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

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

December 22, 2023

Charter School Board
Avondale Meadows Academy, Inc.
d/b/a United Schools of Indianapolis
Marion County, Indiana

We have reviewed the audit report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis, which was opined upon by Greenwalt CPAs, Inc., 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 Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis 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, Greenwalt CPAs, Inc. prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis, 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

AVONDALE MEADOWS ACADEMY, INC D/B/A
UNITED SCHOOLS OF INDIANAPOLIS

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2023 AND 2022

GREENWALT^{CPAs}

We Deliver Peace of Mind

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Avondale Meadows Academy, Inc.
d/b/a United Schools of Indianapolis:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (a network of Indiana public charter schools, USI), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USI as of June 30, 2023 and 2022, and the changes in its net assets and its 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 audit 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* (*Government Auditing Standards*), issued by the Comptroller General of the United States of America, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources and Guidelines for Audits for Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. 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 USI and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that 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 that are 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, that raise substantial doubt about USI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that 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 that, 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, *Government Auditing Standards*, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources and Guidelines for Audits for Charter Schools performed by Private Examiners*, 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 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USI'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, that raise substantial doubt about USI'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 that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 28, 2023 on our consideration of USI'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 USI'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 USI's internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

November 28, 2023

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>	<u>LIABILITIES AND NET ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 902,097	\$ 2,797,214	Accounts payable	\$ 120,974	\$ 53,820
Investments	1,693,805	175,191	Payroll and other accrued expenses	1,361,321	1,265,404
Accounts receivable			Current portion of long-term debt	385,000	365,000
Grants	1,058,783	821,192	Current portion of operating lease liabilities	48,118	-
Other	119,376	120,156			
Prepaid expenses and deposits	152,149	155,754	<i>Total current liabilities</i>	<u>1,915,413</u>	<u>1,684,224</u>
<i>Total current assets</i>	<u>3,926,210</u>	<u>4,069,507</u>			
CASH RESTRICTED FOR BOND REDEMPTION	<u>2,619,300</u>	<u>2,476,655</u>	LONG-TERM LIABILITIES		
PROPERTY AND EQUIPMENT			Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	19,092,199	19,451,041
Land	564,800	564,800	Operating lease liabilities, net of current portion	98,185	-
Buildings and building improvements	19,794,889	19,152,073			
Furniture and equipment	1,576,099	1,473,024	<i>Total long-term liabilities</i>	<u>19,190,384</u>	<u>19,451,041</u>
Textbooks	368,499	363,844			
Computers and software	461,420	461,420	<i>Total liabilities</i>	<u>21,105,797</u>	<u>21,135,265</u>
Accumulated depreciation	(5,915,120)	(5,207,287)	NET ASSETS		
<i>Total property and equipment, net</i>	<u>16,850,587</u>	<u>16,807,874</u>	Without donor restrictions	1,626,936	1,843,826
RIGHT OF USE ASSETS - OPERATING LEASES	<u>146,303</u>	<u>-</u>	Without donor restrictions - board designated	90,000	90,000
<i>Total assets</i>	<u>\$ 23,542,400</u>	<u>\$ 23,354,036</u>	<i>Total net assets without donor restrictions</i>	1,716,936	1,933,826
			With donor restrictions	719,667	284,945
			<i>Total net assets</i>	<u>2,436,603</u>	<u>2,218,771</u>
			<i>Total liabilities and net assets</i>	<u>\$ 23,542,400</u>	<u>\$ 23,354,036</u>

See accompanying notes to financial statements.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT						
State education support	\$ 6,923,607	\$ 2,536,133	\$ 9,459,740	\$ 6,842,271	\$ 1,811,621	\$ 8,653,892
Federal funding	5,721,528	-	5,721,528	5,454,439	-	5,454,439
Student fees	47,692	-	47,692	28,526	-	28,526
Contributions and grants	278,556	115,600	394,156	158,686	-	158,686
Investment income	145,131	-	145,131	2,843	-	2,843
Special events, net of expenses of \$28,351 and \$35,661 in 2023 and 2022, respectively	95,359	-	95,359	50,689	-	50,689
Other	27,048	-	27,048	16,758	-	16,758
Net asset released from restriction	2,217,011	(2,217,011)	-	2,027,681	(2,027,681)	-
<i>Total revenue and support</i>	<u>15,455,932</u>	<u>434,722</u>	<u>15,890,654</u>	<u>14,581,893</u>	<u>(216,060)</u>	<u>14,365,833</u>
EXPENSES (NOTE 10)						
Salaries and wages	9,870,264	-	9,870,264	8,564,632	-	8,564,632
Professional services	1,344,184	-	1,344,184	1,126,271	-	1,126,271
Food cost	905,762	-	905,762	826,581	-	826,581
Repairs, maintenance, and supplies	1,044,791	-	1,044,791	975,955	-	975,955
Occupancy	457,027	-	457,027	408,422	-	408,422
Depreciation	707,833	-	707,833	692,327	-	692,327
Interest	1,083,376	-	1,083,376	1,101,627	-	1,101,627
Other	259,585	-	259,585	238,763	-	238,763
<i>Total expenses</i>	<u>15,672,822</u>	<u>-</u>	<u>15,672,822</u>	<u>13,934,578</u>	<u>-</u>	<u>13,934,578</u>
CHANGE IN NET ASSETS	(216,890)	434,722	217,832	647,315	(216,060)	431,255
NET ASSETS, BEGINNING OF YEAR	<u>1,933,826</u>	<u>284,945</u>	<u>2,218,771</u>	<u>1,286,511</u>	<u>501,005</u>	<u>1,787,516</u>
NET ASSETS, END OF YEAR	<u>\$ 1,716,936</u>	<u>\$ 719,667</u>	<u>\$ 2,436,603</u>	<u>\$ 1,933,826</u>	<u>\$ 284,945</u>	<u>\$ 2,218,771</u>

See accompanying notes to financial statements.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 217,832	\$ 431,255
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Depreciation	707,833	692,327
Loss on disposal of property and equipment	-	37,988
Realized and unrealized (gain) loss on investments	(135,544)	2,113
<i>(Increase) decrease in operating assets</i>		
Grants receivable	(237,591)	(29,831)
Other receivables	780	3,955
Prepaid expenses and deposits	3,605	(12,745)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	67,154	(9,344)
Payroll and other accrued expenses	150,620	(55,987)
Operating lease liability, net	(3,840)	-
<i>Net cash and cash equivalents provided by operating activities</i>	<u>770,849</u>	<u>1,059,731</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(1,499,173)	(183,176)
Proceeds from sale of investments	116,103	189,517
Purchases of property and equipment	(801,382)	(572,748)
<i>Net cash and cash equivalents used in investing activities</i>	<u>(2,184,452)</u>	<u>(566,407)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment of long-term debt	(338,869)	(298,842)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,752,472)	194,482
CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, BEGINNING OF YEAR	<u>5,273,869</u>	<u>5,079,387</u>
CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, END OF YEAR	3,521,397	5,273,869
CASH RESTRICTED FOR BOND REDEMPTION	<u>(2,619,300)</u>	<u>(2,476,655)</u>
TOTAL CASH AND CASH EQUIVALENTS IN CURRENT ASSETS	<u>\$ 902,097</u>	<u>\$ 2,797,214</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 1,083,376</u>	<u>\$ 1,101,627</u>
NON-CASH INVESTING ACTIVITIES		
Property and equipment purchases included in other accrued expenses	<u>\$ -</u>	<u>\$ 54,703</u>
Operating lease ROU assets obtained in exchange for new operating lease liabilities	<u>\$ 193,010</u>	<u>\$ -</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. USI (formerly named Challenge Foundation Academy, Inc.) is the organizer of three charter schools located in Indianapolis, Indiana. Each of the schools is a public charter school established under Indiana Code 20-24 and sponsored by the City of Indianapolis Mayor's Office of Education Innovation (OEI). USI's main sources of revenue and support are from state and federal education funding.

Avondale Meadows Academy (Avondale), which opened in 2006, is a K-5 tuition-free quality public charter school founded on the Core Knowledge curriculum. The core focus is to provide an outstanding education for children equipping them with the knowledge, wisdom, core values, and behaviors to be successful in life. The mission of Avondale is to provide a rigorous and relevant college-preparatory program, grounded in the belief in the ability of every child to succeed at high levels.

Vision Academy at Riverside (Vision), which opened in 2014, is K-8. Vision provides every scholar in its school a college-preparatory education. Vision couples a literacy-based, content-rich academic program with a unique Vision curriculum, focused on goal setting and individual passions. Vision also offers every scholar ample after-school and extra-curricular opportunity as well as a rich array of family involvement opportunities, designed to ensure every scholar has the skills and support to succeed in college and in life.

Avondale Meadows Middle School (AMMS), which opened in July 2017, is a free, public, neighborhood charter school serving grades 6 - 8. AMMS offers a strong Core Knowledge curriculum which complements Indiana's Academic Standards and Common Core Standards. This curriculum is integrated with and supported by enVision Mathematics and Reader's and Writer's Workshop, which is intended to prepare students for college.

There are certain transactions that occur during the normal course of business between Avondale, Vision, AMMS, and USI. These transactions have been eliminated for reporting purposes.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on an accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, USI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$2,619,300 and \$3,477,971 at June 30, 2023 and 2022, respectively.

At June 30, 2023 and 2022, USI maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 by approximately \$685,000 and \$2,700,000, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment income and gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at June 30 are as follows:

	<u>2023</u> <u>Totals</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 3)</u>
<u>INVESTMENTS</u>				
U.S. treasury bills	\$ 1,535,007	\$ 1,535,007	-	-
Corporate and government bonds	<u>158,798</u>	<u>158,798</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,693,805</u>	<u>\$ 1,693,805</u>	<u>\$ -</u>	<u>\$ -</u>

	<u>2022</u> <u>Totals</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 3)</u>
<u>INVESTMENTS</u>				
Corporate and government bonds	<u>\$ 175,191</u>	<u>\$ 175,191</u>	<u>\$ -</u>	<u>\$ -</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. The methods for determining fair value have not changed in fiscal year 2023.

- Government and corporate bonds: Valued based on quoted market prices.
- U.S. treasury bills: Valued based on quoted market prices.

The cost of investments at June 30, 2023 and 2022 was \$1,689,011 and \$175,591, respectively.

GRANTS AND ACCOUNTS RECEIVABLE

Grants receivable relate to activities funded under private grants and federal and state programs. Management believes that USI is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. All grants and accounts receivable are due within one year.

PROPERTY AND EQUIPMENT

Purchases of property and equipment greater than \$1,000 that materially increase value or extend useful lives are capitalized and are recorded at cost. Computer purchases exceeding \$300 are recorded at cost and capitalized. Donated property and equipment is recorded at estimated fair market value on the date of contribution. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	40 years
Furniture and equipment	5 years
Textbooks	4 years
Computers and software	3 years

LEASES

Management determines if an arrangement is a lease at inception. The operating leases are included as right of use (ROU) assets, short-term lease liabilities, and long-term lease liabilities on the statements of financial position.

The ROU asset represents USI's right to use an underlying asset for the lease term and the lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that USI will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

LEASES, CONTINUED

USI elected the available practical expedients to use a risk-free rate when discounting future lease payments to measure leases at present value on the statement of financial position when the implicit rate is unknown and to account for lease and non-lease components as a single lease component.

In addition, USI elected to not apply the recognition requirements in the lease standard to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not contain a purchase option that the lessee is reasonably certain to exercise).

NET ASSETS

USI maintains the following classes of net assets:

- Net assets without donor restrictions – represent net assets that the Board of Directors has discretionary control to use in carrying on the operations of USI in accordance with its articles of incorporation and by-laws. See Note 6.
- Net assets with donor restrictions – represent net assets restricted by the donor, grantor, or other outside party for a specific purpose, time period, or in perpetuity.

REVENUE RECOGNITION

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, USI receives an amount per student in relation to the 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 over time in the year in which educational services are rendered.

A portion of USI's revenue is the product of cost reimbursement grants. Accordingly, USI recognizes revenue under these grants as costs are incurred.

CONTRIBUTIONS AND GRANTS

Unconditional contributions and grants are measured at their fair values and are reported as an increase in net assets in the period they are promised. USI reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

ADVERTISING

Advertising expenses totaled \$89,131 and \$85,210 for fiscal years 2023 and 2022, respectively. USI's policy is to record advertising expenditures in the period in which they are incurred.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

TAX STATUS

USI is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, however, USI would be subject to tax on income unrelated to its tax-exempt purpose. USI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Account Standards Codification [ASC] 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of ROU assets and lease liabilities on the balance sheet. Most prominent among the changes in the standards is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

USI adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840 (see Note 5).

USI elected the available practical expedients to account for existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

USI elected the hindsight practical expedient to determine the lease term for existing leases.

As a result of the adopting of the new lease accounting guidance, the Organization recognized on July 1, 2022, a ROU assets and lease liabilities of approximately \$193,010, which represents the present value of the remaining operating lease payments of \$204,359, discounted using an incremental borrowing rate of 2.98%.

The standard had a material impact on USI's statement of financial position but did not have an impact on the statement of activities or statement of cash flows. The most significant impact was the recognition of a ROU asset and lease liability for an operating lease. See Note 4.

SUBSEQUENT EVENTS

USI evaluated subsequent events through November 28, 2023, which is the date these financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

USI regularly monitors liquidity required to meet its operations and other commitments. USI has various sources of liquid assets at its disposal. Per OEI guidelines, USI is required to have 45 days cash on hand.

For purposes of analyzing resources available to meet general expenditures over 12-month period, USI considers all expenditures related to ongoing activities as well as the supporting operations to be general expenditures.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

Financial assets available for general expenditure, within one year, consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash and cash equivalents without restriction	\$ 902,097	\$ 2,797,214
Investments	1,693,805	175,191
Grants receivable	1,058,783	821,192
Other receivables	119,376	120,156
Total financial assets available for use within one year	<u>3,774,061</u>	<u>3,913,753</u>
Board designated net assets	(90,000)	(90,000)
Net assets with donor restrictions	(719,667)	(284,945)
Total financial assets not available for use within one year	<u>(809,667)</u>	<u>(374,945)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,964,394</u>	<u>\$ 3,538,808</u>

3. LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
2017 Series Bonds	\$ 20,105,000	\$ 20,470,000
Less: current portion	(385,000)	(365,000)
Less: unamortized discount on 2017 series bonds	(397,371)	(413,927)
Less: deferred loan costs	(230,430)	(240,032)
Long-term, net	<u>\$ 19,092,199</u>	<u>\$ 19,451,041</u>

In June 2018, USI obtained financing for the purpose of refinancing the previously existing Series 2013 bonds, paying off a development lease arrangement, and constructing a new building for AMMS through the sale of Educational Facilities Multipurpose Revenue Bonds, Series 2017, issued by the Indiana Finance Authority. The Series 2017 bonds are payable in a series of escalating payments of principal and interest beginning in July 2019 and January 2018, respectively, with the final payment due in July 2047. The bonds have an interest rate beginning at 5.0% and rising to 5.375% by July 2038. The bonds are secured by land, buildings, and other business assets.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

3. LONG-TERM DEBT, CONTINUED

The Series 2017 bonds require the establishment of a debt reserve fund of \$1,442,968 that will assist with final payment of the bonds. A bond escrow account with a balance of \$971,365 and \$905,782 at June 30, 2023 and 2022, respectively, was also established in conjunction with the Series 2017 bond agreement to secure against defeasance on the bonds. Pursuant to the bond agreement in fiscal year 2022, USI created a repairs and replacement reserve to assist with future building improvements, additions, and repairs. The balance of the repairs and replacement reserve was \$204,967 and \$127,905 at June 30, 2023 and 2022, respectively. These accounts are reported as cash restricted for bond redemption in the statements of financial position.

The loan agreements contain certain covenants that limit USI's ability to incur indebtedness or guarantees, purchase or dispose of assets, or change the nature of the business. The agreement also contains financial maintenance covenants establishing a minimum debt service coverage ratio and days cash on hand requirement.

Costs associated with securing financing, have been deferred and are being amortized over the term of the bonds using the straight-line method.

Future maturities of long-term debt at June 30 are as follows:

2024	\$	385,000
2025		400,000
2026		425,000
2027		445,000
2028		465,000
Thereafter		<u>17,985,000</u>
	\$	<u>20,105,000</u>

4. OPERATING LEASES UNDER FASB ASC 842

USI has two operating lease agreements for office equipment which expire at various dates through July 2027.

The components of lease expense for the year ended June 30, 2023 are as follows:

Operating lease cost	\$	<u>52,778</u>
Operating cash flows from operating leases	\$	<u>51,695</u>

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term - operating leases	2.96 years
Weighted average discount rate - operating leases	2.98%

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022

4. OPERATING LEASES UNDER FASB ASC 842, CONTINUED

Future minimum lease payments under the non-cancellable operating lease as of June 30, 2023 were as follows:

2024	\$	51,695
2025		51,695
2026		47,544
2027		<u>1,729</u>
Total undiscounted cash flows		152,663
Less: present value discount		<u>(6,360)</u>
Total lease liability		146,303
Less: current liability		<u>(48,118)</u>
Long term lease liability	\$	<u><u>98,185</u></u>

5. OPERATING LEASES UNDER ASC 840

USI leases equipment under operating leases with various expiration dates through May 2026. Total expense under operating leases for fiscal years 2022 was \$62,514.

Future minimum rental payments required under operating leases were as follows:

2023	\$	93,335
2024		49,808
2025		49,808
2026		<u>45,657</u>
	\$	<u><u>238,608</u></u>

6. BOARD DESIGNATED NET ASSETS

The Charters for Avondale, Vision, and AMMS require that each establish an account held in escrow of \$30,000 no later than December of the third year of operations. The escrow is designated for any potential dissolution costs of the schools. Board designated net assets were as follows at June 30:

	<u>2023</u>	<u>2022</u>
Avondale	\$ 30,000	\$ 30,000
Vision	30,000	30,000
AMMS	<u>30,000</u>	<u>30,000</u>
	<u><u>\$ 90,000</u></u>	<u><u>\$ 90,000</u></u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources received from grantors and donors that were not expended for restricted purposes. Net assets with donor restrictions as of June 30 were available for the following purposes:

	<u>2023</u>	<u>2022</u>
School lunch program	\$ 325,998	\$ 27,753
Textbook program	106,130	105,830
Teacher awards and bonuses	118,384	135,091
Other programs	<u>169,155</u>	<u>16,271</u>
	<u>\$ 719,667</u>	<u>\$ 284,945</u>

Net assets were released from donor restrictions by satisfying the restricted purposes. The following purpose restrictions were accomplished during the years ended June 30:

	<u>2023</u>	<u>2022</u>
School lunch program	\$ 936,868	\$ 977,623
Textbook program	65,124	51,057
Teacher awards and bonuses	16,707	14,181
Teacher continuing education	-	21,359
Facility costs	1,002,991	893,000
Other programs	<u>195,321</u>	<u>70,461</u>
	<u>\$ 2,217,011</u>	<u>\$ 2,027,681</u>

8. RETIREMENT PLANS

USI provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan 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. USI contributed 6.0% and 5.5% of compensation for teaching faculty to TRF related to fiscal year 2023 and 2022, respectively. Should USI elect to withdraw from TRF, USI could be subject to a withdrawal fee. USI's contributions represent an insignificant percentage of the total contributions received by TRF.

As of June 30, 2022 (the latest year reported). TRF was 89.6% funded. A copy of the complete annual report for the year ended June 30, 2022 can be obtained at:

https://www.in.gov/inprs/files/INPRSAnnualReportBook_FY22.pdf

USI also offers a 403(b) defined contribution retirement plan. Non-teaching personnel and teachers who opt to not participate in TRF are eligible for benefits under the 403(b) plan. Under the 403(b) plan, USI contributes 6.0% and 5.5% of employee's compensation for fiscal years 2023 and 2022, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

8. RETIREMENT PLANS, CONTINUED

For fiscal years 2023 and 2022, retirement plan expense under both plans was \$419,407 and \$331,661, respectively.

9. RISKS AND UNCERTAINTIES

USI provides education services to families residing in Marion County and surrounding counties in Indiana, and is subject to the risks of economic and competitive forces at work 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 USI. Additionally, USI is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on USI.

Financial instruments that potentially subject USI to concentrations of credit risk consist principally of revenues from the State of Indiana. For 2023 and 2022, the basic state tuition support was 59.5% and 60.2% of total revenue, respectively. At June 30, 2023 and 2022, substantially all of the grants receivable balance was due from the State of Indiana.

10. FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a natural classification basis in the statement of activities. Following is a summary of expenses comprising program services, management and general, and fundraising for the years ended June 30:

<u>2023</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 6,352,813	\$ 3,416,825	\$ 100,626	\$ 9,870,264
Professional services	481,692	862,492	-	1,344,184
Food cost	905,762	-	-	905,762
Repairs, maintenance, and supplies	730,329	314,462	-	1,044,791
Occupancy	457,027	-	-	457,027
Depreciation	707,833	-	-	707,833
Interest	1,083,376	-	-	1,083,376
Other	222,526	-	37,059	259,585
	<u>\$ 10,941,358</u>	<u>\$ 4,593,779</u>	<u>\$ 137,685</u>	<u>\$ 15,672,822</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

10. FUNCTIONAL EXPENSE REPORTING, CONTINUED

<u>2022</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 5,087,680	\$ 3,350,906	\$ 126,046	\$ 8,564,632
Professional services	376,902	749,369	-	1,126,271
Food cost	826,581	-	-	826,581
Repairs, maintenance, and supplies	763,029	212,926	-	975,955
Occupancy	408,422	-	-	408,422
Depreciation	692,327	-	-	692,327
Interest	1,101,627	-	-	1,101,627
Other	238,763	-	-	238,763
	<u>\$ 9,495,331</u>	<u>\$ 4,313,201</u>	<u>\$ 126,046</u>	<u>\$ 13,934,578</u>

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Financial Report (AFR).

Program Name	Grantor Name	Assistance Listing Number	Revenue	Expense	Funding Type
National School Lunch Program	Indiana Department of Education	10.555	\$ 1,082,311	\$ 936,335	Federal grant passed through state or local government
Title I, Part A, Grants to Local Educational Agencies	Indiana Department of Education	84.010	886,765	886,765	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B)	Indiana Department of Education	84.027	226,115	226,115	Federal grant passed through state or local government
Special Education Cluster – Special Education	Indiana Department of Education	84.173	5,361	5,361	Federal grant passed through state or local government

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Public Charter Schools Program	Indiana Department of Education	84.282A	35,670	35,670	Federal grant passed through state or local government
Charter Schools Facilities Incentive Grants Program	Indiana Department of Education	84.282D	450,277	450,277	Federal grant passed through state or local government
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367A	70,061	70,061	Federal grant passed through state or local government
School Improvement Grants	Indiana Department of Education	84.377A	106,738	106,738	Federal grant passed through state or local government
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424A	65,361	65,360	Federal grant passed through state or local government
The Coronavirus Response and Relief Supplemental Appropriations Act	Indiana Department of Education	84.425D	112,248	112,249	Federal grant passed through state or local government
The Coronavirus Aid, Relief, and Economic security Act (Education Stabilization FunFund)	Indiana Department of Education	84.425D	10,426	10,426	Federal grant passed through state or local government
The American Rescue Plan Elementary and Secondary School Emergency Relief	Indiana Department of Education	84.425U	2,670,196	2,670,196	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	7,576,599	7,576,599	State or local government
State Special Education Grant	Indiana Department of Education	N/A	415,160	415,160	State or local government
Charter School Grant	Indiana Department of Education	N/A	1,158,750	1,158,750	State or local government
Medicaid Reimbursement	Indiana Department of Education	N/A	22,655	22,655	State or local government

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2023 AND 2022

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Textbook Reimbursement	Indiana Department of Education	N/A	65,423	65,423	State or local government
Mediation Testing	Indiana Department of Education	N/A	14,430	14,430	State or Local Government
Non-English-Speaking Program	Indiana Department of Education	N/A	16,774	16,774	State or local government
Teacher Appreciation Grants	Indiana Department of Education	N/A	34,632	34,632	State or local government
Secured School Safety Program	Indiana Department of Homeland	N/A	53,500	53,500	State or local government
IPS State Referendum	Indianapolis Public School System	N/A	85,500	85,500	State or local government
State Lunch Program	Indiana Department of Education	N/A	5,307	5,307	State or local government
State Connectivity Grant	Indiana Department of Education	N/A	11,040	11,040	State or local government
		Total	\$ 15,181,299	\$ 15,035,323	



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Avondale Meadows Academy, Inc.
d/b/a United Schools of Indianapolis:

We have audited the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) as of and for the years ended June 30, 2023 and 2022, and our report thereon dated November 28, 2023, which expressed an unmodified opinion on those financial statements, appears on page one. 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* (Uniform Guidance), is presented for the purpose of additional analysis and is not a required part of the financial statements. Exhibits I and II are presented for purposes of additional analysis, rather than to present financial position and results of operations by school and are not a required part of the financial statements. The schedule of expenditures of federal awards and Exhibits I and II are the responsibility of management and were derived from and relate 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 for the year ended June 30, 2023, and the statements of financial position and activities by school as of and for the years ended June 30, 2023 and 2022, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Greenwalt CPAs, Inc.

November 28, 2023

ASSETS

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	\$ 447,737	\$ 818,274	\$ 296,358	\$ (660,272)	\$ -	\$ 902,097
Investments	300,000	330,000	230,000	833,805	-	1,693,805
Accounts receivable						
Grants	353,522	459,777	245,484	-	-	1,058,783
Other	41,644	38,518	39,214	-	-	119,376
Prepaid expenses and deposits	58,710	55,146	22,052	16,241	-	152,149
<i>Total current assets</i>	<u>1,201,613</u>	<u>1,701,715</u>	<u>833,108</u>	<u>189,774</u>	<u>-</u>	<u>3,926,210</u>
CASH RESTRICTED FOR BOND REDEMPTION	<u>1,982,555</u>	<u>449,496</u>	<u>187,249</u>	<u>-</u>	<u>-</u>	<u>2,619,300</u>
PROPERTY AND EQUIPMENT						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	5,601,189	8,865,396	5,328,304	-	-	19,794,889
Furniture and equipment	608,474	670,035	295,313	2,277	-	1,576,099
Textbooks	206,548	121,631	40,320	-	-	368,499
Computers and software	161,533	92,419	201,676	5,792	-	461,420
Accumulated depreciation	(2,082,618)	(2,684,932)	(1,139,788)	(7,782)	-	(5,915,120)
<i>Total property and equipment, net</i>	<u>5,059,926</u>	<u>7,064,549</u>	<u>4,725,825</u>	<u>287</u>	<u>-</u>	<u>16,850,587</u>
RIGHT OF USE ASSETS - OPERATING LEASES	<u>69,877</u>	<u>69,877</u>	<u>6,549</u>	<u>-</u>	<u>-</u>	<u>146,303</u>
<i>Total assets</i>	<u>\$ 8,313,971</u>	<u>\$ 9,285,637</u>	<u>\$ 5,752,731</u>	<u>\$ 190,061</u>	<u>\$ -</u>	<u>\$ 23,542,400</u>
LIABILITIES AND NET ASSETS (ACCUMULATED DEFICIT)						
CURRENT LIABILITIES						
Accounts payable	\$ 14,004	\$ 57,951	\$ 46,774	\$ 2,245	\$ -	\$ 120,974
Payroll and other accrued expenses	411,598	599,159	257,169	93,395	-	1,361,321
Current portion of long-term debt	104,720	189,420	90,860	-	-	385,000
Current portion of operating lease liabilities	22,982	22,982	2,154	-	-	48,118
<i>Total current liabilities</i>	<u>553,304</u>	<u>869,512</u>	<u>396,957</u>	<u>95,640</u>	<u>-</u>	<u>1,915,413</u>
LONG-TERM LIABILITIES						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	5,194,235	9,392,046	4,505,918	-	-	19,092,199
Operating lease liabilities, net of current portion	46,895	46,895	4,395	-	-	98,185
<i>Total long-term liabilities</i>	<u>5,241,130</u>	<u>9,438,941</u>	<u>4,510,313</u>	<u>-</u>	<u>-</u>	<u>19,190,384</u>
<i>Total liabilities</i>	<u>5,794,434</u>	<u>10,308,453</u>	<u>4,907,270</u>	<u>95,640</u>	<u>-</u>	<u>21,105,797</u>
NET ASSETS (ACCUMULATED DEFICIT)						
Without donor restrictions	2,236,915	(1,286,348)	700,332	(23,963)	-	1,626,936
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	90,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	<u>2,266,915</u>	<u>(1,256,348)</u>	<u>730,332</u>	<u>(23,963)</u>	<u>-</u>	<u>1,716,936</u>
With donor restrictions	252,622	233,532	115,129	118,384	-	719,667
<i>Total net assets (accumulated deficit)</i>	<u>2,519,537</u>	<u>(1,022,816)</u>	<u>845,461</u>	<u>94,421</u>	<u>-</u>	<u>2,436,603</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 8,313,971</u>	<u>\$ 9,285,637</u>	<u>\$ 5,752,731</u>	<u>\$ 190,061</u>	<u>\$ -</u>	<u>\$ 23,542,400</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
SCHEDULE OF ACTIVITIES BY SCHOOL
FOR THE YEAR ENDED JUNE 30, 2023

Exhibit I
Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
State education support	\$ 3,121,645	\$ 4,311,263	\$ 2,026,832	\$ -	\$ -	\$ 9,459,740
Federal funding	2,120,180	2,719,238	882,110	-	-	5,721,528
Student fees	17,207	17,882	12,603	-	-	47,692
Contributions and grants	54,322	120,718	98,966	120,150	-	394,156
Investment income	65,595	-	-	79,536	-	145,131
Special events, net of expense of \$28,351	-	-	-	95,359	-	95,359
Other	10,032	2,305	2,736	829,189	(817,214)	27,048
<i>Total revenue and support</i>	<u>5,388,981</u>	<u>7,171,406</u>	<u>3,023,247</u>	<u>1,124,234</u>	<u>(817,214)</u>	<u>15,890,654</u>
EXPENSES						
Salaries and wages	3,184,290	4,206,864	1,792,611	686,499	-	9,870,264
Professional services	680,192	805,713	438,666	236,827	(817,214)	1,344,184
Food cost	297,119	468,747	139,896	-	-	905,762
Repairs, maintenance, and supplies	316,326	448,298	199,345	80,822	-	1,044,791
Occupancy	180,875	155,487	120,665	-	-	457,027
Depreciation	235,955	280,650	189,977	1,251	-	707,833
Interest	294,630	533,076	255,670	-	-	1,083,376
Other	56,299	90,647	43,990	68,649	-	259,585
<i>Total expenses</i>	<u>5,245,686</u>	<u>6,989,482</u>	<u>3,180,820</u>	<u>1,074,048</u>	<u>(817,214)</u>	<u>15,672,822</u>
CHANGE IN NET ASSETS	143,295	181,924	(157,573)	50,186	-	217,832
TRANSFER OF NET ASSETS	282,393	(246,749)	256,064	(291,708)	-	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>2,093,849</u>	<u>(957,991)</u>	<u>746,970</u>	<u>335,943</u>	<u>-</u>	<u>2,218,771</u>
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 2,519,537</u>	<u>\$ (1,022,816)</u>	<u>\$ 845,461</u>	<u>\$ 94,421</u>	<u>\$ -</u>	<u>\$ 2,436,603</u>

ASSETS

	<u>AVONDALE</u>	<u>VISION</u>	<u>AMMS</u>	<u>USI</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
CURRENT ASSETS						
Cash and cash equivalents	\$ 992,983	\$ 1,269,665	\$ 382,558	\$ 152,008	\$ -	\$ 2,797,214
Investments	-	-	-	175,191	-	175,191
Accounts receivable						
Grants	249,486	419,777	151,929	-	-	821,192
Other	77,276	-	-	42,880	-	120,156
Prepaid expenses and deposits	56,541	52,455	18,529	28,229	-	155,754
<i>Total current assets</i>	<u>1,376,286</u>	<u>1,741,897</u>	<u>553,016</u>	<u>398,308</u>	<u>-</u>	<u>4,069,507</u>
CASH RESTRICTED FOR BOND REDEMPTION	<u>1,819,464</u>	<u>444,145</u>	<u>213,046</u>	<u>-</u>	<u>-</u>	<u>2,476,655</u>
PROPERTY AND EQUIPMENT						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	5,058,558	8,767,189	5,326,326	-	-	19,152,073
Furniture and equipment	600,847	575,824	294,076	2,277	-	1,473,024
Textbooks	206,548	121,631	35,665	-	-	363,844
Computers and software	161,533	92,419	201,676	5,792	-	461,420
Accumulated depreciation	(1,846,663)	(2,404,282)	(949,811)	(6,531)	-	(5,207,287)
<i>Total property and equipment, net</i>	<u>4,745,623</u>	<u>7,152,781</u>	<u>4,907,932</u>	<u>1,538</u>	<u>-</u>	<u>16,807,874</u>
<i>Total assets</i>	<u>\$ 7,941,373</u>	<u>\$ 9,338,823</u>	<u>\$ 5,673,994</u>	<u>\$ 399,846</u>	<u>\$ -</u>	<u>\$ 23,354,036</u>
LIABILITIES AND NET ASSETS (ACCUMULATED DEFICIT)						
CURRENT LIABILITIES						
Accounts payable	\$ 27,166	\$ 13,610	\$ 10,425	\$ 2,619	\$ -	\$ 53,820
Payroll and other accrued expenses	429,190	535,082	239,848	61,284	-	1,265,404
Current portion of long-term debt	99,280	179,580	86,140	-	-	365,000
<i>Total current liabilities</i>	<u>555,636</u>	<u>728,272</u>	<u>336,413</u>	<u>63,903</u>	<u>-</u>	<u>1,684,224</u>
LONG-TERM LIABILITIES, NET						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	5,291,888	9,568,542	4,590,611	-	-	19,451,041
<i>Total liabilities</i>	<u>5,847,524</u>	<u>10,296,814</u>	<u>4,927,024</u>	<u>63,903</u>	<u>-</u>	<u>21,135,265</u>
NET ASSETS (ACCUMULATED DEFICIT)						
Without donor restrictions	2,033,679	(1,062,721)	672,016	200,852	-	1,843,826
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	90,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	<u>2,063,679</u>	<u>(1,032,721)</u>	<u>702,016</u>	<u>200,852</u>	<u>-</u>	<u>1,933,826</u>
With donor restrictions	30,170	74,730	44,954	135,091	-	284,945
<i>Total net assets (accumulated deficit)</i>	<u>2,093,849</u>	<u>(957,991)</u>	<u>746,970</u>	<u>335,943</u>	<u>-</u>	<u>2,218,771</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 7,941,373</u>	<u>\$ 9,338,823</u>	<u>\$ 5,673,994</u>	<u>\$ 399,846</u>	<u>\$ -</u>	<u>\$ 23,354,036</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit II
 Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
State education support	\$ 3,199,643	\$ 3,894,844	\$ 1,559,405	\$ -	\$ -	\$ 8,653,892
Federal funding	2,272,171	2,417,361	764,907	-	-	5,454,439
Student fees	10,916	5,998	11,612	-	-	28,526
Contributions and grants	550	22,500	-	135,636	-	158,686
Investment income	693	-	-	2,150	-	2,843
Special events, net of expense of \$35,661	-	-	-	50,689	-	50,689
Other	5,848	2,006	1,902	987,128	(980,126)	16,758
<i>Total revenue and support</i>	<u>5,489,821</u>	<u>6,342,709</u>	<u>2,337,826</u>	<u>1,175,603</u>	<u>(980,126)</u>	<u>14,365,833</u>
EXPENSES						
Salaries and wages	3,000,843	3,634,957	1,177,079	751,753	-	8,564,632
Professional services	754,169	760,106	373,146	218,976	(980,126)	1,126,271
Food cost	326,474	380,527	119,580	-	-	826,581
Repairs, maintenance, and supplies	375,566	372,357	157,500	70,532	-	975,955
Occupancy	170,412	125,086	112,924	-	-	408,422
Depreciation	202,641	265,835	221,918	1,933	-	692,327
Interest	299,594	542,056	259,977	-	-	1,101,627
Other	81,521	62,277	30,274	64,691	-	238,763
<i>Total expenses</i>	<u>5,211,220</u>	<u>6,143,201</u>	<u>2,452,398</u>	<u>1,107,885</u>	<u>(980,126)</u>	<u>13,934,578</u>
CHANGE IN NET ASSETS	278,601	199,508	(114,572)	67,718	-	431,255
TRANSFER OF NET ASSETS	7,064	(41,644)	(1,239)	35,819	-	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>1,808,184</u>	<u>(1,115,855)</u>	<u>862,781</u>	<u>232,406</u>	<u>-</u>	<u>1,787,516</u>
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 2,093,849</u>	<u>\$ (957,991)</u>	<u>\$ 746,970</u>	<u>\$ 335,943</u>	<u>\$ -</u>	<u>\$ 2,218,771</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	2021-2022-9645	\$ 314,283
National School Lunch Program		2021-2022-9040	147,752
National School Lunch Program		2021-2022-9935	<u>474,300</u>
<i>Total Child Nutrition Cluster, Indiana Department of Education, and U.S. Department of Agriculture</i>			<u>936,335</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A210014-9645	8,583
		S010A220014-9645	345,026
		S010A210014-9040	6,054
		S01A220014-9040	139,287
		S010A210014-9935	367,864
		S010A200014-9935	<u>19,951</u>
<i>Total Title I Grants to Local Educational Agencies</i>			<u>886,765</u>
School Improvement Grants	84.377A	S010A22014-9935	<u>106,738</u>
Special Education Cluster (IDEA)			
Special Education Grants to States (IDEA, Part B)	84.027A	H027A190084	11,847
		H027A220084	<u>207,752</u>
<i>Total Special Education Grants to States (IDEA, Part B)</i>			<u>219,599</u>
COVID-19 Special Education Grants to States (IDEA, Part B)	84.027X	H027X210084	<u>6,516</u>
Special Education Cluster - Special Education Preschool Grants (IDEA)	84.173A	H173A220104	<u>5,361</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>231,476</u>
Public Charter Schools Program	84.282A	U282A200017	13,500
		U282A170017	20,134
		A58-1-210T-5183	<u>2,036</u>
<i>Total Public Charter Schools Program</i>			<u>35,670</u>
Charter Schools Facilities Incentive Grants Program	84.282D	S282D190002	<u>450,277</u>
Supporting Effective Instruction State Grants, Title II, Part A	84.367A	S367A210013	<u>70,061</u>
Student Support and Academic Enrichment Program	84.424A	S424A220015	<u>65,360</u>

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION, CONTINUED			
Passed through the Indiana Department of Education, Continued			
Education Stabilization Fund			
COVID -19 The Coronavirus Aid, Relief, and Economic security Act (CARES Act) (Education Stabilization Fund)	84.425D	S425D200013	\$ 10,426
COVID-19 The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) (Education Stabilization Fund II)	84.425D	S425D210013	112,249
COVID-19 The American Rescue Plan Elementary and Secondary School Emergency Relief (Education Stabilization Fund III)	84.425U	S425U210013	10,426
<i>Total Education Stabilization Fund</i>			<u>133,101</u>
<i>Total Indiana Department of Education and U.S. Department of Education</i>			<u>1,979,448</u>
<i>Total expenditures of federal awards</i>			<u>\$ 2,915,783</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of USI 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of USI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of USI.

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.

3. INDIRECT COST RATE

USI has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except for federal awards granted by the US Department of Education. The US Department of Education requires a de minimis indirect cost rate of 8-percent.



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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Avondale Meadows Academy, Inc.
d/b/a United Schools of Indianapolis:

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 of America (Government Auditing Standards), the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 28, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered USI's internal control over financial reporting (internal control) as a basis for designing audit procedures that 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 USI's internal control. Accordingly, we do not express an opinion on the effectiveness of USI'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 that a material misstatement of USI'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 that 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether USI'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 financial statements. 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 that are 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 USI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greenwald CPAs, Inc.

November 28, 2023



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Avondale Meadows Academy, Inc.
d/b/a United Schools of Indianapolis:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis' (USI) compliance with the types of compliance requirements identified as subject to audit in in the *OMB Compliance Supplement* that could have a direct and material effect on each of USI's major federal programs for the year ended June 30, 2023. USI'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, USI complied, in all material respects, with the types of compliance requirements referred to above that 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 USI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have 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 USI'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 USI'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 USI'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 that 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 that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about USI'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 USI'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 USI's internal control over compliance relevant to the audit in order to design audit procedures that are 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 USI'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 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.

Greenwald CPAs, Inc.

November 28, 2023

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

Financial Statements

- | | | |
|---|------------|----------------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| Material weakness(es) identified? | _____yes | ___X___no |
| Significant deficiency(ies) identified? | _____yes | ___X___none reported |
| 3. Noncompliance material to financial statements noted? | _____yes | ___X___no |

Federal Awards

- | | | |
|---|-----------------------------------|---|
| 4. Internal control over major federal programs: | | |
| Material weakness(es) identified? | _____yes | ___X___no |
| Significant deficiency(ies) identified? | _____yes | ___X___none reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Unmodified | |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____yes | ___X___no |
| 7. Identification of major program: | <u>Assistance Listing Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 84.010 | Title I, Part A |
| | 84.282D | Charter Schools Facilities Incentive Grants Program |
| | 84.425D, 84.425U | Education Stabilization Fund |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ | 750,000 |
| 9. Auditee qualified as low-risk auditee? | ___X___yes | _____no |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

See attached summary schedule of prior year findings and questioned costs.



November 8, 2023

To: U.S. Department of Education

Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023.

Audit Finding 2022-001 US DEPARTMENT OF EDUCATION 84.425D and 84.425U, Education Stabilization Fund

Recommendation: We recommend that USI provide timely communication related to the prevailing wage rate requirements for contracts with future contractors. USI should also ensure that the proper prevailing wage rate clauses are included in future contracts.

Current Status: The recommendation was adopted December 2022. At the time of requesting a bid for services, management will notify all future contractors of the need for prevailing wage rate requirements and the clauses to be included in the contracts.

If the U.S. Department of Justice has questions regarding this plan, please call Janie Seivers at 317.550.3363.

Sincerely yours,

A handwritten signature in blue ink that reads 'Janie Seivers'.

Janie Seivers, Director of Business Affairs

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
OTHER REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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

Supplemental Audit Report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis