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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

May 9, 2023

Charter School Board  
HIM by HER Collegiate School for the Arts  
4501 E 32<sup>nd</sup> Street  
Indianapolis, IN 46218

We have reviewed the Supplemental Audit Report for HIM by HER Collegiate School for the Arts prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period May 29, 2020 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 through 9.

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". The signature is written in a cursive style.

Tammy R. White, CPA  
Deputy State Examiner

**SUPPLEMENTAL AUDIT REPORT**  
**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS**  
**MARION COUNTY, INDIANA**  
**MAY 29, 2020 TO JUNE 30, 2021**  
**AND**  
**JULY 1, 2021 TO JUNE 30, 2022**



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**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY, INDIANA  
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**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY, INDIANA  
SCHEDULE OF OFFICIALS**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President and President/CEO	Harry Dunn	May 29, 2020 – June 30, 2022
Board Treasurer and Business Manager	Michelle Dunn	May 29, 2020 – June 30, 2022
School Leader	Sondra Towne	May 29, 2020 – June 30, 2022



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials  
HIM by HER Collegiate School for the Arts  
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of HIM by HER Collegiate School for the Arts (the School), as of and for the year ended June 30, 2022 and for the period May 29, 2020 through June 30, 2021, and have issued our report thereon dated April 17, 2023. 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
April 17, 2023

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) AND SIGNIFICANT AUDIT ADJUSTMENTS**

For the year ended June 30, 2022 and the period May 29, 2020 through June 30, 2021, numerous audit adjustments were detected as a result of audit procedures.

For the year ended June 30, 2022, entries relating to opening net deficit balance, property and equipment depreciation, grants receivable, accrued payroll, debt activity, and client mispostings included six (6) entries that impacted the net deficit by approximately \$520,000 of additional deficit.

For the period May 29, 2020 through June 30, 2021, entries relating to opening net assets balance, property and equipment additions, property and equipment depreciation, accrued payroll, debt activity, and client mispostings included eleven (11) entries that impacted the net deficit by approximately \$412,000.

As a result, these accounts were materially misstated for each period presented and are considered a material weakness in internal controls for both periods presented. Proper procedures around property and equipment activity, debt activity, cut-off for accruals, and financial statement preparation are an important element of internal controls and preparation of financial statements in accordance with generally accepted accounting principles (GAAP).

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.

**INTERNAL CONTROL OVER FINANCIAL REPORTING – DOCUMENTATION RETENTION**

For the year ended June 30, 2022 and the period May 29, 2020 through June 30, 2021, there were numerous transaction cycles and internal control reviews and approvals that were not retained and provided for our testing purposes.

For the year ended June 30, 2022 and the period May 29, 2020 through June 30, 2021, we noted there was no documentation retained for review and approval of bank account reconciliations, property and equipment listings, and payroll registers.

As a result, many of these transaction cycles required adjustments for presentation in the financial statements in accordance with GAAP. Proper procedures (including documentation retention, review and approvals) around property and equipment activity, debt activity, cut-off for accruals, and financial statement preparation are an important element of internal controls.

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.

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**PROPER BONDING TESTING**

For the period May 29, 2020 through June 30, 2021, during our testing of insurance policies, we noted that information regarding insurance coverages and plan for the year ended June 30, 2021 was not provided to complete testing to verify proper bonding during this period.

The organizer shall designate employees who are responsible for handling a majority of the cash, receipts and disbursements for the school. The designated employees must either have a cash bond or an insurance policy on their behalf that protects the charter school from employee theft, fraud, errors, and omissions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8)

**SUBMISSION AND ACCURACY OF REQUIRED REPORTS – FORM 9 TESTING**

For the year ended June 30, 2022 and the period May 29, 2020 through June 30, 2021, there were numerous required reports that were inaccurate and/or untimely filed as was detected as a result of audit procedures.

For the year ended June 30, 2022, during our testing of the Form 9 filings, we noted the following differences to underlying school records as follows:

07/01/2021 Beginning Balance per Form 9 - \$353,584.29  
07/01/2021 Beginning Balance per general ledger - \$197,088.84  
07/01/2021 Beginning Balance difference - \$156,495.45

12/31/2021 Ending Balance per Form 9 - \$543,067.07  
12/31/2021 Ending Balance per general ledger - \$367,318.61  
12/31/2021 Ending Balance difference - \$175,748.46

01/01/2022 Beginning Balance per Form 9 - \$543,067.07  
01/01/2022 Beginning Balance per general ledger - \$367,318.61  
01/01/2022 Beginning Balance difference - \$175,748.46

Also, during our testing of the Form 9 filings, we were unable to complete the following testing as supporting documentation was not provided:

- 1) Tracing fund balance report activity by fund to the Form 9 as that report was not provided and school records in the general ledger do not utilize funds.
- 2) Timely filing for the December 31, 2021 Form 9 as certifications were not provided.

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**SUBMISSION AND ACCURACY OF REQUIRED REPORTS – FORM 9 TESTING  
(CONTINUED)**

For the period May 29, 2020 through June 30, 2021, during our testing of the Form 9 filings, we noted the following differences to underlying school records as follows:

12/31/2020 Ending Balance per Form 9 - \$246,831.58  
12/31/2020 Ending Balance per general ledger - \$166,177.67  
12/31/2020 Ending Balance difference - \$80,653.91

01/01/2021 Beginning Balance per Form 9 - \$246,831.58  
01/01/2021 Beginning Balance per general ledger - \$166,177.67  
01/01/2021 Beginning Balance difference - \$80,653.91

06/30/2021 Ending Balance per Form 9 - \$353,584.29  
06/30/2021 Ending Balance per general ledger - \$197,088.84  
06/30/2021 Ending Balance difference - \$156,495.45

Also, during our testing of the Form 9 filings, we were unable to complete the following testing as supporting documentation was not provided:

- 1) Tracing fund balance report activity by fund to the Form 9 as that report was not provided and school records in the general ledger do not utilize funds.

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 and shall be reported utilizing the State Board of Accounts prescribed chart of accounts. 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 Manual, Part 9)

**SUBMISSION AND ACCURACY OF REQUIRED REPORTS – 100R TESTING**

For the period May 29, 2020 through June 30, 2021, during our testing of the 100R, we were unable to determine timely filing for the December 31, 2021 100R report as the filing per the Indiana Gateway Website show that it had not been filed and no supporting documentation was provided.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. "Every state, county, city, town, township, or school official ... shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents ... and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts ... The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7." (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 9)

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**AVERAGE DAILY MEMBERSHIP (ADM) – ENROLLMENT AND ATTENDANCE TESTING**

For the year ended June 30, 2022, during our testing of individual students for ADM, we noted the following items for each count date as follows:

Fall 2021 (total students tested 33):

We were unable to complete enrollment and attendance testing for five (5) students as none of the students had student files and attendance records provided.

We noted that seventeen (17) students tested had inconsistent enrollment files as items were missing compared to the School's enrollment policy (birth certificates, immunization records, proof of residency). Of these same students, we noted that two (2) students tested for enrollment did not have attendance records provided to complete attendance testing and two (2) students tested for enrollment had significant absences during the semester that would not constitute attending.

We noted that one (1) student tested for enrollment had significant absences during the semester that would not constitute attending.

A total of three (3) students had significant absences or missing attendance records.

Spring 2022 (total students tested 35):

We were unable to complete enrollment and attendance testing for four (4) students as none of the students had student files and attendance records provided.

We noted that eleven (11) students tested had inconsistent enrollment files as items were missing compared to the School's enrollment policy (birth certificates, immunization records, proof of residency). Of these same students, we noted that four (4) students had significant absences during the semester that would not constitute attending.

We noted that six (6) students tested for enrollment had significant absences during the semester that would not constitute attending.

A total of ten (10) students had significant absences or missing attendance records.

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**AVERAGE DAILY MEMBERSHIP (ADM) – ENROLLMENT AND ATTENDANCE TESTING  
(CONTINUED)**

For the period May 29, 2020 through June 30, 2021, during our testing of individual students for ADM, we noted the following items for each count date as follows:

Fall 2020 (total students tested twelve (12):

We were unable to complete enrollment and attendance testing as none of the twelve (12) students selected had student files and attendance records provided.

Spring 2021 (total students tested 11):

We were unable to complete enrollment and attendance testing for nine (9) students selected as no student files and attendance records were provided.

We were unable to complete attendance testing for one (1) student selected as the student attendance records were not provided. This same student was missing immunization records as required by the School's enrollment policy.

For the year ended June 30, 2022, during our testing of ADM certifications for Fall 2021 and Spring 2022, we were unable to determine completeness of student listing and timely submission as the filing certifications were not provided.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.), which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**CAPITAL ASSET ADDITIONS TESTING**

For the year ended June 30, 2022, during our testing of capital assets, we noted no physical inventory has been completed and the capital asset listing was incomplete and required additional adjustments.

For the period May 29, 2020 through June 30, 2021, during our testing of asset additions, we noted that information was not provided to complete testing on two (2) of the six (6) items selected. Also, we noted that information three (3) of the four (4) items tested did not have the asset invoices in the name of the School. Two (2) items were in the name of the HBH Foundation and one (1) of the items noted "TBD" on the invoice. Also, we noted no physical inventory has been completed and the capital asset listing was incomplete and required additional adjustments.

Every charter school must have a capital assets policy that details the threshold at which an item is considered a capital asset. Every charter school must have a complete detail listing of all capital assets owned which reflects their acquisition value. A complete physical inventory must be taken at least every two (2) years, unless more stringent requirements exist, to verify account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 15)

**RECEIPTS AND DEPOSITS TESTING**

For the year ended June 30, 2022, during our testing of general receipts, we noted that the School was not issuing receipts at the time of a transaction when cash or check was received. This was applicable for six (6) of the sixty (60) items selected for testing. Also, we noted that information was not provided to complete testing on two (2) of the sixty (60) items selected.

For the period May 29, 2020 through June 30, 2021, during our testing of general receipts, we noted that the School was not issuing receipts at the time of a transaction when cash or check was received. This was applicable for seven (7) of the thirty-seven (37) items selected for testing. Also, we noted that information was not provided to complete testing on four (4) of the thirty seven (37) items selected.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making 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 Manual, Part 8)

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
AUDIT RESULTS AND COMMENTS**

**VENDOR DISBURSEMENTS TESTING**

For the year ended June 30, 2022, During our testing of general disbursements we noted that six (6) disbursements of our sample of 60 included payments of late fees totaling \$767.64.

For the period May 29, 2020 through June 30, 2021, during our testing of general disbursements we noted that two (2) disbursements of our sample of 60 included payments of late fees totaling \$131.96. Also, we noted that nine (9) disbursements of our sample of 60 included payments of sales tax totaling \$1,788.52.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**PAYROLL TESTING**

For the year ended June 30, 2022, during our testing of payroll disbursements we noted that eleven (11) disbursements of our sample of twenty-five (25) included six (6) payments made to individuals that was different than their contract and five (5) individuals that did not have contracts for employment (specifically management).

For the period May 29, 2020 through June 30, 2021, during our testing of payroll disbursements, we noted that twelve (12) of the sixteen (16) individuals selected contracts were not provided to complete the testing, eight (8) individuals selected W2s were not provided to complete the testing, and the payroll register detail for calendar year 2020 was not provided to complete the testing.

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. (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)

**HIM BY HER COLLEGIATE SCHOOL FOR THE ARTS  
MARION COUNTY  
EXIT CONFERENCE**

The contents of this report were provided to Harry Dunn (Board President and President/CEO) and Michelle Dunn (Board Treasurer and Business Manager) on March 31, 2023 and subsequently approved by Harry Dunn on April 2, 2023.



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