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March 14, 2018

Charter School Board
Lighthouse Academies of Indiana, Inc.
1780 Sloan Avenue
Indianapolis, IN 46203

We have reviewed the Supplemental Audit Report for Lighthouse Academies of Indiana, Inc. 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 findings in the report. Pages 3 through 4 contain three audit results and comments. Management's response is on page 6.

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
LIGHTHOUSE ACADEMIES OF INDIANA, INC.

MARION COUNTY, INDIANA

July 1, 2016 to June 30, 2017



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LIGHTHOUSE ACADEMIES OF INDIANA, INC.
MARION 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	Amber Audrain	07/01/16 – 06/30/17
Superintendent	Ryan Gall	07/01/16 – 06/30/17
School Treasurer	Tina Dobson	07/01/16 – 06/30/17



Donovan CPAs

The Board of Directors
Lighthouse Academies of Indiana, Inc.

We have audited the financial statements of Lighthouse Academies of Indiana, Inc. (“LAI”) as of and for the year ended June 30, 2017 and have issued our report thereon dated March 5, 2018. As part of our audit, we tested the LAI’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 LAI was not in compliance with those provisions.

DONOVAN

Indianapolis, Indiana
March 5, 2018

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LIGHTHOUSE ACADEMIES OF INDIANA, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

FINANCIAL REPORTING

Our examination of the semi-annual financial reports to the Indiana Department of Education (Form 9) for the period July 1, 2016 to June 30, 2017 revealed the following reportable issues:

1. The overall cash balance on the Form 9 report at June 30, 2017 for Indianapolis Lighthouse Charter School East did not agree with the balance of cash per the school's accounting records.
2. Fund balances for federal grants did not reflect the true balances of the grant programs for either LAI school.
3. Multiple fund balances on both LAI schools were overdrawn. The overdrawn accounts were not a result of awaiting reimbursements.

A fund, as used in the Charter School Manual, represents moneys set aside for specific activities of a school corporation. A fund constitutes a complete accounting entity and all financial transactions, both receipts and disbursements, are to be recorded in the fund to which they pertain. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 3)

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)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the charter school. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

RECEIPTS AND DEPOSITS

In our audit, we examined records relating to cash received at the schools pertaining to such items as extra-curricular activity fees, fundraisers, fees, and donations. We tested 25 receipts from both LAI schools (50 in total). From transactions tested for Indianapolis Lighthouse Charter School East, we noted that 4 out of 25 receipts did not include the form of payment.

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)

LIGHTHOUSE ACADEMIES OF INDIANA, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2016 to June 30, 2017

MINIMUM INTERNAL CONTROL STANDARDS

Per review and discussion with school personnel, it was determined that the school was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27(g).

After June 30, 2016, the legislative body of a political subdivision shall ensure that:

1. the internal control standards and procedures developed under subsection (e) are adopted by the political subdivision; and
2. personnel received training concerning the internal control standards and procedures adopted by the political subdivision.

(IC 5-11-1-27(g))

LIGHTHOUSE ACADEMIES OF INDIANA, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2016 to June 30, 2017

The contents of this report were discussed on February 15, 2018 with Amber Audrain (President of the Board of Directors), Marcia Saulo (Managing Director of Finance, Lighthouse Academies, Inc.), and Tina Dobson (Indiana Controller, Lighthouse Academies, Inc.). The Official Response has been made a part of this report and may be found on page 6.

Lighthouse Academies, Inc.

February 16, 2018

Donovan
9245 N. Meridian St., Suite 302
Indianapolis, IN 46260
ATTN: Mr. BJ Lippert

RE: Responses to Lighthouse Academies of Indiana Supplemental Audit Report

Dear Sir:

Financial Recording issues

Audit Comment: The overall cash balance on the form 9 reports at June 30, 2017 did not agree with the balance of cash per the LAI schools' accounting records

School response: A fund balance report will be created to balance funds for form 9 reporting

Audit Comment: Fund balances for federal grants did not reflect the true balances of grant reports

School response: A fund balance report will be created to balance funds and track expenditures and deposits. This will be balanced against reimbursement requests.

Audit Comment: Multiple fund balances on both LAI schools were overdrawn. The overdrawn accounts were not a result of awaiting reimbursements.

School response: A fund balance report will be created to balance funds and expenses will be reclassified to general fund to correct overdrawn fund balances.

Receipts and Deposits

Audit Comment: Deposit forms do not include the form of payment

School response: Deposits have included the form of payment, but the SBOA form was not filled out properly. Operations personnel will be trained to properly fill out SBOA form.

Minimum Internal Control Standards

Audit Comment: Per review and discussion with school personnel, it was determined that the school was not in compliance with either of the minimum internal control requirements as set forth by IC 5-11-1-27(g).

School response: Internal control standards and procedures will be written down and personnel will be trained in FY2018.

Sincerely,



Tina Dobson
Indiana Controller
Lighthouse Academies, Inc.

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