



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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May 8, 2023

Charter School Board
Neighborhood Charter Network, Inc.
3725 North Kiel Avenue
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, 2021 to June 30, 2022. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4. Management's response is on page 6.

The report is filed with this letter 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
NEIGHBORHOOD CHARTER NETWORK, INC.**

MARION COUNTY, INDIANA

July 1, 2021 to June 30, 2022



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NEIGHBORHOOD CHARTER NETWORK, INC.
MARION COUNTY, INDIANA
School Officials
July 1, 2021 to June 30, 2022

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Caitlyn Byczko	07/01/21 – 06/30/22
Executive Director	Kevin Kubacki	07/01/21 – 06/30/22
Director of Operations	Denise Hernandez	07/01/21 – 06/30/22



The Board of Directors
Neighborhood Charter Network, Inc.

We have audited the financial statements of Neighborhood Charter Network, Inc., (the “School”) as of and for the year ended June 30, 2022, and have issued our report thereon dated December 20, 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

A handwritten signature in dark ink that reads 'DONOVAN' in a cursive style.

Indianapolis, Indiana
December 20, 2022

NEIGHBORHOOD CHARTER NETWORK, INC.

MARION COUNTY, INDIANA

Audit Results and Comments

July 1, 2021 to June 30, 2022

ENROLLMENT DOCUMENTATION

We examined the School's ADM reports for both count dates during the year ended June 30, 2022, along with supporting student rosters. No issues were identified with Enlace. For Kindezi, we selected a sample of 21 students from each count date (42 in total) for testing. Of the students tested, Kindezi could not provide enrollment documentation for two of the students. Attendance records supported the inclusion of those students in the ADM reports.

A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

REQUIRED REPORTS - FORM 9 REPORTING

We reviewed both biannual Form 9 reports filed by the School to the Indiana Department of Education for the 2021-2022 school year. Individual fund balances and the total cash reported on the June 30, 2022 Form 9 did not reflect actual balances in line with the School's accounting records. The total cash balance per the Form 9 for Enlace was \$24,550 less than actual cash per the trial balance. The total cash balance per the Form 9 for Kindezi was \$22,800 more than actual cash per the trial balance.

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

Audit Results and Comments

July 1, 2021 to June 30, 2022

RECEIPTS AND DEPOSITS

We selected all the receipts issued by Kindezi (seventeen in total) for testing. Of those tested, five were not deposited in a timely manner. Receipts ranging from \$35 to \$342 were deposited between 67 and 93 days after receipt of the payment.

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)

NEIGHBORHOOD CHARTER NETWORK, INC.

MARION COUNTY, INDIANA

Exit Conference

July 1, 2021 to June 30, 2022

The contents of this report were discussed on December 19, 2022 with Denise Hernandez (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 6.



December 19, 2022

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

Neighborhood Charter Network has already or will take the following actions to address the FY2022 SBOA audit report comments:

1. Kindezi Academy permanently ceased operations at the end of the 21-22 school year. Enlace Academy will continue to follow best practices in the retention of enrollment documentation and timely deposits as outlined in our NCN Finance and Operations Policy Manual.
2. 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.

Sincerely,

A handwritten signature in black ink that reads "Denise Hernandez". The signature is written in a cursive style with a long, sweeping tail on the letter "z".

Neighborhood Charter Network
Denise Hernandez
Director of Operations