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January 19, 2022

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, 2020 to June 30, 2021. 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
ALLEGIANT PREPARATORY, INC.

MARION COUNTY, INDIANA

July 1, 2020 to June 30, 2021



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**ALLEGIANT PREPARATORY, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2020 to June 30, 2021**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of Board of Directors	Daniel Harting	07/01/20 – 06/30/21
Operations Manager	Sequoia Anderson	07/01/20 – 06/30/21
Head of School	Rick Anderson	07/01/20 – 06/30/21



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, 2021, and have issued our report thereon dated January 10, 2022. 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 10, 2022

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ALLEGIANT PREPARATORY, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2020 to June 30, 2021

RECEIPTS AND DEPOSITS

From a sample of 27 receipts tested, we noted 19 were not deposited in a timely manner. The individual receipt amounts in question ranged from \$5 to \$75 and were deposited between 9 and 87 days after 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)

CREDIT CARD POLICY AND COMPLIANCE

Of the five credit card transactions tested, the School had an interest charge of \$8.22 on one of the credit card statements.

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)

REQUIRED REPORTS – FORM 9 REPORTING

We reviewed the biannual Form 9 filed by the School to the Indiana Department of Education during the 2020-2021 school year. While the cash balance agreed at June 30, 2021, the individual fund balances reported on the June 2021 Form 9 did not reflect the actual balances in line with the School's accounting records.

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, 2020 to June 30, 2021

The contents of this report were discussed on December 17, 2021 with Sequoia Anderson (Operations Manager), and Kim Tarin (Outside Consultant). The Official Response has been made a part of this report and may be found on page 5.



January 10, 2022

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

Allegiant Prep will take the following actions to address the FY2021 supplemental audit report comments:

1. As stated last year, our operating environment has been unusual during an ongoing 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 all together due to public health concerns is not appropriate. We have processes in place to make timely deposits when school returns to normal operations. Finally, for perspective, this finding represents less than 1% of all funds that flow through the school. Over 99% of all funding is deposited directly into our bank account. The longest delays in deposits from when they are earned until when they hit the bank account are the payments we receive via ACH from the Indiana Department of Education.
2. We made an error in paying one credit card bill after the due date. We have processes in place to protect against that and we are doing a better job of adhering to those processes.
3. 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 also understand that the state has been struggling with its new data exchange program for collecting data from schools. We are experiencing those problems at IDOE first hand by seeing delays in payments for the students we serve. If there is a way to improve data collection at the state level, we are interested in helping to be a part of that solution.

Sincerely,

Allegiant Preparatory Academy, Inc. Management