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December 22, 2023

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

We have reviewed the audit report of Indiana Math and Science Academy - 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 - 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.

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 -  
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 - Indianapolis, Inc.

### **Opinion**

We have audited the financial statements of Indiana Math and Science Academy - 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 audit, significant audit findings, and certain internal control-related matters we identified during the audit.

## **Supplementary Information**

Our audits were 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 have 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 - INDIANAPOLIS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 3,046,706	\$ 2,777,610
Grants receivable	662,051	390,418
Due from affiliated entity	<u>90,132</u>	<u>84,051</u>
<i>Total current assets</i>	<u>3,798,889</u>	<u>3,252,079</u>
<b>PROPERTY AND EQUIPMENT</b>		
Land	24,800	24,800
Building and improvements	4,165,732	4,165,732
Construction in progress	1,597,320	-
Furniture and equipment	203,028	214,791
Less: accumulated depreciation	<u>(1,391,503)</u>	<u>(1,228,273)</u>
<i>Property and equipment, net</i>	<u>4,599,377</u>	<u>3,177,050</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 8,398,266</u></u>	<u><u>\$ 6,429,129</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of note payable	\$ 325,036	\$ 325,036
Accounts payable and accrued expenses	<u>1,104,006</u>	<u>592,871</u>
<i>Total current liabilities</i>	1,429,042	917,907
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion	<u>812,594</u>	<u>1,137,630</u>
<i>Total liabilities</i>	2,241,636	2,055,537
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	<u>6,156,630</u>	<u>4,373,592</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 8,398,266</u></u>	<u><u>\$ 6,429,129</u></u>

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

**INDIANA MATH AND SCIENCE ACADEMY - 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>
<b>REVENUE AND SUPPORT</b>		
State education support	\$ 4,032,379	\$ 4,066,271
Grant revenue	5,107,349	3,519,925
Student fees	166,108	73,696
Contributions	1,024	564
Other income	73,904	19,125
	<u>9,380,764</u>	<u>7,679,581</u>
<i>Total revenue and support</i>		
<b>EXPENSES</b>		
Program services	5,614,857	5,137,453
Management and general	1,982,869	1,658,770
	<u>7,597,726</u>	<u>6,796,223</u>
<i>Total expenses</i>		
<b>CHANGE IN NET ASSETS</b>	1,783,038	883,358
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>4,373,592</u>	<u>3,490,234</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 6,156,630</u>	<u>\$ 4,373,592</u>

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

**INDIANA MATH AND SCIENCE ACADEMY - 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	\$ 3,154,930	\$ 1,085,082	\$ 4,240,012	\$ 2,820,219	\$ 811,825	\$ 3,632,044
Employee benefits	625,414	235,730	861,144	562,797	186,993	749,790
Academic services	-	483,885	483,885	-	487,953	487,953
Food service	450,592	-	450,592	389,637	-	389,637
Transportation services	413,577	-	413,577	388,310	-	388,310
Other professional services	137,355	103,120	240,475	133,010	90,609	223,619
Occupancy	225,512	-	225,512	212,722	-	212,722
Depreciation	189,793	-	189,793	200,049	-	200,049
Equipment rental and expense	177,692	-	177,692	167,895	-	167,895
Classroom, kitchen, and office supplies	129,278	11,460	140,738	93,744	8,711	102,455
Textbooks	34,239	-	34,239	99,710	-	99,710
Insurance	-	31,744	31,744	-	22,372	22,372
Staff development and recruitment	26,894	-	26,894	17,106	-	17,106
Interest	13,814	-	13,814	17,064	-	17,064
Advertising	-	6,487	6,487	-	1,856	1,856
Other	35,767	25,361	61,128	35,190	48,451	83,641
<i>Total functional expenses</i>	<u>\$ 5,614,857</u>	<u>\$ 1,982,869</u>	<u>\$ 7,597,726</u>	<u>\$ 5,137,453</u>	<u>\$ 1,658,770</u>	<u>\$ 6,796,223</u>

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

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

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 1,783,038	\$ 883,358
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	189,793	200,049
Change in certain assets and liabilities:		
Grants receivable	(271,633)	(45,145)
Due from affiliated entity	(6,081)	(18,268)
Accounts payable and accrued expenses	<u>186,760</u>	<u>39,563</u>
 <i>Net cash provided by operating activities</i>	1,881,877	1,059,557
 <b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(1,287,745)	(88,459)
 <b>FINANCING ACTIVITIES</b>		
Principal repayments of note payable	<u>(325,036)</u>	<u>(325,037)</u>
 <b>NET CHANGE IN CASH</b>	269,096	646,061
 <b>CASH, BEGINNING OF YEAR</b>	<u>2,777,610</u>	<u>2,131,549</u>
 <b>CASH, END OF YEAR</b>	<u><u>\$ 3,046,706</u></u>	<u><u>\$ 2,777,610</u></u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 13,814	\$ 17,064
Purchases of property and equipment financed through accounts payable	324,375	-

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

# INDIANA MATH AND SCIENCE ACADEMY - 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 - 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 570 students in grades kindergarten through eight during both the 2022 and 2023 academic school years.

Construction in Progress – The School is in the process of constructing a new gymnasium. Costs incurred during the construction 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.

Grants Receivable – Grants receivable relate primarily to activities funded under federal programs 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.

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

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 - 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 and improvements.....	10 to 40 years
Furniture and equipment.....	3 to 10 years

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 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 which 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. Student fees are recognized in the year in which the services are rendered.

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2023 and 2022**

**NOTE 3 - NOTE PAYABLE**

The note payable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Note payable to State Board of Education, payable \$162,518 semi-annually (January 1 and July 1) plus interest at 1.00% per annum	\$ 1,137,630	\$ 1,462,666
Less: current portion	<u>(325,036)</u>	<u>(325,036)</u>
Long-term portion	\$ <u>812,594</u>	\$ <u>1,137,630</u>

The note payable to the State Board of Education is the result of the Common School Funds Charter and Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

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

2024	\$ 325,036
2025	325,036
2026	325,036
2027	<u>162,522</u>
	\$ <u>1,137,630</u>

**NOTE 4 - 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, the School 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 \$288,760 and \$261,983 for the years ended June 30, 2023 and 2022, respectively.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2023 and 2022**

### **NOTE 5 - 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, 2028 and is renewable thereafter by mutual consent. OEI assesses a fee equal to 1% of the basic tuition support received by its sponsored schools. The fee was \$33,856 and \$34,527 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 \$483,885 and \$487,953 for the years ended June 30, 2023 and 2022, respectively. This agreement is renewable annually.

On November 12, 2022, the School entered into an agreement with Mattcon General Contractors, Inc. to build a new gymnasium onto its existing building. The total contract sum stated in the agreement after all change orders is \$2,210,382, to be billed to the School as the work progresses. At June 30, 2023, the School's remaining commitment on the contract totaled \$938,825.

### **NOTE 6 - 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. At June 30, 2023 and 2022, and regularly throughout the year, cash balances exceeded the FDIC insurance limit.

### **NOTE 7 - FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities are 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.

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

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2023 and 2022**

**NOTE 8 - LIQUIDITY**

The School's financial assets include cash, grants receivable, and amounts due from an affiliated entity. Financial assets at June 30, 2023 and 2022 totaled \$3,798,889 and \$3,252,079, respectively, all of which were available to meet cash needs for general expenditures within one year.

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.

SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2023**

<b>Federal Grantor Agency/Pass-Through Entity/Cluster Title/Program Title/Project Title</b>	<b>Assistance Listing Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Awards Expended</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Pass-through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 170,629
National School Lunch Program	10.555		430,230
State Pandemic Electronic Benefit Transfer	10.649		<u>628</u>
<i>Total U.S. Department of Agriculture</i>			<u>601,487</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Pass-through Indiana Department of Education:			
Title I, Part A;			
Grants to Local Educational Agencies	84.010	18611-001-PN01	444,952
Title II, Part A;			
Supporting Effective Instruction State Grants	84.367	7000-S367A220013	32,837
Title III, Part A;			
English Language Acquisition State Grants	84.365	S365A220014	15,616
Title IV, Part A;			
Student Support and Academic Enrichment	84.424	S424A220015	33,524
Special Education Cluster			
Special Education - Grants to States	84.027A	23611-552-PN01	125,377
Special Education - Preschool Grants	84.173A	23619-552-PN01	2,072
21st Century Community Learning Centers	84.287		90,131
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	658,291
Elementary and Secondary School Emergency Relief Fund	84.425D	S425U210013	1,822,768
American Rescue Plan - Homeless Children and Youth	84.425W	S425W210015	<u>8,039</u>
<i>Total U.S. Department of Education</i>			<u>3,233,607</u>
<b><u>FEDERAL COMMUNICATIONS COMMISSION</u></b>			
Emergency Connectivity Fund Program	32.009		<u>17,371</u>
<i>Total federal awards expended</i>			<u>\$ 3,852,465</u>

See independent auditors' report and accompanying notes to this schedule

**INDIANA MATH AND SCIENCE ACADEMY - 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 - 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 elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



# Donovan CPAs

## 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 - 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 - 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 which 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

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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 - Indianapolis, Inc.

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Indiana Math and Science Academy - Indianapolis, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that 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.

### ***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 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 which 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 which 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 we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist which 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 - 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.