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January 19, 2022

Charter School Board  
Neighborhood Charter Network, Inc.  
3725 Kiel Ave.  
Indianapolis, IN 46224

We have reviewed the Supplemental Audit Report for Neighborhood Charter Network, 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 finding in the report. Page 3 contains one audit result and comment. 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  
NEIGHBORHOOD CHARTER NETWORK, INC.**

MARION COUNTY, INDIANA

July 1, 2020 to June 30, 2021



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**NEIGHBORHOOD CHARTER NETWORK, INC.**  
**MARION COUNTY, INDIANA**  
**School Officials**  
**July 1, 2020 to June 30, 2021**

| <u>Office</u>                   | <u>Official</u>    | <u>Term</u>         |
|---------------------------------|--------------------|---------------------|
| President of Board of Directors | Caitlin Byczko     | 07/01/20 – 06/30/21 |
| Executive Director              | Kevin Kubacki      | 07/01/20 – 06/30/21 |
| Director of Operations          | Denise Castellanos | 07/01/20 – 06/30/21 |



# Donovan CPAs

The Board of Directors  
Neighborhood Charter Network, Inc.

We have audited the financial statements of Neighborhood Charter Network, Inc., (“NCN”) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 16, 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 NCN was not in compliance with those provisions.

DONOVAN

Indianapolis, Indiana  
December 16, 2021

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**NEIGHBORHOOD CHARTER NETWORK, INC.**  
**MARION COUNTY, INDIANA**  
**Audit Results and Comments**  
**July 1, 2020 to June 30, 2021**

**REQUIRED REPORTS – FORM 9 REPORTING**

We reviewed both biannual Form 9 reports filed by NCN to the Indiana Department of Education for the 2020-2021 school year. Individual fund balances and the total cash reported on the June 30, 2021 Form 9 did not reflect actual balances in line with NCN's accounting records. Additionally, the total cash balances per the Form 9s were less than actual cash per Enlace's and Kindezi's trial balances by \$9,091 and \$6,050, respectively.

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information. The January report must include previous calendar year financial and other required information for the period of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

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)

**NEIGHBORHOOD CHARTER NETWORK, INC.**

**MARION COUNTY, INDIANA**

**Exit Conference**

**July 1, 2020 to June 30, 2021**

The contents of this report were discussed on December 14, 2021 with Kevin Kubacki (Executive Director), Denise Castellanos (Director of Operations), Katie Dulay (Managing Director of Strategy), Brian Anderson and Kim Tarin (Outside Consultants with Center for Innovative Education Solutions). The Official Response has been made a part of this report and may be found on page 5.



December 14, 2021

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

The Neighborhood Charter Network will take the following actions to address the FY2021 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. We are working on improving this reconciliation process so our individual fund Form 9 cash balances will be more accurately reflected when tied to our accrual-base fund balances. We also hope that the approval and reimbursement of Federal awards, such as ESSER and Title I, will become more efficient at the state level which would alleviate adjustments after submission. We are happy to be a part of any data collection improvement process discussions the state may have.

Sincerely,

*Denise Castellanos*

The Neighborhood Charter Network Management  
Denise Castellanos, Director of Operations