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February 12, 2021

Charter School Board
URBAN ACT Academy, Inc.
1250 E Market Street
Indianapolis, IN 46202

We have reviewed the Supplemental Audit Report of URBAN ACT Academy, 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
URBAN ACT ACADEMY, INC.**

MARION COUNTY, INDIANA

July 1, 2019 to June 30, 2020



TABLE OF CONTENTS

	Page
School Officials.....	1
Transmittal Letter.....	2
Audit Results and Comments:	
Required Reports	3
Average Daily Membership Reporting	3
Exit Conference.....	4
Official Response	5

URBAN ACT ACADEMY, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2019 to June 30, 2020

<u>Officer</u>	<u>Official</u>	<u>Term</u>
Chair of Board of Directors	Morgan Galbreth	07/01/19 – 06/30/20
Head of School	Nigena Livingston	07/01/19 – 06/30/20
Business Manager	Theo Brannum	07/01/19 – 06/30/20



Donovan CPAs

The Board of Directors
URBAN ACT Academy, Inc.

We have audited the financial statements of URBAN ACT Academy, Inc. (the “School”) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 28, 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
January 28, 2021

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URBAN ACT ACADEMY, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2019 to June 30, 2020

REQUIRED REPORTS

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 \$246,180 and \$58,504 in funds 300 and 800, respectively, that did not pertain to awaiting reimbursements. Also, the activity reported in the expenditures column on the Form 9 incorrectly included depreciation expense, which should have been an excluded non-cash expenditure. We noted no other discrepancies in the Form 9 expenditure reporting.

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 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)

AVERAGE DAILY MEMBERSHIP REPORTING

We selected a sample of thirty-four students for Average Daily Membership (“ADM”) testing: seventeen from the fall 2019 ADM report and seventeen from the spring 2020 ADM report. Of the students selected, the School was unable to provide proper enrollment support for thirteen of the students. Each of these thirteen students for whom enrollment records were missing represented a legacy student inherited from the Indianapolis Public Schools location now operated by Urban Act Academy. We were able to verify attendance on or around the ADM count date for each of the students selected for testing.

The Organizer shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

URBAN ACT ACADEMY, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2019 to June 30, 2020

The contents of this report were discussed on January 28, 2021 with Nigena Livingston (Head of School), Theo Brannum (Director of Finance and Operations), Morgan Galbreth (Chair of Board of Directors), Kim Ballin, Linda Diakite-Karressy, and Elizabeth Brooks (Center for Innovative Education Solutions). The Official Response has been made a part of this report and may be found on page 5.



January 19, 2021

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

URBAN ACT Academy already or will take the following actions to address the FY2020 supplemental audit report comments:

Required Reports

- 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.
- We will continue working with the Indiana Department of Education to adjust lingering Form 9 negative fund balances.

Average Daily Membership Reporting

- We will re-train Keesha Green, Office Manager and Amanda Lee, Receptionist on maintaining proper enrollment student records.
- We will update our internal procedure to ensure all required documents and steps are included for the business and main office.
- The missing enrollment records represented legacy students that were inherited from School #14 which URBAN ACT Academy now operates. URBAN ACT Academy has operated for 3 years for grades K-8. UAA has legacy students who were enrolled several years prior where the former school processed enrollment. Any student records that has enrolled with UAA while we have been in operation is maintained.

Sincerely,


URBAN ACT Academy
Nigena Livingston, Founder and Head of School

Our mission is to develop and empower students as leaders, globally competitive scholars and informed citizens.

URBAN ACT Academy | 1250 E. Market St. - Indianapolis, IN 46202 | T: (317) 226-4214 | www.urbanact.org