



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B49004

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](http://www.in.gov/sboa)

November 14, 2017

Charter School Board  
Duneland Charter School, Inc.  
d/b/a Discovery Charter School  
800 Canonie Drive  
Chesterton, IN 46304

We have reviewed the Supplemental Audit Report for Duneland Charter School, Inc. d/b/a Discovery Charter School prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2016 to June 30, 2017. 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 finding in the report. Page 3 contains one audit result and comment. Management's response is on page 5.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

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

SUPPLEMENTAL AUDIT REPORT  
OF  
**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**

PORTER COUNTY, INDIANA

July 1, 2016 to June 30, 2017



## TABLE OF CONTENTS

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

**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**  
**PORTER COUNTY, INDIANA**  
**School Officials**  
**July 1, 2016 to June 30, 2017**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Laurie Metz	07/01/16 – 06/30/17
School Director	Ernesto Martinez	07/01/16 – 07/31/17
School Treasurer	William Schmuhl	07/01/16 – 06/30/17



# Donovan CPAs

The Board of Directors  
Duneland Charter School, Inc.

We have audited the financial statements of Duneland Charter School, Inc. d/b/a Discovery Charter School (the "School") as of and for the year ended June 30, 2017 and have issued our report thereon dated November 1, 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

Indianapolis, Indiana  
November 1, 2017

---

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

**Westside Office** | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

**Northside Office** | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**  
**PORTER COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2016 to June 30, 2017**

**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, 2017 revealed that the June 30, 2017 cash balance did not reflect the balance as reported on the books and records. The balance reported on Form 9 was (\$873,426) while cash per the financial statements was \$438,249. Additionally, cash balances for various federal grant funds did not reflect accurate balances at June 30, 2017.

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)

**DUNELAND CHARTER SCHOOL, INC.**  
**d/b/a DISCOVERY CHARTER SCHOOL**  
**PORTER COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2016 to June 30, 2017**

The contents of this report were discussed on October 31, 2017 with Ernesto Martinez (School Director) and Allan Gabriele (School Treasurer). The Official Response has been made a part of this report and may be found on page 5.

Discovery became self-managed on July 1, 2016. Discovery assumed responsibility for all compliance reporting including Form 9 required semi-annually by the Indiana Department of Education. The balances carried forward on Form 9 at June 30, 2016 were inaccurate with respect to cash on hand and grant funds. Since Form 9 is electronically submitted with emphasis on income statement presentation, we thought it prudent to carry forward inaccurate balances rather than risk adjustment that we could not explain. Now that we better understand the function of Form 9 (no feedback is ever received) we will make sure that the balance sheet accounts disclosed on Form 9 conform to our general ledger and financial statements.

