposits.*

Vendor Disbursements:

Veritas Academy will continue to be fiscally conscientious and responsible. We moved into the 2014-15 school year with scarce resources and we have had to prioritize payments to vendors. We have a relationship with all of our vendors and were able to utilize their grace periods and thus make payment arrangements that were mutually acceptable to both parties. As noted in the audit, Veritas Academy has already taken steps to reduce personnel, control expenses and operate within its approved budget.

A Public School of Choice for Empowering Excellence, Achievement, and Community

Veritas Academy's educational mission is to provide its students with a strong academic curriculum and cultural opportunities in a supportive, innovative, and challenging environment that fosters academic success and good citizenship.

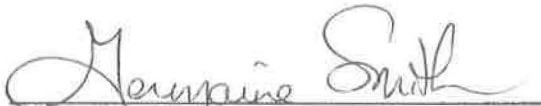
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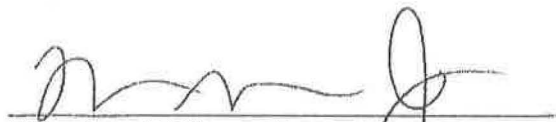
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In addition our efforts to increase enrollment for the 2014-2015 and 2015- 2016 school years were successful and we will continue to build upon those strategies. We are also incorporating other research based marketing and promotion strategies to increase enrollment and funding. As a result, our projected budget shows that we will have a positive cash flow by June 30th, 2016. With a positive cash flow, all incurred expenses will be paid in a timely fashion. Any employee or official who have the responsibility to perform in a manner which would not result in any unreasonable fees being assessed against Veritas must do so with the understanding that if not, they themselves will be responsible for the incurred fees.



Germaine Smith, Director of Education



Theodore Williams, Board President

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