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January 10, 2024

Charter School Board
Muncie Public Charter School of Inquiry, Inc.
d/b/a Inspire Academy
Delaware County, Indiana

We have reviewed the report prepared by Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy and 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 Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy 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.

We call your attention to the finding in the report on page 25. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 26 and 27.

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY

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
Muncie Public Charter School of Inquiry, Inc.

Opinion

We audited the accompanying financial statements of Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (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.

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 the changes in its net assets, functional expenses, and cash flows for the year 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") 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 audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the School as of and for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 27, 2023.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of financial position, schedules of activities and change in net assets, and the schedule of expenditures of federal awards and notes thereto, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis and are 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also issued our report dated December 20, 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 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 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 signature is written in a cursive style with a large, prominent initial "D".

Indianapolis, Indiana
December 20, 2023

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 84,830	\$ 49,263
Grants receivable	148,861	111,555
Prepaid expenses	19,368	33,458
	<hr/>	<hr/>
<i>Total current assets</i>	253,059	194,276
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT		
Land	76,880	76,880
Building and improvements	1,414,493	1,262,056
Furniture and equipment	514,692	445,691
Textbooks	13,092	13,092
Vehicles	31,850	31,850
Less: accumulated depreciation	(560,161)	(433,819)
	<hr/>	<hr/>
<i>Property and equipment, net</i>	1,490,846	1,395,750
	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 1,743,905</u>	<u>\$ 1,590,026</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of note payable	\$ 26,342	\$ 24,997
Current portion of finance lease obligations	1,229	2,097
Accounts payable and accrued expenses	109,868	92,121
Refundable advance	-	3,667
	<hr/>	<hr/>
<i>Total current liabilities</i>	137,439	122,882
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Note payable, net of current portion	503,661	530,003
Finance lease obligations, net of current portion	212	1,535
	<hr/>	<hr/>
<i>Total long-term liabilities</i>	503,873	531,538
	<hr/>	<hr/>
<i>Total liabilities</i>	641,312	654,420
	<hr/>	<hr/>
NET ASSETS, WITHOUT DONOR RESTRICTIONS	1,102,593	935,606
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,743,905</u>	<u>\$ 1,590,026</u>

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
State education support	\$ 1,730,149	\$ 1,463,809
Grant revenue	1,133,602	1,175,934
Contributions	22,869	105,503
Student fees	88,612	13,812
Other income	<u>39,018</u>	<u>28,828</u>
<i>Total revenue and support</i>	<u>3,014,250</u>	<u>2,787,886</u>
EXPENSES		
Program services	1,969,238	1,770,336
Management and general	<u>878,025</u>	<u>645,074</u>
<i>Total expenses</i>	<u>2,847,263</u>	<u>2,415,410</u>
CHANGE IN NET ASSETS	166,987	372,476
NET ASSETS, BEGINNING OF YEAR	<u>935,606</u>	<u>563,130</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,102,593</u></u>	<u><u>\$ 935,606</u></u>

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<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	\$ 953,729	\$ 448,714	\$ 1,402,443	\$ 865,105	\$ 333,675	\$ 1,198,780
Employee benefits	155,899	76,443	232,342	163,154	65,826	228,980
Transportation	213,532	-	213,532	167,592	-	167,592
Occupancy	189,387	-	189,387	159,421	25,000	184,421
Professional services	37,466	137,812	175,278	37,803	116,255	154,058
Depreciation	126,342	-	126,342	90,171	-	90,171
Classroom, kitchen, and office supplies	109,252	13,256	122,508	72,110	5,096	77,206
Food costs	86,738	-	86,738	61,366	-	61,366
Property rental and maintenance	-	73,716	73,716	-	3,350	3,350
Connectivity	46,013	-	46,013	77,267	-	77,267
Authorizer oversight fees	-	45,351	45,351	-	37,219	37,219
Staff development	36,687	-	36,687	52,508	-	52,508
Interest	-	28,688	28,688	-	14,873	14,873
Insurance	-	27,643	27,643	-	25,440	25,440
Equipment	10,109	-	10,109	15,490	-	15,490
Other	4,084	26,402	30,486	8,349	18,340	26,689
<i>Total functional expenses</i>	<u>\$ 1,969,238</u>	<u>\$ 878,025</u>	<u>\$ 2,847,263</u>	<u>\$ 1,770,336</u>	<u>\$ 645,074</u>	<u>\$ 2,415,410</u>

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 166,987	\$ 372,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,342	90,171
Changes in certain assets and liabilities:		
Grants receivable	(37,306)	(779)
Prepaid expenses	14,090	(6,241)
Accounts payable and accrued expenses	17,747	(41,119)
Refundable advance	(3,667)	(20,003)
	<u>284,193</u>	<u>394,505</u>
<i>Net cash provided by operating activities</i>		
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(221,438)</u>	<u>(576,143)</u>
FINANCING ACTIVITIES		
Proceeds from note payable	-	23,900
Payments on note payable	(24,997)	-
Payments on finance lease obligations	<u>(2,191)</u>	<u>(2,271)</u>
	<u>(27,188)</u>	<u>21,629</u>
<i>Net cash provided by (used in) financing activities</i>		
NET CHANGE IN CASH	35,567	(160,009)
CASH, BEGINNING OF YEAR	<u>49,263</u>	<u>209,272</u>
CASH, END OF YEAR	<u>\$ 84,830</u>	<u>\$ 49,263</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 28,688	\$ 14,873
Capital assets acquired with note payable	-	302,500

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.

d/b/a INSPIRE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (the “School”) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter school established under Indiana Code 20-24. The School served approximately 180 and 155 students during the 2022-2023 and the 2021-2022 school years, respectively, in grades prekindergarten to eighth by providing an alternative to the traditional elementary school program.

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 accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which 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 – 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.

Property and Equipment – Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases 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 generally are as follows:

Building and improvements	5 to 40 years
Furniture and equipment	3 years
Textbooks	4 years
Vehicles	5 years

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.

d/b/a INSPIRE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Taxes on Income – The School received a determination from the U.S. Treasury Department 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.

Reclassifications – Certain reclassifications have been made to the statement of functional expenses for the year ended June 30, 2022 to conform to the year ended June 30, 2023 presentation. There is no effect to previously reported net assets as of June 30, 2022.

Subsequent Events – The School evaluated subsequent events through December 20, 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 Policy – Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

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

The School also receives contributions and grants from other agencies and individuals, which are recorded in accordance with the terms of the underlying agreements.

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.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.

d/b/a INSPIRE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 3 - REFUNDABLE ADVANCE

Prior to July 1, 2021, the School received a \$100,000 comprehensive counseling initiative implementation grant from the Lilly Endowment. The grant was required to be spent in accordance with the submitted budget and any funds not encumbered before June 30, 2022 were to be returned. Accordingly, revenue was recognized as approved expenditures were incurred. As of June 30, 2022, \$3,667 remained to be expended. Funds were fully expended as of June 30, 2023.

NOTE 4 - NOTE PAYABLE

The note payable consists of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Promissory note payable to IFF, payable in equal monthly installments of \$4,462 including interest at 5.25% secured by a mortgage of School facilities and all business assets	\$ 530,003	\$ 555,000
Less: current portion	<u>(26,342)</u>	<u>(24,997)</u>
Long-term portion	\$ <u>503,661</u>	\$ <u>530,003</u>

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

2024	\$ 26,342
2025	27,793
2026	29,289
2027	30,860
2028	<u>415,719</u>
<i>Total</i>	\$ <u>530,003</u>

NOTE 5 - LEASES

Lease Accounting Standard – Effective July 1, 2022, the School adopted Accounting Standards Update (“ASU”) No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaced previous lease guidance under U.S. GAAP and aims to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statements of financial position and disclosing key information about leasing arrangements.

Finance Leases – The School leases various items of equipment under finance leases. Lease assets were recorded using a 5.72% interest rate.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.

d/b/a INSPIRE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 5 - LEASES, Continued

Minimum future lease payments under finance leases and the present value of the net minimum lease payments are as follows for the years ending June 30:

2024	\$	1,334
2025		<u>201</u>
		1,535
Less: imputed interest		<u>(94)</u>
		1,441
Less: current portion		<u>(1,229)</u>
Long-term portion	\$	<u><u>212</u></u>

NOTE 6 - RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund ("TRF"), 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. The School contributed 6% of compensation for eligible teaching personnel to TRF during the year ended June 30 2023 (5.5% during the year ended June 30, 2022). Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2022 (the latest year reported), TRF was approximately 92% funded.

All other employees are eligible to participate in a School-sponsored section 403(b) plan. Under this plan, the School contributes 6% of compensation, as defined in the plan document. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2023 or 2022.

Retirement plan expense under the plans was \$33,158 and \$43,609 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The School operated under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercised certain oversight responsibilities. Under the charter, the School agreed to pay an authorizer oversight fee equal to 3% of state tuition support. Payments under this charter agreement were \$45,351 and \$37,219 for the years ended June 30, 2023 and 2022, respectively. The charter was terminated effective June 30, 2023.

Effective July 1, 2023, the School entered into a charter agreement with Education One, LLC. The charter remains in effect until June 30, 2028. Under the charter, the School agrees to pay to an authorizer oversight fee equal to 3% of state tuition support.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.

d/b/a INSPIRE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2023 and 2022

NOTE 8 - RISKS AND UNCERTAINTIES

The School provides educational instruction to students residing in Delaware 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 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. In addition, deposits maintained at Fifth Third Bank and are insured up to the FDIC insurance limit.

NOTE 9 - LIQUIDITY

The School's financial assets consist of cash and grants receivables totaling \$233,691 and \$160,818 as of June 30, 2023 and 2022, respectively, all of which are available to meet cash needs for general expenditures within a 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.

NOTE 10 - FUNCTIONAL EXPENSE REPORTING

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

SUPPLEMENTARY INFORMATION

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF FINANCIAL POSITION
June 30, 2023

	Inspire Academy Charter	Inspire Academy Pre-K	<u>Eliminations</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 84,830	\$ -	\$ -	\$ 84,830
Grants receivable	148,861	-	-	148,861
Prepaid expenses	19,368	-	-	19,368
Due from Inspire Academy Pre-K	<u>327,887</u>	<u>-</u>	<u>(327,887)</u>	<u>-</u>
<i>Total current assets</i>	<u>580,946</u>	<u>-</u>	<u>(327,887)</u>	<u>253,059</u>
PROPERTY AND EQUIPMENT				
Land	76,880	-	-	76,880
Building and improvements	1,414,493	-	-	1,414,493
Furniture and equipment	514,692	-	-	514,692
Textbooks	13,092	-	-	13,092
Vehicles	31,850	-	-	31,850
Less: accumulated depreciation	<u>(560,161)</u>	<u>-</u>	<u>-</u>	<u>(560,161)</u>
<i>Property and equipment, net</i>	<u>1,490,846</u>	<u>-</u>	<u>-</u>	<u>1,490,846</u>
TOTAL ASSETS	<u>\$ 2,071,792</u>	<u>\$ -</u>	<u>\$ (327,887)</u>	<u>\$ 1,743,905</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of note payable	\$ 26,342	\$ -	\$ -	\$ 26,342
Current portion of capital lease obligations	1,229	-	-	1,229
Accounts payable and accrued expenses	109,868	-	-	109,868
Due to Inspire Academy Charter	<u>-</u>	<u>327,887</u>	<u>(327,887)</u>	<u>-</u>
<i>Total current liabilities</i>	<u>137,439</u>	<u>327,887</u>	<u>(327,887)</u>	<u>137,439</u>
LONG-TERM LIABILITIES				
Note payable, net of current portion	503,661	-	-	503,661
Capital lease obligations, net of current portion	<u>212</u>	<u>-</u>	<u>-</u>	<u>212</u>
<i>Total long-term liabilities</i>	<u>503,873</u>	<u>-</u>	<u>-</u>	<u>503,873</u>
<i>Total liabilities</i>	641,312	327,887	(327,887)	641,312
NET ASSETS (DEFICIT)	<u>1,430,480</u>	<u>(327,887)</u>	<u>-</u>	<u>1,102,593</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u>\$ 2,071,792</u>	<u>\$ -</u>	<u>\$ (327,887)</u>	<u>\$ 1,743,905</u>

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.

d/b/a INSPIRE ACADEMY

SCHEDULE OF FINANCIAL POSITION

June 30, 2022

	Inspire Academy Charter	Inspire Academy Pre-K	<u>Eliminations</u>	<u>Total</u>
ASSETS				
CURRENT ASSETS				
Cash	\$ 49,263	\$ -	\$ -	\$ 49,263
Grants receivable	111,555	-	-	111,555
Prepaid expenses	33,458	-	-	33,458
Due from Inspire Academy Pre-K	<u>256,979</u>	<u>-</u>	<u>(256,979)</u>	<u>-</u>
<i>Total current assets</i>	<u>451,255</u>	<u>-</u>	<u>(256,979)</u>	<u>194,276</u>
PROPERTY AND EQUIPMENT				
Land	76,880	-	-	76,880
Building and improvements	1,262,056	-	-	1,262,056
Furniture and equipment	445,691	-	-	445,691
Textbooks	13,092	-	-	13,092
Vehicles	31,850	-	-	31,850
Less: accumulated depreciation	<u>(433,819)</u>	<u>-</u>	<u>-</u>	<u>(433,819)</u>
<i>Property and equipment, net</i>	<u>1,395,750</u>	<u>-</u>	<u>-</u>	<u>1,395,750</u>
TOTAL ASSETS	<u><u>\$ 1,847,005</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (256,979)</u></u>	<u><u>\$ 1,590,026</u></u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of note payable	\$ 24,997	-	-	\$ 24,997
Current portion of capital lease obligations	2,097	-	-	2,097
Accounts payable and accrued expenses	92,121	-	-	92,121
Refundable advances	3,667	-	-	3,667
Due to Inspire Academy Charter	<u>-</u>	<u>256,979</u>	<u>(256,979)</u>	<u>-</u>
<i>Total current liabilities</i>	<u>122,882</u>	<u>256,979</u>	<u>(256,979)</u>	<u>122,882</u>
LONG-TERM LIABILITIES				
Note payable, net of current portion	530,003	-	-	530,003
Capital lease obligations, net of current portion	<u>1,535</u>	<u>-</u>	<u>-</u>	<u>1,535</u>
<i>Total long-term liabilities</i>	<u>531,538</u>	<u>-</u>	<u>-</u>	<u>531,538</u>
<i>Total liabilities</i>	654,420	256,979	(256,979)	654,420
NET ASSETS (DEFICIT)	<u>1,192,585</u>	<u>(256,979)</u>	<u>-</u>	<u>935,606</u>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<u><u>\$ 1,847,005</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (256,979)</u></u>	<u><u>\$ 1,590,026</u></u>

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2023

	Inspire Academy Charter	Inspire Academy Pre-K	Total
REVENUE AND SUPPORT			
State education support	\$ 1,730,149	\$ -	\$ 1,730,149
Grant revenue	1,133,602	-	1,133,602
Contributions	22,869	-	22,869
Student fees	83,986	4,626	88,612
Other income	39,018	-	39,018
	<u>3,009,624</u>	<u>4,626</u>	<u>3,014,250</u>
 <i>Total revenue and support</i>			
EXPENSES			
Program services	1,900,388	68,850	1,969,238
Management and general	871,341	6,684	878,025
	<u>2,771,729</u>	<u>75,534</u>	<u>2,847,263</u>
 <i>Total expenses</i>			
CHANGE IN NET ASSETS (DEFICIT)	237,895	(70,908)	166,987
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>1,192,585</u>	<u>(256,979)</u>	<u>935,606</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 1,430,480</u>	<u>\$ (327,887)</u>	<u>\$ 1,102,593</u>

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2022

	Inspire Academy Charter	Inspire Academy Pre-K	Total
REVENUE AND SUPPORT			
State education support	\$ 1,463,809	\$ -	\$ 1,463,809
Grant revenue	1,175,934	-	1,175,934
Contributions	49,434	56,069	105,503
Student fees	13,812	-	13,812
Other income	28,806	22	28,828
	<hr/>	<hr/>	<hr/>
<i>Total revenue and support</i>	2,731,795	56,091	2,787,886
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program services	1,693,470	76,866	1,770,336
Management and general	644,192	882	645,074
	<hr/>	<hr/>	<hr/>
<i>Total expenses</i>	2,337,662	77,748	2,415,410
	<hr/>	<hr/>	<hr/>
CHANGE IN NET ASSETS (DEFICIT)	394,133	(21,657)	372,476
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<hr/>	<hr/>	<hr/>
	798,452	(235,322)	563,130
NET ASSETS (DEFICIT), END OF YEAR	<hr/>	<hr/>	<hr/>
	\$ 1,192,585	\$ (256,979)	\$ 935,606
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor Agency/Pass-Through Entity/Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 48,930
National School Lunch Program	10.555		129,154
Fresh Fruits and Vegetables Program	10.582		<u>9,375</u>
<i>Total U.S. Department of Agriculture</i>			<u>187,459</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A: Grants to Local Educational Agencies	84.010	S010A210014	70,438
Title I, Part A: Grants to Local Educational Agencies	84.010	S010A220014	113,564
Title IV, Student Support and Academic Enrichment Grants	84.424A	S424A220015	4,000
Special Education Cluster			
Special Education - Grants to States	84.027	23611-574-PN01	40,381
Charter School Facilities Incentive Program	84.282D	S282D190002	6,063
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	136,617
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	<u>271,851</u>
<i>Total U.S. Department of Education</i>			<u>642,914</u>
<u>U.S. Department of Homeland Security</u>			
Pass-through Indiana Department of Homeland Security			
Secured School Safety Grant	97.008		50,000
Secured School Safety Grant	97.008		<u>3,352</u>
<i>Total U.S. Department of Homeland Security</i>			<u>53,352</u>
<i>Total Federal Awards Expended</i>			<u>\$ 883,725</u>

See independent auditors' report and accompanying notes to this schedule

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
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 Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (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
Muncie Public Charter School of Inquiry, Inc.

We 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 Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (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 issued our report thereon dated December 20, 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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting which might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist which were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

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Compliance and Other Matters

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

Purpose of this Report

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

DONOVAN

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

Indianapolis, Indiana
December 20, 2023



Donovan CPAs

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

The Board of Directors
Muncie Public Charter School of Inquiry, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2023-001. Our opinion on the major federal programs is not modified with respect to these matters.

The School's response to the noncompliance finding identified in our audit is described in the Corrective Action Plan on pages 26 to 27. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2023-001 to be a significant deficiency.

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



Indianapolis, Indiana
December 20, 2023

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

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 programs:	
• Material weakness identified?	No
• Significant deficiency identified?	Yes
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)?	Yes
Identification of major programs:	

Assistance Listing Number

Name of Federal Program or Cluster

84.425D and 84.425U

Education Stabilization Fund
Elementary and Secondary School Emergency Relief Fund

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

No matters are reportable.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

III. Federal Award Findings and Questioned Costs

FINDING 2023-001 TIME AND EFFORT RECORDS
SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund

Assistance Listing Numbers: 84.425D and 84.425U

Condition

The School applied employee salary expenses to the program. While employees were applied to the grant in line with the approved budget, proper time and effort records were not maintained. Semi-annual certification forms did not reflect a six-month period and were not signed at the end of the six-month period.

Criteria

Charges for Federal awards for salaries and wages must be based on records that accurately reflect work performed (2 CFR 200.430(i)).

Cause

The School was not aware of the requirement outlined in the Criteria section above.

Effect

The School is unable to document certification of employee time spent in the program.

Recommendation

We recommend the School develop internal controls to ensure that proper semi-annual certifications are maintained.

Views of Responsible Officials and Planned Corrective Actions

The School's Corrective Action Plan is included on pages 26 to 27.



Dec 19, 2023

Donovan CPAs
5151 E. U.S. HWY 36
Avon, IN 46123

Detailed below is the Official Response to Audit Results and Comments relative to the review of Muncie Public Charter School of Inquiry, Inc.'s ("the School") compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State of Accounts.

Audit Results and Comment: III. Federal Award Findings and Questioned Costs

FINDING 2023-001 TIME AND EFFORT RECORDS

SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund

Assistance Listing Numbers: 84.425D and 84.425U

Condition: The School applied employee salary expenses to the program. While employees were applied to the grant in line with the approved budget, proper time and effort records were not maintained. Semi-annual certification forms did not reflect a six-month period and were not signed at the end of the six-month period.

Criteria: Charges for Federal awards for salaries and wages must be based on records that accurately reflect work performed (2 CFR 200.430(i)).

Cause: The School was not aware of the requirement outlined in the Criteria section above.

Effect: The School is unable to document certification of employee time spent in the program.

Recommendation: We recommend the School develop internal controls to ensure that proper semi-annual certifications are maintained.

Views of Responsible Officials and Planned Corrective Actions: The School's Corrective Action Plan is included on page 2.

Response: The financial manager, Ana Maric, will submit completed semi-annual certification forms for all employees paid from Title I, Part A; IDEA, Part B (611), and ESSER III for the period of July 01, 2023 to Dec 31, 2023 to Donovan CPA for review by January 15, 2024. In addition, semi-annual certification forms will be completed for individuals paid by federal grants and will reflect six-month certification periods to be signed by the employee's supervisor at the end of the six-month period. In order to maintain this, there will be internal checks and balances every six months to review with the Executive Director, Leslie Draper.

Leslie Draper
Executive Director
Inspire Academy- A School of Inquiry
2801 E. 16th St.
Muncie, IN 47302