



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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December 21, 2023

Charter School Board
Indiana Math and Science Academy - North Indianapolis, Inc.
Marion County, Indiana

We have reviewed the audit report of Indiana Math and Science Academy - North Indianapolis, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Indiana Math and Science Academy - North Indianapolis, Inc. as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Donovan CPAs prepared the audit report in accordance with guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Indiana Math and Science Academy - North Indianapolis, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

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

**INDIANA MATH AND SCIENCE ACADEMY -
NORTH INDIANAPOLIS, INC.**

FINANCIAL STATEMENTS
Together with Independent Auditors' Report
For the Years Ended June 30, 2023 and 2022



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Indiana Math and Science Academy - North Indianapolis, Inc.

Opinion

We have audited the financial statements of Indiana Math and Science Academy - North Indianapolis, Inc. (the "School") which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report including our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also issued our report dated November 3, 2023 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana
November 3, 2023

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,088,013	\$ 1,931,752
Grants receivable	718,859	528,511
Prepaid expenses	<u>395</u>	<u>7,357</u>
<i>Total current assets</i>	<u>2,807,267</u>	<u>2,467,620</u>
PROPERTY AND EQUIPMENT		
Land and building	9,550,000	9,550,000
Building improvements	409,291	114,700
Furniture and equipment	170,020	183,599
Construction in progress	1,236,280	-
Less: accumulated depreciation	<u>(440,067)</u>	<u>(211,988)</u>
<i>Property and equipment, net</i>	<u>10,925,524</u>	<u>9,636,311</u>
OTHER ASSETS		
Restricted cash	<u>1,981,227</u>	<u>2,887,382</u>
TOTAL ASSETS	<u>\$ 15,714,018</u>	<u>\$ 14,991,313</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of bonds payable	\$ 135,000	\$ 140,000
Accounts payable and accrued expenses	1,140,811	669,576
Due to affiliated entity	90,132	84,051
Refundable advances	<u>7,513</u>	<u>11,095</u>
<i>Total current liabilities</i>	<u>1,373,456</u>	<u>904,722</u>
LONG-TERM LIABILITIES		
Bonds payable, net of current portion	12,635,000	12,770,000
Less: unamortized bond issuance costs	<u>(425,356)</u>	<u>(472,618)</u>
<i>Total long-term liabilities, net of unamortized bond issuance costs</i>	<u>12,209,644</u>	<u>12,297,382</u>
<i>Total liabilities</i>	13,583,100	13,202,104
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>2,130,918</u>	<u>1,789,209</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,714,018</u>	<u>\$ 14,991,313</u>

See independent auditors' report and accompanying notes to the financial statements

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
State education support	\$ 5,251,606	\$ 5,270,037
Grant revenue	4,709,786	4,114,918
Interest income	119,427	648
Rental income	89,163	10,540
Student fees	16,496	13,176
Other contributions	-	2,068
Other income	73,112	76,956
	<u>10,259,590</u>	<u>9,488,343</u>
<i>Total revenue and support</i>		
EXPENSES		
Program services	7,890,821	7,299,194
Management and general	2,027,060	1,900,060
	<u>9,917,881</u>	<u>9,199,254</u>
<i>Total expenses</i>		
CHANGE IN NET ASSETS	341,709	289,089
NET ASSETS, BEGINNING OF YEAR	<u>1,789,209</u>	<u>1,500,120</u>
NET ASSETS, END OF YEAR	<u>\$ 2,130,918</u>	<u>\$ 1,789,209</u>

See independent auditors' report and accompanying notes to the financial statements

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2023 and 2022

	2023			2022		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 3,721,735	\$ 933,467	\$ 4,655,202	\$ 3,526,281	\$ 888,264	\$ 4,414,545
Employee benefits	751,270	217,939	969,209	695,533	194,652	890,185
Transportation services	852,163	-	852,163	764,375	-	764,375
Interest	727,496	-	727,496	-	-	-
Administrative services	-	630,193	630,193	-	632,404	632,404
Food service	453,995	-	453,995	359,154	-	359,154
Classroom, kitchen, and office supplies	369,348	42,355	411,703	340,758	19,345	360,103
Occupancy	327,406	-	327,406	1,062,621	-	1,062,621
Depreciation	277,123	-	277,123	66,271	-	66,271
Other professional services	153,712	70,293	224,005	190,279	78,763	269,042
Staff development and recruitment	67,490	3,084	70,574	63,364	3,260	66,624
Textbooks	62,394	-	62,394	123,919	-	123,919
Repairs and maintenance	47,589	-	47,589	45,256	-	45,256
Authorizer oversight fee	-	40,247	40,247	-	40,556	40,556
Other	79,100	89,482	168,582	61,383	42,816	104,199
<i>Total functional expenses</i>	<u>\$ 7,890,821</u>	<u>\$ 2,027,060</u>	<u>\$ 9,917,881</u>	<u>\$ 7,299,194</u>	<u>\$ 1,900,060</u>	<u>\$ 9,199,254</u>

See independent auditors' report and accompanying notes to the financial statements

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 341,709	\$ 289,089
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	277,123	66,271
Amortization	47,262	-
Change in certain assets and liabilities:		
Grants receivable	(190,348)	(166,891)
Prepaid expenses	6,962	(7,357)
Accounts payable and accrued expenses	287,801	(128,149)
Due to affiliated entity	6,081	18,268
Refundable advances	<u>(3,582)</u>	<u>(4,197)</u>
<i>Net cash provided by operating activities</i>	<u>773,008</u>	<u>67,034</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,382,902)</u>	<u>(35,797)</u>
FINANCING ACTIVITIES		
Cash proceeds from bonds payable	-	2,887,382
Principal payments on bonds payable	<u>(140,000)</u>	<u>-</u>
<i>Net cash provided by (used in) financing activities</i>	<u>(140,000)</u>	<u>2,887,382</u>
NET CHANGE IN CASH	(749,894)	2,918,619
CASH, BEGINNING OF YEAR	<u>4,819,134</u>	<u>1,900,515</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 4,069,240</u>	<u>\$ 4,819,134</u>
CASH AND RESTRICTED CASH, END OF YEAR		
Cash - unrestricted	\$ 2,088,013	\$ 1,931,752
Cash - restricted for renovation project	991,296	2,000,000
Cash - restricted for debt service reserve fund	841,357	825,000
Cash - restricted for bond payments	145,463	-
Cash - restricted for bank service fee	3,111	-
Cash - restricted for costs of bond issuance	<u>-</u>	<u>62,382</u>
<i>Total cash and restricted cash, end of year</i>	<u>\$ 4,069,240</u>	<u>\$ 4,819,134</u>
SUPPLEMENTAL INFORMATION		
Purchases of property and equipment financed through bonds payable	\$ -	\$ 9,550,000
Purchases of property and equipment financed through accounts payable	183,434	-
Bond issuance costs financed through bonds payable	-	472,618
Cash paid for interest	680,234	-

See independent auditors' report and accompanying notes to the financial statements

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Indiana Math and Science Academy - North Indianapolis, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The School provided educational instruction to approximately 695 students in grades kindergarten through twelve during the 2022-2023 academic school year (690 in the 2021-2022 academic school year).

Construction in Progress – The School is in the process of expanding its current facility. Costs incurred during the expansion are capitalized and included in the account at cost. No depreciation expense is recorded on construction in progress until the underlying assets are placed into service.

Financial Statement Presentation – The School reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions, which include unrestricted resources available for the operating objectives of the School; and
- net assets with donor restrictions, which represent resources restricted by donors for specific time or purpose.

As of June 30, 2023 and 2022, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The School prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2023 and 2022.

Restricted Cash – The terms of the bonds payable require the School to establish cash accounts restricted for certain purposes including the payment of issuance costs, renovation costs, to establish a debt service reserve fund, and to cover bond payments and bank service fees.

Grants Receivable – Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the State of Indiana. The School believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Property and Equipment – Purchases of assets and expenditures which materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Property and Equipment, Continued – Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Building	40 years
Building improvements	10 to 40 years
Furniture and equipment.....	3 to 5 years

Due to Affiliated Entity – The balance in due to affiliated entity represents grant funds processed through the School but due to another school operated by the same management company, Concept Schools, Inc.

Taxes on Income – The School received a determination from the U.S. Department of Treasury stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2019 are open to audit for both federal and state purposes.

Subsequent Events – The School evaluated subsequent events through November 3, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition – Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

A significant portion of the School’s revenue is the product of cost reimbursement grants. Accordingly, the School recognized revenue under these grants in the amount of costs and expenses at the time they are incurred. Incurring approved costs under the grant is considered satisfaction of the performance obligations.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 - REVENUE RECOGNITION, Continued

Disaggregation of Revenue – Revenue is disaggregated on the statements of activities and change in net assets.

NOTE 3 - REFUNDABLE ADVANCES

The School was awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The School had refundable grant advances in excess of expenditures of \$7,513 and \$11,095 as of June 30, 2023 and 2022, respectively.

NOTE 4 - BONDS PAYABLE

In June 2022, the School entered into bond transactions to finance the purchase and renovation of its building, which previously had been leased from an independent party. The Series 2022 bonds have original amounts totaling \$12,910,000 with annual principal payments increasing from \$140,000 in June 2023 to \$195,000 in June 2031 with a balloon payment of \$11,455,000 due in June 2032. The Series 2022A bond has an initial balance of \$12,625,000, requires semi-annual interest payments at 5.375%, and matures June 2032. The Series 2022B bond has an initial balance of \$285,000, requires semi-annual interest payments at 6%, and matures June 2025. In total, the School incurred \$472,618 of debt issuance costs, which will be amortized over the life of the bonds. The bonds are secured by the future revenues of the School.

The bond agreement contains the following financial covenants. The School was in compliance with each covenant as of June 30, 2023.

- At least 55 days cash on hand as of each June 30;
- Debt service coverage ratio of at least 1.1 to 1 measured annually at June 30.

Principal maturities of bonds payable are as follows for the years ending June 30:

2024	\$	135,000
2025		145,000
2026		150,000
2027		160,000
2028		170,000
Thereafter		<u>12,010,000</u>
<i>Total maturities of bonds payable</i>	\$	<u>12,770,000</u>

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 5 - LEASES

Lease Accounting Standard – Effective July 1, 2022, the School adopted Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaced previous lease guidance under U.S. GAAP and aims to increase transparency and comparability among organizations by disclosing both qualitative and quantitative information regarding the amount, timing, and uncertainty of cash flows arising from leases.

Operating Leases – Prior to June 2022, the School leased its facilities from Experimental Learning and Entrepreneurship Foundation, Inc. As discussed in Note 4, the School purchased the building and simultaneously terminated the lease agreement. Lease expense under this agreement totaled \$749,552 for the year ended June 30, 2022.

In conjunction with the building purchase described above, the School became landlord in a lease agreement with an unrelated party for a portion of its building. Prior to purchasing the building, the previous owner, Experimental Learning and Entrepreneurship Foundation, Inc., entered into an agreement to extend the lease through April 2029.

Undiscounted cash flows under this lease are as follows for the years ending June 30:

2024	\$	66,988
2025		68,663
2026		70,439
2027		72,139
2028		73,942
Thereafter		62,897

Rental income under this lease totaled \$89,163 during the year ended June 30, 2023. Management determined no material variances exist between straight line rent income and actual rent income reported. Accordingly, no rent receivable or deferred rent revenue has been recorded.

NOTE 6 - RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers’ Retirement Fund (“TRF”) and the Indiana Public Employees’ Retirement Fund (“PERF”), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System (“INPRS”) Board. Contribution requirements of plan members are determined annually by the INPRS Board.

Under the plans, the School contributed 6% of compensation for eligible teaching faculty to TRF and 11.2% of compensation for other eligible employees to PERF during the year ended June 30, 2023 (5.5% and 11.2% for the year ended June 30, 2022). Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School’s contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2022 (the latest year reported), TRF was over 92% funded and PERF was over 82% funded. Retirement plan expense was \$315,784 and \$310,112 for the years ended June 30, 2023 and 2022, respectively.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 7 - COMMITMENTS

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. This charter agreement remains in effect until June 30, 2024 and is renewable thereafter by mutual consent. OEI assesses a fee equal to 1% of the basic tuition support received by the School. The fee was \$40,247 and \$40,556 for the years ended June 30, 2023 and 2022, respectively.

The School contracted with Concept Schools, Inc. to provide ongoing training and consultation, personnel, recruitment and admissions, and other services. Under the terms of the agreement, the School agreed to pay an amount equal to 12% of state education support, as defined, for such services. Expense under this agreement was \$630,193 and \$632,404 for the years ended June 30, 2023 and 2022, respectively. This agreement is renewable annually.

In November 2022, the School entered into an agreement with Mattcon General Contractors, Inc. to expand its current building. The total contract sum stated in the agreement after all change orders is \$1,836,442, to be billed to the School as the work progresses. At June 30, 2023, the School's remaining commitment on the contract totaled approximately \$706,000.

NOTE 8 - RISKS AND UNCERTAINTIES

The School provides education services to families residing in Marion and surrounding counties in Indiana and is subject to the risks of economic and competitive forces within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments which potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2023 and 2022, substantially all of the grants receivable balance was due from the State of Indiana. In addition, deposits are maintained at Fifth Third Bank and are insured up to the FDIC insurance limit, which is regularly exceeded.

NOTE 9 - LIQUIDITY

The School's financial assets include cash, restricted cash, and grants receivable. Restricted cash is not considered available to meet cash needs for general expenditures since its use is purpose restricted. Financial assets available to meet cash needs for general expenditures totaled \$2,806,872 and \$2,460,263 as of June 30, 2023 and 2022, respectively.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 9 - LIQUIDITY, Continued

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 - FUNCTIONAL EXPENSE REPORTING

The costs of providing educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

SUPPLEMENTARY INFORMATION

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor Agency/Pass-Through Entity/Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 157,236
National School Lunch Program	10.555		418,550
State Pandemic Electronic Benefit Transfer	10.649		628
Commodity Supplemental Food Program	10.568		<u>22,223</u>
<i>Total U.S. Department of Agriculture</i>			<u>598,637</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A;			
Grants to Local Educational Agencies	84.010	18611-001-PN01	499,810
Title II, Part A;			
Supporting Effective Instruction State Grants	84.367	7000-S367A220013	44,318
Title III, Part A;			
English Language Acquisition State Grants	84.365A	S365A220014	14,319
Title IV, Part A;			
Student Support and Academic Enrichment	84.424A	S424A220015	37,658
Special Education Cluster			
Special Education - Grants to States	84.027	23611-537-PN01	160,052
21st Century Community Learning Centers	84.287		109,869
Charter School Facilities Incentive Program	84.282D	S282S190002	363,000
Refugee and Entrant Assistance Program	93.566		27,816
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	473,588
Elementary and Secondary School Emergency Relief Fund	84.425D	S425U210013	1,186,895
American Rescue Plan - Homeless Children and Youth	84.425W	S425W210015	<u>8,248</u>
<i>Total U.S. Department of Education</i>			<u>2,925,573</u>
<i>Total federal awards expended</i>			<u>\$ 3,524,210</u>

See independent auditors' report and accompanying notes to this schedule

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Indiana Math and Science Academy - North Indianapolis, Inc. (the "School") under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Indiana Math and Science Academy - North Indianapolis, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Math and Science Academy - North Indianapolis, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures which are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, stylized initial "D".

Indianapolis, Indiana
November 3, 2023



Donovan CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

The Board of Directors
Indiana Math and Science Academy - North Indianapolis, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Indiana Math and Science Academy - North Indianapolis, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* which could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above which could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States ("*Government Auditing Standards*"); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana
November 3, 2023

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

OTHER REPORT

For the Year Ended June 30, 2023

The reports presented herein were prepared in addition to another official report prepared for the School as listed below:

Supplemental Audit Report of Indiana Math and Science Academy - North Indianapolis, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.