



**STATE OF INDIANA**  
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January 9, 2020

Charter School Board  
Ace Preparatory, Inc.  
5326 Hillside Ave.,  
Indianapolis, IN 46220

We have reviewed the Supplemental Audit Report for Ace Preparatory, 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. Pages 3 through 4 contain four 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

SUPPLEMENTAL AUDIT REPORT  
OF  
**ACE PREPARATORY, INC.**

MARION COUNTY, INDIANA

July 1, 2018 to June 30, 2019



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**ACE PREPARATORY, INC.**  
**MARION COUNTY, INDIANA**  
**School Officials**  
**July 1, 2018 to June 30, 2019**

| <u>Office</u>                   | <u>Official</u> | <u>Term</u>         |
|---------------------------------|-----------------|---------------------|
| President of Board of Directors | Anne Eaton      | 07/01/18 – 06/30/19 |
| Founder and Head of School      | Anna Shults     | 07/01/18 – 06/30/19 |
| Manager of Operations           | Kerriesha Adams | 07/01/18 – 06/30/19 |



# Donovan CPAs

The Board of Directors  
ACE Preparatory, Inc.

We have audited the financial statements of ACE Preparatory, Inc. (the “School”) as of and for the year ended June 30, 2019 and have issued our report thereon dated December 18, 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  
December 18, 2019

**ACE PREPARATORY, INC.**  
**MARION COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2018 to June 30, 2019**

**RECEIPTS AND DEPOSITS**

We examined the School's process for receipting and depositing money received. While the School has a process to record receipts, the School does not use the standard receipt forms approved by the SBOA. We were unable to test if items were timely deposited or trace individual receipts to the bank deposit.

The form is to be prenumbered by the printing supplier in duplicate, five receipts to the page. A receipt must be written on the form each time any money is received by the charter school regardless of whether it is in the form of cash, check, money order, bank card/credit card, EFT (all on which must be indicated as payment type and amount) or other negotiable instrument. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

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)

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)

**CREDIT CARD USAGE**

We selected a sample of five credit card payments for testing. The School paid one late fee of \$7.62.

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee is the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**ACE PREPARATORY, INC.**  
**MARION COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2018 to June 30, 2019**

**FINANCIAL REPORTING**

We reviewed the Form 9s submitted by the School for semi-annual periods July 1, 2018 to December 31, 2018 and January 1, 2019 to June 30, 2019. We noted that two funds were overdrawn and were unrelated to awaiting reimbursements. Also, the activity reported in individual funds did not reflect actual activity in those funds in line with the School's financial records.

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)

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)

**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).

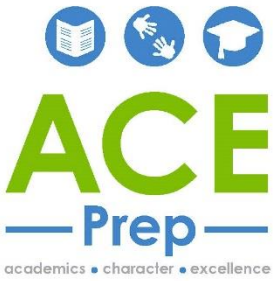
After June 30, 2016, the legislative body of a political subdivision shall ensure that:

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))

**ACE PREPARATORY, INC.**  
**MARION COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2018 to June 30, 2019**

The contents of this report were discussed on December 17, 2019 with Anna Shults (Head of School), Kerriesha Adams (Manager of Operations), and Kim Ballin and Linda Karressy (Outside Consultants). The Official Response has been made a part of this report and may be found on page 6.



## Response to Audit Findings

**Receipts and deposits finding:** *While a step-by-step process for documentation of cash deposits and receipts was developed at the guidance of a prior auditing team, ACE Prep had no knowledge of the required SBOA receipt booklet and therefore, wasn't using a carbon-copy method of documentation. We've since ordered and received the required booklet and have developed an internal procedure for its use.*

**Credit card usage:** *We take timeliness and accuracy seriously, as both are key factors in effective financial management. ACE Prep's sole credit card is with the National Bank of Indianapolis, which requires balances be paid in full each month and on time. The finding in question implies that a statement wasn't paid on time – that is inaccurate. Unfortunately, human error inadvertently processed the check for \$0.60 less than the actual amount due, thus a late fee was charged. Upon notification of the fee, we paid it in full and carried over a balance of \$0.00. There have been no other similar situations, nor do we anticipate this being an issue moving forward.*

**Financial reporting:** *We will continue to submit Form 9 information on time and reconcile to our cash position. We will seek ways to better align individual fund cash reporting with the accrual adjustments and retroactive reimbursements that can make that challenging.*

**Minimum internal control standards:** *It was brought to the attention of ACE Prep's leadership, that any staff who handles cash at the school is required to participate in Internal Controls Training provided by the SBOA and document such training with a Certificate of Completion. We have identified three positions that will take part in such training no later than January 29<sup>th</sup> (Head of School, Manager of Operations, and Office Manager) and have received all information necessary to do so. Once completed, a copy of the Certification Form will be placed in their personnel files.*