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February 12, 2021

Charter School Board
Allegiant Preparatory, Inc.
3125 Concord Ct., Suite B
Indianapolis, IN 46222

We have reviewed the Supplemental Audit Report for Allegiant 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.

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

SUPPLEMENTAL AUDIT REPORT
OF
ALLEGIANT PREPARATORY, INC.

MARION COUNTY, INDIANA

July 1, 2019 to June 30, 2020



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

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of Board of Directors	Daniel Harting	07/01/19 – 06/30/20
Operations Manager	Sequoia Anderson	07/01/19 – 06/30/20
Head of School	Rick Anderson	07/01/19 – 06/30/20



Donovan CPAs

The Board of Directors
Allegiant Preparatory, Inc.

We have audited the financial statements of Allegiant Preparatory, Inc., (the “School”) as of and for the year ended June 30, 2020, and have issued our report thereon dated February 9, 2021. 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
February 9, 2021

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

RECEIPTS AND DEPOSITS

From a sample of 40 receipts tested, we noted 25 untimely deposits. The individual receipts ranged from \$5 to \$140 and were made between 6 and 42 days from the date of receipt.

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

We reviewed both biannual Form 9 reports filed by the School for the fiscal year. The ending cash balance per the Form 9 did not agree to the ending cash balance per the School's trial balance. At June 20, 2020, the cash balance per the Form 9 was \$23,470 lower than the cash balance per the trial balance. 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 School reported negative balances as of June 30, 2020 in the following funds that did not pertain to awaiting reimbursements:

<u>Fund #</u>	<u>Negative Balance</u>
200	\$ 10,414
300	94,584
800	3,041
5200	6,401
5800	12,120
6890	114,051
7942	3,723

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator or serious financial problems which should be investigated by the charter school. (Accounting and Uniform Compliance Guidelines manual for Indian 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)

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

The contents of this report were discussed on February 9, 2021 with Rick Anderson (Head of School), Sequoia Anderson (Operations Manager), Brandon Lindsay (Board Treasurer) and Kim Ballin (Consultant). The Official Response has been made a part of this report and may be found on page 5.



February 9, 2021

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

Allegiant Prep will take the following actions to address the FY2019 supplemental audit report comments:

1. This finding seems quite ridiculous given that it covers a period of time in which the world began dealing with a global pandemic. We recognize that regulations don't always keep up with changes in how schools and businesses operate. However, we believe requiring daily bank runs while school is operating remotely or out of session altogether due to public health concerns, is not appropriate. We have processes in place to make timely deposits when school returns to normal operations.
2. We are working on better aligning our cash and accrual reporting requirements in our accounting system. We anticipate this will improve our Form 9 accuracy. However, if more cash is expended than received in a given period in a reimbursable fund, we may still have negative cash balances in a fund while we wait for the state to reimburse that fund. We disagree completely with the representation that this is an indication of financial problems. That language demonstrates a lack of understanding of how our finances work.

Sincerely,

Allegiant Preparatory Academy, Inc. Management