



STATE OF INDIANA
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January 10, 2024

Charter School Board
Dynamic Minds Academy, Inc.
Marion County, Indiana

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

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

In addition to the report presented herein, a Supplemental Audit Report for Dynamic Minds Academy, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

DYNAMIC MINDS ACADEMY, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Dynamic Minds Academy, Inc.

Opinion

We audited the accompanying financial statements of Dynamic Minds Academy, Inc. (the "School"), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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, that raise substantial doubt about the School's ability to continue as a going concern for one year after the date that 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 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, 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, that 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 audits.

DONOVAN



Indianapolis, Indiana
December 20, 2023

DYNAMIC MINDS ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 219,235	\$ 231,831
Grants receivable	109,408	63,387
Other receivable	76,120	12,516
Prepaid expenses	22,000	-
<i>Total current assets</i>	426,763	307,734
PROPERTY AND EQUIPMENT		
Leasehold improvements	14,863	14,863
Equipment	72,568	72,568
Less: accumulated depreciation	(28,944)	(14,060)
<i>Property and equipment, net</i>	58,487	73,371
TOTAL ASSETS	\$ 485,250	\$ 381,105
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 170,810	\$ 155,753
LONG-TERM LIABILITIES		
Deferred rent payable	54,000	84,000
<i>Total liabilities</i>	224,810	239,753
NET ASSETS, WITHOUT DONOR RESTRICTIONS	260,440	141,352
TOTAL LIABILITIES AND NET ASSETS	\$ 485,250	\$ 381,105

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

DYNAMIC MINDS ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
State education support	\$ 1,949,807	\$ 1,748,343
Medicaid reimbursement	761,936	1,297,322
Grant revenue	462,916	907,136
Contributions	7,906	4,703
Other revenue	7,803	5,638
	<u>3,190,368</u>	<u>3,963,142</u>
<i>Total revenue and support</i>		
EXPENSES		
Program services	2,729,224	3,449,333
Management and general	342,056	485,242
	<u>3,071,280</u>	<u>3,934,575</u>
<i>Total expenses</i>		
CHANGE IN NET ASSETS	119,088	28,567
NET ASSETS, BEGINNING OF YEAR	<u>141,352</u>	<u>112,785</u>
NET ASSETS, END OF YEAR	<u>\$ 260,440</u>	<u>\$ 141,352</u>

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

DYNAMIC MINDS ACADEMY, INC.
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>
Professional services	\$ 1,248,260	\$ 32,746	\$ 1,281,006	\$ 1,785,902	\$ 53,709	\$ 1,839,611
Salaries and wages	962,443	192,218	1,154,661	873,986	284,804	1,158,790
Occupancy	222,778	-	222,778	210,000	-	210,000
Employee benefits	189,273	31,204	220,477	218,251	28,554	246,805
Authorizer oversight fees	-	41,990	41,990	-	36,204	36,204
Insurance	-	30,362	30,362	-	34,895	34,895
Classroom and office supplies	26,575	2,468	29,043	236,679	425	237,104
Information technology	24,178	-	24,178	11,895	-	11,895
Travel	21,510	-	21,510	8,600	-	8,600
Depreciation	14,884	-	14,884	14,060	-	14,060
Staff development	12,690	-	12,690	48,592	-	48,592
Advertising	-	5,126	5,126	-	26,180	26,180
Interest	-	63	63	-	10,629	10,629
Food costs	-	-	-	20,021	-	20,021
Equipment	-	-	-	18,908	-	18,908
Repairs and maintenance	-	-	-	-	7,792	7,792
Other	6,633	5,879	12,512	2,439	2,050	4,489
<i>Total functional expenses</i>	<u>\$ 2,729,224</u>	<u>\$ 342,056</u>	<u>\$ 3,071,280</u>	<u>\$ 3,449,333</u>	<u>\$ 485,242</u>	<u>\$ 3,934,575</u>

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

DYNAMIC MINDS ACADEMY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 119,088	\$ 28,567
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,884	14,060
Changes in certain assets and liabilities:		
Grants receivable	(46,021)	14,638
Other receivable	(63,604)	(12,516)
Prepaid expenses	(22,000)	5,156
Accounts payable and accrued expenses	15,057	(35,631)
Deferred rent payable	(30,000)	(6,000)
	(12,596)	8,274
<i>Net cash provided by (used in) operating activities</i>		
INVESTING ACTIVITIES		
Purchase of property and equipment	-	(72,568)
FINANCING ACTIVITIES		
Net payments to Charter School Capital, Inc.	-	(245,000)
	(12,596)	(309,294)
NET CHANGE IN CASH		
CASH, BEGINNING OF YEAR	231,831	541,125
CASH, END OF YEAR	\$ 219,235	\$ 231,831
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 63	\$ 10,629

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

DYNAMIC MINDS ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Dynamic Minds Academy, Inc. (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 offers students on the autism spectrum an optimal learning environment specifically designed to meet diverse sensory needs, multiple modes of learning, and is structured to support students in both group and independent work. The School is sponsored by Education One, L.L.C. ("Education One") through Trine University. The current charter agreement expires June 30, 2024. The charter has been extended through June 30, 2034 and is renewable thereafter by mutual consent. The School served approximately 110 students in grades kindergarten through twelfth grade during the 2022-2023 school year (105 during the 2021-2022 school year).

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 affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

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

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 small 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 (leasehold improvements over 40 years and equipment over 5 years).

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.

DYNAMIC MINDS ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

Subsequent Events – The School evaluated subsequent events through 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.

The School pays for Applied Behavioral Analysis therapy, which is reimbursed through Medicaid. The revenue is recognized in an amount equal to expenses at the time they are incurred.

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 grant 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.

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

DYNAMIC MINDS ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 3 – DUE TO CHARTER SCHOOL CAPITAL, INC.

During the year ended June 30, 2022, the School had a Receivables Purchase Agreement (“RPA”) with Charter School Capital, Inc. (“CSC”) to sell, transfer, and otherwise convey to CSC without recourse all of the School’s rights, title, and interest in, to, and under certain basic grant and other receivables. Under the terms of the RPA, the School’s sale limit during the term of the RPA was a maximum of \$388,200 at any one time outstanding. During the year ended June 30, 2022, the School executed the sale of receivables totaling \$230,000 for a cost of \$10,629, which is presented as interest expense. There were no outstanding receivables owed to CSC as of June 30, 2023 and 2022.

NOTE 4 - LEASE

The School leases its school facility from an unrelated party through June 30, 2024. The lease payments escalate over the term of the lease. In accordance with U.S. GAAP, the School is required to record rent expense using the straight-line method over the term of the lease. The difference between recorded rent expense and the actual cash outflow is presented on the statements of financial position as deferred rent payable. For the years ended June 30, 2023 and 2022, rent payments totaled \$252,000 for both years and rent expense was \$222,000 and \$246,000, respectively.

Deferred rent payable as of June 30, 2023 and 2022 was \$54,000 and \$84,000, respectively.

Minimum lease obligations for the facility is \$276,000 for the year ending June 30, 2024.

NOTE 5 - RETIREMENT PLANS

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides that the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers’ Retirement Fund (“TRF”), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. 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. For the years ended June 30, 2023 and 2022, the School contributed 6% and 5.5%, respectively, of defined compensation to each employee’s retirement plan account of choice. Retirement plan expense was \$135,341 and \$117,113 for the years ended June 30, 2023 and 2022, respectively.

DYNAMIC MINDS ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 6 - COMMITMENT

As the sponsoring organization, Education One exercises certain oversight responsibilities. Education One assesses a fee in an amount equal to 3% of the basic tuition amount received by the School. The authorizer oversight fees were \$41,990 and \$36,204 for the years ended June 30, 2023 and 2022, respectively.

In addition, the charter agreement requires the School to establish an escrow account of \$50,000 should a dissolution occur, which has been established and is included with cash on the statements of financial position.

NOTE 7 - RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Marion 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.

Bank deposits are maintained at The Huntington National Bank and are insured up to the FDIC insurance limit. At times during the years ended June 30, 2023 and 2022, cash balances exceeded the FDIC insured limit.

NOTE 8 - LIQUIDITY

Financial assets held by the School include cash and grants and other receivables. Following is a schedule of financial assets and the ability thereof to meet cash needs for general expenditures as of June 30:

	<u>2023</u>	<u>2022</u>
Financial assets	\$ 404,763	\$ 307,734
Less: escrow for dissolution (Note 6)	<u>(50,000)</u>	<u>(50,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 354,763</u>	<u>\$ 257,734</u>

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.

DYNAMIC MINDS ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 9 - FUNCTIONAL EXPENSE REPORTING

The costs of providing the 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.

DYNAMIC MINDS ACADEMY, INC.
OTHER REPORT
For the Year Ended June 30, 2023

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

Supplemental Audit Report of Dynamic Minds Academy, Inc.

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