



STATE OF INDIANA
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B46250

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April 28, 2016

Charter School Board
Drexel Foundation for Educational Excellence, Inc.
Elementary Campus 975 West 6th Avenue
Gary, IN 46402

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. Pages 3 through 4 contain four audit results and comments.

In addition to the report presented herein, a Financial Statements and Independent Auditors' Report for Drexel Foundation for Educational Excellence, 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, CPA
State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY
LAKE COUNTY, INDIANA
July 1, 2014 to June 30, 2015



DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

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DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

School Officials

July 1, 2014 to June 30, 2015

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Ben Clement	07/01/14 – 06/30/15
Principal	Clara Thigpen	07/01/14 – 06/30/15
Principal	Charles White	07/01/14 – 06/30/15
Treasurer	Thomas Aubin	07/01/14 – 06/30/15



The Board of Directors
Drexel Foundation for Educational Excellence, Inc.

We have audited the financial statements of **Drexel Foundation for Educational Excellence, Inc. d/b/a Thea Bowman Leadership Academy** (the “School”) as of and for the year ended June 30, 2015 and have issued our report thereon dated March 14, 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.

A handwritten signature in dark ink that reads 'DONOVAN' in all capital letters.

Indianapolis, IN
March 14, 2016

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments

July 1, 2014 to June 30, 2015

TICKET SALES

The School charges admission to various athletic and other school events; however, it does not use pre-numbered tickets or reconcile ticket sales via the SA-4 Ticket Sales Form.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

RECEIPTS AND DEPOSITS

The School receives cash payments for various purposes including field trips, uniforms, and book rentals. Procedures were in place to process cash collections; however, we noted that in 14 instances out of our sample of 25 the School could not provide documentation to support the deposit of the receipt into the bank account. In addition, of the 11 receipts where deposit records were provided, there were two instances where the deposit was not made timely. The cash funds were held for periods of 14 and 16 days, respectively.

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)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.
d/b/a
THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Audit Results and Comments, Continued

VENDOR DISBURSEMENTS

We selected and examined a sample of 42 vendor disbursement transactions from throughout the year. Within this sample, we noted sales tax paid on three of the selected transactions totaling \$1,803.94.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

FINANCIAL REPORTING

Our examination of the semi-annual financial report to the Indiana Department of Education (Form 9) for the period January 1, 2015 to June 30, 2015 revealed that the June 30, 2015 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was lower than the general ledger balance by \$280,926, and the cash balances for various federal grant funds did not reflect accurate balances at June 30, 2015. In addition, the fund numbers used for the Title I and IDEA grants did not comply with the State Board of Accounts guidelines.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.

d/b/a

THEA BOWMAN LEADERSHIP ACADEMY

LAKE COUNTY, INDIANA

Exit Conference

July 1, 2014 to June 30, 2015

The contents of this report were discussed on April 6, 2016 with Michael L. Suggs (Interim Board Chair), Tony Walker (Board Member), Eve Gomez (Board Member), Clifton Gooden (Board Member), Gilbert King (Legal Counsel), Michael Collins (Elementary Principal), and Sarita Stevens (Upper School Principal). The Official Response has been made a part of this report and may be found on page 6.



Thea Bowman Leadership Academy

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Office (219) 944-3100
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Ticket sales – TBLA will follow written procedures noted, with pre-numbered tickets, different ticket colors for each event, all funds will be deposited and noted of unsold tickets, going forward.

Receipts and Deposits – TBLA will be sure to deposit cash received in a timely manner with 24 hours of receipt of funds. TBLA will also be sure to submit receipts and other supporting documents to the Management company in a timely manner.

Vendor Disbursements – TBLA does have a Tax Exempt form completed. There are some instances where sales tax is unavoidable, (i.e. utility invoices). If there were instances of sales tax being paid, this may have been an oversight, but we usually always never pay sales tax and always fight to never pay sales tax. Going forward vendors have been and will continue to be notified prior to purchase that TBLA is tax exempt.

Financial Reporting – Form 9s are submitted in a timely manner, but cash reporting and agreement will possibly never agree to Form 9s due to audit adjustments and journal entries that may have been recorded after submission.