



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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July 19, 2023

Charter School Board
Smith Academy for Excellence
725 W Washington Blvd
Fort Wayne, IN 46802

We have reviewed the Supplemental Audit Report for Smith Academy for Excellence, Inc. prepared by CliftonLarsonAllen LLP, 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 finding in the report on page 3. Management's response is on page 5.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

**SUPPLEMENTAL AUDIT REPORT
OF
SMITH ACADEMY FOR EXCELLENCE, INC.**

ALLEN COUNTY, INDIANA

JULY 1, 2021 TO JUNE 30, 2022



CPAs | CONSULTANTS | WEALTH ADVISORS

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**SMITH ACADEMY FOR EXCELLENCE, INC.
TABLE OF CONTENTS
JULY 1, 2021 TO JUNE 30, 2022**

SCHOOL OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
AUDIT RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**SMITH ACADEMY FOR EXCELLENCE, INC.
ALLEN COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2021 TO JUNE 30, 2022**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Yul Craig Martin	07/01/2021 – 06/30/2022
School Leader	Corey Smith	07/01/2021 – 06/30/2022
School Treasurer	Melinda Benkovsky	07/01/2021 – 06/30/2022



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Smith Academy for Excellence, Inc.
Fort Wayne, Indiana

We have audited the consolidated financial statements of Smith Academy for Excellence, Inc. (the Academy) as of and for the years ended June 30, 2022 , and have issued our report thereon March 22, 2023. As part of our audits, 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 Academy was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 22, 2023

SMITH ACADEMY FOR EXCELLENCE, INC.
ALLEN COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2021 TO JUNE 30, 2022

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

An audit adjustment to contribution receivable (net of present value discount) for \$97,435 was detected as a result of audit procedures related to properly recording contributions receivable and the related contribution income. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around cut-off of contribution revenues and receivables are an important element of internal controls.

Indiana Code 20-24-7-1 provides that "...The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)..."

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

**SMITH ACADEMY FOR EXCELLENCE, INC.
ALLEN COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2021 TO JUNE 30, 2022**

The contents of this report were discussed on March 22, 2023 with Corey Smith (School Leader), Melinda Benkovsky (Treasurer) and Renee Lindemann (The Leona Group). The Official Response has been made a part of this report and may be found on page 5.



SMITH ACADEMY FOR EXCELLENCE

725 West Washington Blvd
Fort Wayne, IN, 46802
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March 9, 2023

The following letter is in response to the Preparation of Financial Statements in Accordance with Generally Accepted Accounting Principles (GAAP) contained within the Supplemental Audited Report for Smith Academy for Excellence for the 2021-2022 audit.

Internal Control Material Weakness:

As described in the Supplemental Audit Report, the Academy's financial statements required a late adjustment to its contribution receivable account in order to properly reflect pending contributions to the Academy, as required by GAAP. As a result, the account was materially misstated and is considered a material weakness in internal controls.

Management Response:

Management for Smith Academy for Excellence performs routine reconciliations of all account balances throughout the year. These reconciliations include increased scrutiny for year-end activity, and outstanding receivables.

While the contributions receivable account was not included in the reconciliation of the 2021-2022 school year, internal controls have since been implemented to ensure that all contribution activity is also included in that year-end reconciliation. Expected continued contributions will also be analyzed on an ongoing basis throughout the year to ensure that all activity is properly accounted for.

Sincerely,

Melinda Benkovsky, VP of Finance, The Leona Group





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