



**STATE OF INDIANA**  
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May 23, 2017

Charter School Board  
975 West 6th Avenue  
Gary, IN 46402

We have reviewed the Supplemental Audit Report prepared by Donovan CPAs and Advisors, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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 audit report for the same time period as the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts. Both of these reports are filed in our office as a matter of public record.

*Paul D. Joyce*  
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, 2015 to June 30, 2016



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**DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.**  
**d/b/a THEA BOWMAN LEADERSHIP ACADEMY**  
**LAKE COUNTY, INDIANA**  
**School Officials**  
**July 1, 2015 to June 30, 2016**

<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
President of Board of Directors	Michael Suggs	07/01/15 – 06/30/16
Principal (Middle and High School)	Sarita Stevens	07/01/15 – 06/30/16
Principal (Elementary School)	Michael Collins	07/01/15 – 06/30/16
Treasurer	Don Ash	07/01/15 – 06/30/16



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, 2016 and have issued our report thereon dated April 26, 2017. 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

A handwritten signature in black ink that reads 'DONOVAN' in a cursive, slightly stylized font.

Indianapolis, Indiana  
April 26, 2017

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[www.cpadonovan.com](http://www.cpadonovan.com)

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**DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.**  
**d/b/a THEA BOWMAN LEADERSHIP ACADEMY**  
**LAKE COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2015 to June 30, 2016**

**TICKET SALES**

The School charges admission to various athletic and other school events. It did not maintain proof that pre-numbered tickets were used. The School also did not use 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)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (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, 2016 to June 30, 2016 revealed that the June 30, 2016 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 \$309,760, and the cash balances for various federal grant funds did not reflect accurate balances at June 30, 2016.

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**  
**Audit Results and Comments**  
**July 1, 2015 to June 30, 2016**

**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, the School was unable to provide documentation that would allow identification of which receipts made up individual deposits.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of payors. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**DREXEL FOUNDATION FOR EDUCATIONAL EXCELLENCE, INC.**  
**d/b/a THEA BOWMAN LEADERSHIP ACADEMY**  
**LAKE COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2015 to June 30, 2016**

The contents of this report were discussed on April 14, 2017 with Eva Spilker, Director of Finance at The Phalen Leadership Academies. Eva presented the contents of this report to the Board of Directors on April 26, 2017. 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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Fax (219) 977-4780

April 26, 2017

Donovan, P.C.  
9245 N. Meridian Street, Suite 302  
Indianapolis, IN 46260

This letter is to outline responses to 6/30/16 Supplemental Report audit findings:

- 1) Ticket Sales – to correct this finding, Thea Bowman Leadership Academy has implemented the below procedures: Activity Sponsors must utilize pre-printed, numbered tickets or receipts that allow one part to be issued to event attendee and one part to be retained by Activity Sponsor. All tickets shall be pre-numbered, with a different ticket color and numerical series for each price group. All tickets or receipts must be accounted for and summarized on an SA-4 deposit summary that is approved by the Activity Sponsor and the school Principal. The Principal approved deposit slip and deposit worksheet are emailed to Finance and then filed at the school.
- 2) Form 9 for the Period 1/1/16-6/30/16 variance to the GL cash balance – to correct this finding, Thea Bowman Leadership Academy will enter an adjustment on the 6/30/17 Form 9 report.
- 3) Receipts and Deposits – to correct this finding, Thea Bowman Leadership Academy has implemented procedures requiring support for all deposits to be scanned and reconciled monthly as a part of the month end close. Receipts are reviewed and approved by the school Principal and a reconciliation worksheet is prepared to account for all funds. The approved reconciliation worksheet and all supporting receipts are scanned to finance and reconciled to the bank statement monthly.

Thank you,

Earl Phalen, Superintendent

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NAME, TITLE

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Signature