



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B46949

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September 28, 2016

Charter School Board
East Chicago Urban Enterprise Academy
1402 E Chicago Ave
East Chicago, IN 46312

We have reviewed the Supplemental Audit Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. 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 East Chicago Urban Enterprise 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
EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
July 1, 2011 to June 30, 2012



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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
School Officials
July 1, 2011 to June 30, 2012

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Erika Rodriquez	07/01/11 – 06/30/12
School Director	Charlotte Jackson	07/01/11 – 07/31/12
School Treasurer	Kathy Kansfield	07/01/11 – 06/30/12



The Board of Directors
East Chicago Urban Enterprise Academy, Inc.

We have audited the financial statements of **East Chicago Urban Enterprise Academy, Inc.** (the “School”) as of and for the year ended June 30, 2012 and have issued our report thereon dated September 8, 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'.

Indianapolis, IN
September 8, 2016

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
Audit Results and Comments
July 1, 2011 to June 30, 2012

FINANCIAL REPORTING

Our examination of the semi-annual financial reports to the Indiana Department of Education (Form 9) for the period July 1, 2011 to June 30, 2012 revealed that the June 30, 2012 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 \$17,064.

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)

RECEIPTS AND DEPOSITS

The School collects payments for various purposes including uniforms, fundraisers, field trips, and other items. In our sample of 25 cash receipts transactions we noted 9 instances where the bank deposit was not made in a timely manner. The length of time between receipt of funds and deposit in the bank was up to 25 days.

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)

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
Exit Conference
July 1, 2011 to June 30, 2012

The contents of this report were discussed on September 8, 2016 with Veronica Eskew (School Leader), David Padilla (Board President), Luis Gonzalez (Board Member), Manuel Martinez (Board Member), Rita Gillis (Board Member), John Artis (Board Member), and Dana Rifai (Board Member and External Legal Counsel). The Official Response has been made a part of this report and may be found on page 5.



East Chicago Urban Enterprise Academy

"Where Excellence Begins"

September 8, 2016

Donovan CPAs
9345 N. Meridian Street, Suite 302
Indianapolis, IN 46260

RE: Official response to Indiana State Board of Accounts compliance findings:

REQUIRED REPORTS:

Finding:

The financial report to the Indiana Department of Education (Form 9) submitted by the School did not properly reflect the cash activity for the period from July 1, 2014 to June 30, 2015. Receipts and expenditures reported in the various fund accounts did not accurately reflect the activity in those funds. In addition, the total cash balance per the Form 9 did not agree to the cash balance recorded in the accounting records as of June 30, 2015 by the amount of \$184,615.

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 of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

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)



East Chicago Urban Enterprise Academy

"Where Excellence Begins"

School Response:

East Chicago Urban Enterprise Academy, Inc.'s official response encompasses all "required reports" findings for the audit years ending June 30, 2011 through 2015. East Chicago Urban Enterprise Academy will from this date forward submit a Form 9 Biannual Financial Report twice per year during the months of January and July and the financial information in the Form 9 shall reflect accurate cash basis information. The January report will include previous calendar year financial and other required information for the period of July 1 to December 31 financial data. The July report will include current calendar year financial and other required information for the period of January 1 to June 30.

CASH RECEIPTS AND DEPOSITS:

Finding:

The School receives cash payments for various purposes, including uniforms, fundraisers, and student fees. Procedures were in place to process cash collections; however, we noted one issue with regard to the cash receipts process, specifically:

Out of the 27 receipts selected from testing, 14 were not deposited timely.

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)

School Response:

East Chicago Urban Enterprise Academy, Inc.'s official response encompasses all "cash receipts and deposits" findings for the audit years ending June 30, 2011 through 2015. East Chicago Urban Enterprise Academy will from this date forward abide by the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8 and deposit all funds received in the designated depository no 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.



East Chicago Urban Enterprise Academy

1402 E. Chicago Avenue, East Chicago, IN 46312

VENDOR DISBURSEMENTS:

Finding:

In our sample of 40 vendor disbursement transactions, we noted that four included payment of sales tax.

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)

School Response:

East Chicago Urban Enterprise Academy will from this date forward present the Sales Tax Exemption Certificate at the time of purchase in accordance with the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10.

Sincerely,

David Padilla, Board of Directors Chairman

9/13/2016

Date