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April 21, 2022

Charter School Board
The PATH School, Inc.
653 N. Somerset Ave
Indianapolis, IN 46222

We have reviewed the Supplemental Audit Report for The PATH School, 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 which can be found on pages 3 through 4. Management's response is on page 6.

The Supplemental Audit Report and associated audited Financial Statements are filed in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SUPPLEMENTAL AUDIT REPORT
OF
THE PATH SCHOOL, INC.

MARION COUNTY, INDIANA

July 1, 2020 to June 30, 2021



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**THE PATH SCHOOL, 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	Brad Jacklin	07/01/20 – 06/30/21
Director of Operations	Bianca Baird	07/01/20 – 06/30/21
Head of School	Alicia Hervey	07/01/20 – 06/30/21



Donovan CPAs

The Board of Directors
The Path School, Inc.

We have audited the financial statements of The Path School, Inc., (the “School”) as of and for the year ended June 30, 2021, and have issued our report thereon dated January 26, 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 26, 2022

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THE PATH SCHOOL, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2020 to June 30, 2021

CREDIT CARD POLICY AND COMPLIANCE

Of the five credit card transactions tested, the School did not have vouchers for two of the transactions. These transactions totaled \$12,777 and \$17,132. Also, four of the five credit card statements had late fees or interest. The two late fees totaled \$78.00 and the four interest charges totaled \$434.10.

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)

PAYROLL POLICIES AND PROCEDURES

Fifteen employees were selected for testing, of which five were paid wages that did not agree to the employment contract on file. The difference between the total contract written versus paid ranged from \$51.92 to \$384.62.

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. Supporting documentation, such as timecards, must show signs of supervisory approval. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

THE PATH SCHOOL, INC.
MARION COUNTY, INDIANA
Audit Results and Comments
July 1, 2020 to June 30, 2021

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GAAP

During our audit, we identified adjustments to the trial balance originally presented to us by School management that, individually and in the aggregate, represented a material effect on the financial statements. These adjustments affected the following sections of the financial statements as of and for the year ended June 30, 2021:

• Increase to assets	\$	346,679
• Increase to liabilities		109,456
• Decrease to beginning of year net assets		230,175
• Increase to the 2021 change in net assets		467,398

Since the adjustments were material, we believe the underlying deficiency could be pervasive to the entire financial statements and thus rises to the level of a material weakness.

The charter school's accounting system must facilitate the preparation of the periodic financial reports for administrative review and the required year-end financial statements. All accounting transactions must be supported by adequate documentation. Transaction entries are supported by an explanation of the reason of the entry and must show evidence of supervisory approval. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 8)

Indiana Code 20-24-7-1 requires each charter school to report on the GAAP basis of accounting, which requires internal controls to be established by the school to ensure accurate financial reporting.

**THE PATH SCHOOL, INC.
MARION COUNTY, INDIANA
Exit Conference
July 1, 2020 to June 30, 2021**

The contents of this report were discussed on January 26, 2022 with Alicia Hervey (Head of School), and Bianca Baird (Director of Operations). The Official Response has been made a part of this report and may be found on page 6.



The mission of The PATH School is to provide a purpose-driven, culturally responsive learning environment that challenges scholars academically while supporting their social and emotional growth in order to develop conscientious citizens who transform their communities.

To: Donovan & Associates
From: The PATH School, Alicia Hervey
Subject: Response to Audit, 2020-2021
Date: January 26, 2022

Credit Card Policy and Compliance Response

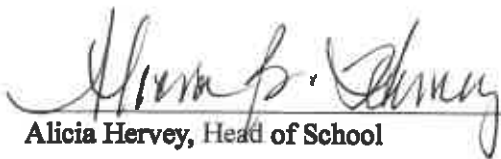
- The PATH School credit card is now paid using automatic payment which is scheduled two days prior to the due date, and the account is always paid in full with that automatic payment.

Payroll Policies and Procedures Response

- In order to ensure we have accounted for everyone's salary in the organization, moving forward, The PATH School will have the most up-to-date offer letters on file, including pay increases for every person in the organization.

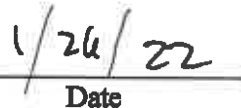
Preparation of Financial Statements in accordance with GAAP Response

- Prior to June 30, 2021, bookkeeping at The PATH School was done by Bookkeeping Plus. August 1, 2021, The PATH School moved maintenance of its finances to the Center for Innovative Education Solutions (CIES). The PATH School is confident that CIES will effectively manage its accruals moving forward.


Alicia Hervey, Head of School


Date


Bianca Baird, Director of Operations


Date

