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October 16, 2019

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

We have reviewed the Supplemental Audit Report for East Chicago Urban Enterprise Academy, Inc. prepared by Donovan CPAs, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. 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 three audit results and comments. 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  
EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**

LAKE COUNTY, INDIANA

July 1, 2018 to June 30, 2019



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**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**LAKE COUNTY, INDIANA**  
**School Officials**  
**July 1, 2018 to June 30, 2019**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of Board of Directors	John Artis	07/01/18 – 06/30/19
School Leader	Veronica Eskew	07/01/18 – 06/30/19
School Treasurer	Melinda Benkovsky	07/01/18 – 06/30/19



# Donovan CPAs

To 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, 2019 and have issued our report thereon dated October 3, 2019. 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  
October 3, 2019

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**LAKE COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2018 to June 30, 2019**

**CASH RECEIPTS AND DEPOSITS**

The School receives cash payments for various purposes, including uniforms, fundraisers, and student fees. Procedures were in place to process cash collections, however, out of the 25 receipts selected for testing, 15 were not deposited in a timely manner.

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)

**REQUIRED REPORTS**

Within the Form 9 report filed by the School, there were three funds with negative balances that were not the result of awaiting reimbursement on reimbursement grants. The Education, Debt Service and Non-English Speaking Program funds had negative balances as of June 30, 2019.

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

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)

**SUSPENSION WITH PAY**

One employee of the School received suspension with pay. The School did not obtain a written opinion from an attorney.

Suspension with pay must be supported by the written opinion of the attorney for the charter school stating that the suspension is in accordance with all federal laws and regulations, and state laws, as applicable. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**LAKE COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2018 to June 30, 2019**

The contents of this report were discussed on October 3, 2019 with Ms. Veronica Eskew (School Leader), Mr. John Artis (Chairman of Board of Directors), Ms. Kimberly Edwards (Board Treasurer), Melinda Benkovsky and Renee Lindemann (Leona Group). The Official Response has been made a part of this report and may be found on page 5.



# East Chicago Urban Enterprise Academy

*"Students First, Family Focused"*

The following letter is in response to the Supplemental Audit Report for East Chicago Urban Enterprise Academy for the 2018-2019 audit.

## **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, out of the 25 receipts selected for testing, 15 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 will abide by the Accounting and Uniform Compliance Guideline Manual for Indiana Charter Schools, Part 8, and shall deposit all funds received in the designated depository in a timely manner. In order to increase efficiency, the Academy is exploring options such as the Square payment reader, which will allow parents to pay by credit card, reducing the amount of cash transactions that will need to be deposited by the Academy. Implementation of such payment methods is expected to take place during the 2019-2020 school year.

## **REQUIRED REPORTS**

### ***Finding:***

Within the Form 9 report filed by the School, there were three funds with negative balance that were not the result of awaiting reimbursement on reimbursement grants. The Education, Debt Service and Non-English Speaking Program funds had negative balances as of June 30, 2019.

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

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)

**School Response:**

East Chicago Urban Enterprise Academy will abide by the Accounting and Uniform Compliance Guideline Manual for Indiana Charter Schools, Part 10, and shall ensure that no fund is reduced below zero. All funds shall comply with all local, state and federal regulations.

The Debt Service fund and Non-English Speaking Program fund will be corrected for the December 31, 2019 Form 9 report filing. Going forward, the Academy has put measures in place to ensure that the Education fund does not operate in a deficit. This will be monitored through regular monthly reviews by management, and will be communicated with leadership staff at the Academy to ensure this target is met. This will allow the Academy to make timely modifications to the program as necessary in order to avoid a fund deficit.

**SUSPENSION WITH PAY**

**Finding:**

One employee of the School received suspension with pay. The School did not obtain a written opinion from an attorney.

Suspension with pay must be supported by the written opinion of the attorney for the charter school stating that the suspension is in accordance with all federal laws and regulations, and state laws, as applicable. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**School Response:**

East Chicago Urban Enterprise Academy will abide by the Accounting and Uniform Compliance Guideline Manual for Indiana Charter Schools, Part 10. The Academy consulted with management's human resource department before a determination on suspension with made. However, no written opinion was obtained by the Academy's legal counsel. Going forward, the Academy will also obtain the necessary opinion by the attorney for all cases of suspension with pay in order to remain compliant.

Sincerely,

  
\_\_\_\_\_  
John Artis, Board of Directors

10/8/19  
\_\_\_\_\_  
Date