



**STATE OF INDIANA**  
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December 14, 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, 2019 to June 30, 2020. 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 two 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.

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, 2019 to June 30, 2020



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**ACE PREPARATORY, INC.  
MARION COUNTY, INDIANA  
School Officials  
July 1, 2019 to June 30, 2020**

<b><u>Office</u></b>	<b><u>Official</u></b>	<b><u>Term</u></b>
President of Board of Directors	Anne Eaton	07/01/19 – 06/30/20
Founder and Head of School	Anna Shults	07/01/19 – 06/30/20
Manager of Operations	Kerriesha Adams	07/01/19 – 06/30/20



# 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, 2020 and have issued our report thereon dated December 3, 2020. 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 3, 2020

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**ACE PREPARATORY, INC.**  
**MARION COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2019 to June 30, 2020**

**FINANCIAL REPORTING**

We reviewed the Form 9s submitted by the School for semi-annual periods July 1, 2019 to December 31, 2019 and January 1, 2020 to June 30, 2020. The School reported negative balances of \$10,454, \$299,340, \$51,250, \$12,892, and \$6,381 in funds 200, 300, 800, 4100, and 5200, respectively, that did not pertain to awaiting reimbursements. Also, the activity reported in the receipts and expenditures columns on the Form 9 did not reflect the actual activity 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)

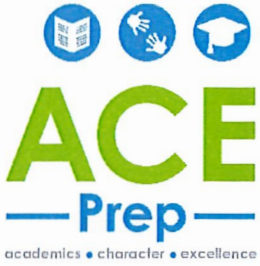
**VENDOR DISBURSEMENTS**

The School Board monthly received cash disbursements to review; however, the School was not able to provide documentation to support Board review and approval of cash disbursements.

The Accounts Payable Voucher (Form 523) is designed to replace Claim Form 505. The form must be used in accordance with the following conditions: Charter schools may not draw a warrant or check for payment of a claim unless: (1) there is a fully itemized invoice or bill for the claim; (2) the invoice or bill is approved by the officer or person receiving the goods and services; (3) the invoice or bill is filed with the fiscal officer; (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and (5) payment of the claim is allowed by the board having jurisdiction over the allowance of the payment of the claim. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

**ACE PREPARATORY, INC.**  
**MARION COUNTY, INDIANA**  
**Exit Conference**  
**July 1, 2019 to June 30, 2020**

The contents of this report were discussed on October 21, 2020 with Anna Shults (Head of School), Kerriesha Adams (Manager of Operations), and Brian Anderson (Outside Consultants). The Official Response has been made a part of this report and may be found on page 5.



December 3, 2020

Donovan CPAs  
9292 N. Meridian Street, Suite 150  
Indianapolis, IN 46260

*ACE Preparatory has already or will take the following actions to address the FY202 supplemental audit report comments:*

1. We will continue to manage the differences in timing and required reporting that exist for charter schools in the state of Indiana. As part of that, we will monitor our cash basis fund reporting on our Form 9 submission and adjust as necessary. Adjustments are typically required when we either make accrual-based receivable and payable adjustments or when we receive retroactive grant budget approvals after a reporting deadline has already passed.
2. While the Governing Board is always provided the required monthly financial statements at each board meeting for review, discussion, oversight, and approval, we have also adopted the practice of specificity in the board meeting minutes to read "Review of (insert month and year) disbursements" to ensure it's noted the Board has financial oversight with cash disbursements.

Sincerely,

A handwritten signature in black ink, appearing to read 'A Shults', written over a light blue horizontal line.

Anna Shults,  
Founder & Head of School