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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

January 10, 2024

Charter School Board
Educating Children Matters, Inc.
d/b/a Indianapolis Indy STEAM Academy
Marion County, Indiana

We have reviewed the audit report of Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy as of June 30, 2022 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 findings in the report on pages 22 through 23. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 25 through 28.

In our opinion, Greenwalt CPAs, Inc. 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 Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy, 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

EDUCATING CHILDREN MATTERS, INC.
D/B/A INDIANAPOLIS INDY STEAM ACADEMY
FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITORS' REPORT
JUNE 30, 2022

EDUCATING CHILDREN MATTERS, INC.
D/B/A INDIANAPOLIS INDY STEAM ACADEMY
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy (an Indiana public charter school, "the School"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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, 2022, and the changes in its net assets and its 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), 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 the School and to meet our other ethical responsibilities in accordance with the 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 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; this includes 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 the School'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 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 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 December 8, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

December 8, 2023

EDUCATING CHILDREN MATTERS, INC. D/B/A INDIANAPOLIS INDY STEAM ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 44,972
Grants receivable	69,938

Total current assets 114,910

SECURITY DEPOSIT

25,000

PROPERTY AND EQUIPMENT

Furniture	76,707
Equipment	60,063
Leasehold improvements	5,042
Work in progress	3,459
Accumulated depreciation	(24,628)

Total property and equipment, net 120,643

Total assets

\$ 260,553

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 67,830
Related party payable	6,000
Accrued payroll and related expenses	37,766
Charter School Capital payable	69,900
Deferred rent, current portion	35,215

Total current liabilities 216,711

LONG-TERM LIABILITIES

Deferred rent, net of current portion	<u>22,957</u>
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Total liabilities 239,668

COMMITMENTS AND CONTINGENCY (NOTES 4 AND 7)

TOTAL NET ASSETS

Without donor restrictions	14,299
With donor restrictions	6,586

Total net assets 20,885

Total liabilities and net assets

\$ 260,553

EDUCATING CHILDREN MATTERS, INC. D/B/A INDIANAPOLIS INDY STEAM ACADEMY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT			
State funding	\$ 708,533	\$ 221	\$ 708,754
Federal funding	766,401	75,911	842,312
Contributions	50	-	50
Other income	1,098	-	1,098
Net assets released from restrictions	69,546	(69,546)	-
	<u>1,545,628</u>	<u>6,586</u>	<u>1,552,214</u>
<i>Total revenue and support</i>			
EXPENSES			
Program	1,202,488	-	1,202,488
Management and general	410,971	-	410,971
	<u>1,613,459</u>	<u>-</u>	<u>1,613,459</u>
<i>Total expenses</i>			
CHANGE IN NET ASSETS	(67,831)	6,586	(61,245)
NET ASSETS, BEGINNING OF YEAR	<u>82,130</u>	<u>-</u>	<u>82,130</u>
NET ASSETS, END OF YEAR	<u>\$ 14,299</u>	<u>\$ 6,586</u>	<u>\$ 20,885</u>

EDUCATING CHILDREN MATTERS, INC. D/B/A INDIANAPOLIS INDY STEAM ACADEMY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and wages	\$ 334,881	\$ 223,456	\$ -	\$ 558,337
Employee benefits	43,952	44,811	-	88,763
Staff development	20,251	-	-	20,251
Student lunch	67,020	-	-	67,020
Purchased and contracted services	101,955	71,117	-	173,072
Advertising	29,180	-	-	29,180
Classroom, kitchen, and office supplies	158,693	31,286	-	189,979
Occupancy	421,928	-	-	421,928
Depreciation	24,628	-	-	24,628
Interest	-	7,095	-	7,095
Insurance	-	17,002	-	17,002
Utilities	-	13,591	-	13,591
Transportation	-	2,273	-	2,273
Bank and authorizer fees	-	340	-	340
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total functional expenses</i>	<u>\$ 1,202,488</u>	<u>\$ 410,971</u>	<u>\$ -</u>	<u>\$ 1,613,459</u>

EDUCATING CHILDREN MATTERS, INC. D/B/A INDIANAPOLIS INDY STEAM ACADEMY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

Page 1 of 2

NET CHANGE IN CASH

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from state and federal funding	\$ 1,539,934
Cash paid to suppliers and employees	(1,427,655)
Other income	1,098
Interest paid	(7,095)

Net cash provided by operating activities 106,282

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of property and equipment	<u>(92,624)</u>
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NET CHANGE IN CASH 13,658

CASH, BEGINNING OF YEAR 31,314

CASH, END OF YEAR \$ 44,972

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

CHANGE IN NET ASSETS	<u>\$ (61,245)</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation	24,628
<i>(Increase) decrease in operating assets</i>	
Grants receivable	(17,182)
Prepaid expenses	36,618
Security deposit	(25,000)
<i>Increase (decrease) in operating liabilities</i>	
Accounts payable	57,498
Related party payable	6,000
Accrued payroll and related expenses	37,093
Charter School Capital payable	(10,300)
Deferred rent	<u>58,172</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 106,282</u></u>

EDUCATING CHILDREN MATTERS, INC.
D/B/A INDIANAPOLIS INDY STEAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy (“the School”) is a free public K-7 charter school established under Indiana Code 20-24. The School provides high quality STEAM education for all students including students from low-income families, under-served minority students, and underrepresented students like girls. The mission of the School is to nurture the academic and creative talents of students through the integration of Science, Technology, Engineering, Arts, and Mathematics. The School builds a strong literacy foundation to ensure the achievement of all students and prepare them for high school, college, and careers in a 21st century global workforce.

The School receives the majority of its funding from the Indiana Department of Education.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2022.

GRANTS AND ACCOUNTS RECEIVABLE

Grants receivable represent the uncollected portion of funds from grants awarded to the School. Grants receivable are unsecured and are due from Indiana governmental entities over periods of time up to thirty days from the statement of financial position date. Grants receivable are stated at the amount determined by public statute. Generally, there is not significant risk of loss of these amounts due since they are statutorily determined and obligated. However, there is some risk that public funding from the State of Indiana could be reduced from amounts previously determined during periods of prolonged economic downturn.

The School reviews grants receivable and writes off any amount to be deemed uncollectible. There was no allowance for uncollectible grants at of June 30, 2022. All grants receivable are due within one year.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased, or, if contributed, at the estimated fair value at the date of the gift. The School capitalizes additions of property and equipment in excess of \$1,000 that have a useful life or extend the useful life greater than one year. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets as follows:

Furniture and equipment	5 years
Leasehold improvements	Lease term

NET ASSETS

The School maintains the following classifications of net assets:

Without Donor Restrictions

These include revenue and expenses from the regular operations of the School, which are at the discretion of management and the Board of Directors.

With Donor Restrictions

These include contributions and grants with restrictions specified by the donors or grantors. 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. Net assets of \$5,865 were restricted for the lunch program at June 30, 2022.

REVENUE RECOGNITION

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to 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 the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants as costs are incurred.

CONTRIBUTIONS AND GRANTS

Contributions and grants are recognized when the donor makes an unconditional promise to give to the School and are recorded at their fair values as revenues and assets in the period the promise was received. Contributions with donor restrictions are reported as increases in net assets with donor restrictions.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

ADVERTISING

Advertising expenses totaled \$29,180 for fiscal year 2022. The School's policy is to recognize advertising expenditures in the period in which they are incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

In the accompanying statement of functional expense, all expenses are allocated to program, management and general, and fundraising expenses. Expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived.

TAX STATUS

The School is an Indiana not-for-profit corporation, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through December 8, 2023, which is the date these financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2022, the School adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have an impact on the financial statements.

2. **AVAILABLE RESOURCES AND LIQUIDITY**

The School regularly monitors liquidity required to meet its operating and other commitments. The School has various sources of liquid assets at its disposal, including cash.

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

EDUCATING CHILDREN MATTERS, INC.
D/B/A INDIANAPOLIS INDY STEAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

Financial assets available for general expenditure, within one year, consist of the following at June 30, 2022:

Financial assets at year-end		
Cash	\$	44,972
Grants receivable		<u>69,938</u>
Total financial assets		114,910
Less amounts not available to be used within one year		
Net assets with donor restrictions		<u>(6,586)</u>
Financial assets available to meet expenditures within one year	\$	<u><u>108,324</u></u>

3. CHARTER SCHOOL CAPITAL PAYABLE

The School has entered into an agreement with Charter School Capital (CSC), to receive advances at a discount to face value on its Basic Tuition Support payments and other grant payments from the Indiana Department of Education (IDOE) up to \$368,000. In exchange for the advances, IDOE payments are made to CSC, who then remits the residual to the School. At June 30, 2022, the School had an outstanding balance to Charter School Capital of \$69,900.

4. OPERATING LEASES

During May 2021, the School entered into a lease of space through June 30, 2026. The lease includes monthly payments that escalate each year of the lease. Monthly rent payments for 2022 were \$15,815. Total rent expense during fiscal year 2022 was \$255,661.

Future minimum rental payments required under operating leases for the years ending June 30 are as follows:

2023	\$	225,000
2024		250,000
2025		275,000
2026		<u>300,000</u>
	\$	<u><u>1,050,000</u></u>

5. RETIREMENT PLANS

The School provides retirement benefits for teaching personnel by participating in 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. In 2022 the School contributed 5.5% of compensation for teaching faculty to TRF. Should the School elect to withdraw from TRF, the School could be subject to a withdrawal fee. The Schools' contributions represent an insignificant percentage of the total contributions received by TRF.

EDUCATING CHILDREN MATTERS, INC.
D/B/A INDIANAPOLIS INDY STEAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

5. RETIREMENT PLANS, CONTINUED

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

In fiscal year 2022, the retirement plan expense under the TRF was \$8,651.

The School provides a 403(b) defined contribution plan to employees who were not eligible for TRF. The School provided a discretionary contribution for participating employees of \$2,759 during fiscal year 2022.

6. 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 Agriculture	10.555	\$ 79,723	\$ 69,545	Federal grant passed through state or local government
Charter Schools Program	Indiana Department of Education	84.282A	635,116	635,116	Federal grant passed through state or local government
Education Stabilization Fund – American Rescue Plan – Elementary and Secondary Emergency Relief (ARP ESSER) Fund	Indiana Department of Education	84.425U	76,464	76,464	Federal grant passed through state or local government
Education Stabilization Fund – Elementary and Secondary School Emergency Relief (ESSER) Fund	Indiana Department of Education	84.425D	38,677	38,677	Federal grant passed through state or local government
State Basic Grant	Indiana Department of Education	N/A	621,037	621,037	State or Local Government
State Special Education	Indiana Department of Education	N/A	4,830	4,830	State or Local Government

EDUCATING CHILDREN MATTERS, INC.
D/B/A INDIANAPOLIS INDY STEAM ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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

State Charter Innovation Grant	Indiana Department of Education	N/A	77,000	77,000	State or Local Government
State Lunch Match	Indiana Department of Education	N/A	221	221	State or Local Government
State Textbook Reimbursement	Indiana Department of Education	N/A	5,666	5,666	State or Local Government
			\$ 1,538,734	\$ 1,528,556	

7. RISKS AND UNCERTAINTIES

The School provides educational instruction services to persons primarily residing in Indianapolis, Indiana and greater Marion County, 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.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy:

We have audited the financial statements of Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy (an Indiana public charter school, "the School") as of and for the year ended June 30, 2022, and our report thereon dated December 8, 2023, which expressed an unmodified opinion on those financial statements, appears on page two. 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 for the year ended June 30, 2022, as required by the 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 purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of 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 as of and for the year ended June 30, 2022 is fairly stated, in all material respects, in relation to financial statements as a whole.

Greenwalt CPAs, Inc.

December 8, 2023

EDUCATING CHILDREN MATTERS, INC. D/B/A INDIANAPOLIS INDY STEAM ACADEMY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2022

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 Child Nutrition Cluster National School Lunch Program	10.555	N/A	\$ 69,545
<i>Total Child Nutrition Cluster, Indiana Department of Education, and U.S. Department of Agriculture</i>			<u>69,545</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education Charter Schools Program	84.282A	2020-2022	635,116
<i>Total Charter Schools Program</i>			<u>635,116</u>
Education Stabilization Fund Cluster COVID -19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425U210013	38,677
COVID -19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425D200013	76,464
<i>Total Education Stabilization Fund Cluster</i>			<u>115,141</u>
<i>Total Indiana Department of Education and U.S. Department of Education</i>			<u>750,257</u>
<i>Total expenditures of federal awards</i>			<u>\$ 819,802</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 the School under programs of the federal government for the year ended June 30, 2022. 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 the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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

The School 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
Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy:

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 Educating Children Matters, Inc. d/b/a Indianapolis Indy Steam Academy (an Indiana public charter school, "the School") which comprise the statements of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Schools' 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 the School's' internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools' 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 the Schools' 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Schools' 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-004.

School's Response to Findings

The School's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Greenwald CPAs, Inc.

December 8, 2023



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy:

Report on Compliance for Each Major Federal Program

Qualified Opinion on Each Major Federal Program

We have audited Educating Children Matters, Inc. d/b/a Indianapolis Indy STEAM Academy (an Indiana public charter school, "the School") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Schools' major federal programs for the year ended June 30, 2022. The Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion on Each Major Federal Program section of our report, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

Basis for Qualified 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 of America (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 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 the School's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion

As described in the accompanying schedule of findings and questioned costs, the School did not comply with the requirements regarding Charter Schools Program as described in finding 2022-004 for Procurement. Compliance with such requirements is necessary, in our opinion, for the School to comply with the requirements applicable to that program.

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 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 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 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 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-005. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of

findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies that we consider to material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 and 2022-004 to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-005 to be a significant deficiency.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. the School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

December 8, 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? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> none reported |
| 3. Noncompliance material to financial statements noted? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |

Federal Awards

- | | | |
|-------------------------------------------------------------------------------------------------------|----------------------------------------------|----------------------------------------------------------------------|
| 4. Internal control over major federal programs: | | |
| Material weakness(es) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> none reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Modified | |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| 7. Identification of major program: | <u>Assistance Listing Numbers</u>
84.282A | <u>Name of Federal Program or Cluster</u>
Charter Schools Program |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ | 750,000 |
| 9. Auditee qualified as low-risk auditee? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2022-001

Criteria: In accordance with FASB ASC 958-605-25-2 Conditional grants should be recognized once the condition is met. In the case of the School's cost reimbursement grants, revenue should be recognized when eligible expenses have been incurred.

Condition: Grant revenue was recorded on the wrong period related to claims occurring at the beginning and end of the year.

Cause: The School does not appear to have an effective internal control process in place to track the subsequent cash receipts and grant award claims to recognize revenue in the proper period.

Effect: Two audit adjustments were recorded with an cumulative impact of an increase in federal revenue of \$36,538.

Recommendation: We recommend that the School perform year-end cutoff procedures, including a review of subsequent cash receipts and grant award claims.

View of responsible officials: See attached corrective action plan.

Finding 2022-002

Criteria: According to FASB ASC 840, Leases, if rental payments are not made on a straight-line basis, rental expense nevertheless shall be recognized on a straight-line basis. In addition, security deposits should be recognized as deposit assets.

Condition: The School's facility lease has escalating rent payments and rent expense was being recognized on a cash-basis, rather than straight-line. The School also expensed its lease deposit.

Cause: The School was not familiar with the requirements of FASB ASC 840, Leases.

Effect: Audit adjustments were made to record rent expense on a straight-line basis and to record the deposit asset. The cumulative effect of these adjustments was an increase to rent expense of \$33,172.

Recommendation: The new lease standard will be effective for the School's fiscal year 2023. We recommend the School consult the latest lease accounting guidance in FASB ASC 842, Leases, to ensure its fiscal year 2023 leases are recorded in accordance with generally accepted accounting principles.

View of responsible officials: See attached corrective action plan.

Finding 2022-003

Criteria: According to 2 CFR Subpart F Section 200.510b, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period that includes all amounts spent on federal programs during the reporting period.

Condition: The SEFA under-reported the expenditures for Charter Schools Program (CSP) by \$24,206.

Cause: The School prepared the SEFA based on the federal revenue recorded, rather than the actual federal expenditures incurred.

Effect: An audit adjustment of \$24,206 was made to increase the federal expenditures reported on the SEFA for the CSP program.

Recommendation: We recommend that the School implement procedures whereby the SEFA is prepared based on federal expenditures incurred on a GAAP basis.

View of responsible officials: See attached corrective action plan.

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

Finding 2022-003

Identification of federal program: US DEPARTMENT OF EDUCATION passed through the Indiana Department of Education: Charter Schools Program 84.282A. See finding in Section B.

Finding 2022-004

Identification of federal program: US DEPARTMENT OF EDUCATION, passed through the Indiana Department of Education, Charter Schools Program 84.282A

Criteria: In accordance with CFR 200.318(i), the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. In addition, in accordance with CFR 200.318(a) the non-federal entity must have and use documented procurement procedures consistent with federal procurement standards.

Condition: Expenditures tested that met the small purchase threshold (purchases with a cost between \$10,000 and \$250,000) did not have documentation detailing the history of procurement.

Cause: The School does not have procurement policies that follow federal guidelines, specifically 2 CFR 200.320 Methods of procurement to be followed.

Effect: Property and equipment additions made using federal funds during the year did not have appropriate a support showing procurement policies were followed.

Questioned costs: \$83,864

Context: Two out of two purchases tested for procurement did not follow federal procurement methods.

Recommendation: We recommend that the School institute procurement policies whereby acquisitions follow appropriate procurement steps as required by 2 CFR 200.350 and documentation of procurement decisions is maintained.

View of responsible officials: See attached corrective action plan.

Finding 2022-005

Identification of federal program: US DEPARTMENT OF EDUCATION, passed through the Indiana Department of Education, Charter Schools Program 84.282A

Criteria: In accordance with 2 CFR 200.403(g), costs must be adequately documented in order to be allowable under Federal awards.

Condition: The School was unable to provide documentation for three (3) out of sixty (60) non-payroll expenses.

Cause: The School failed to follow its own policies for documentation of expenses and document retention.

Effect: The costs were not allowable under the Federal award because they were not adequately documented.

Questioned costs: \$2,412

Context: Three (3) out of sixty (60) non-payroll expenditures tested did not have original invoice or payment support.

Recommendation: We recommend the School implement a document retention system whereby invoices and payment support are retained for the appropriate time period.

Views of Responsible Officials: See attached Corrective Action Plan.

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

None

EDUCATING CHILDREN MATTERS, INC. D/B/A INDIANAPOLIS INDY STEAM ACADEMY
OTHER REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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

Supplemental Audit Report of Educating Children Matters, Incorporated d/b/a Indianapolis Indy STEAM Academy



Indy STEAM Academy
4020 N. Sherman Dr.
Indianapolis, IN 46226

December 8, 2023

**Re: Findings – Financial Statement Audit (p. 22)
Corrective Action Plan**

Indy STEAM Academy respectfully submits the following Corrective Action Plan for the 2021-22 audit period.

Cognizant or Oversight Agency for Audit:
U.S. Department of Education

Name and Address of the Independent Accounting Firm:
Greenwalt CPAs, Inc.
5342 West Vermont St.
Indianapolis, IN 46224

Audit Period:
July 1, 2021-June 30, 2022

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2022-001:

Criteria: In accordance with FASB ASC 958-605-25-2 Conditional grants should be recognized once the condition is met. In the case of the School's cost reimbursement grants, revenue should be recognized when eligible expenses have been incurred.

Condition: Grant revenue was recorded on the wrong period related to claims occurring at the beginning and end of the year.

Cause: The School does not appear to have an effective internal control process in place to track subsequent cash receipts and grant award claims to recognize revenue in the proper period.

Effect: Two audit adjustments were recorded with a cumulative impact of an increase in federal revenue of \$36,538.

Recommendation: We recommend that the School perform year-end cutoff procedures, including a review of subsequent cash receipts and grant award claims.

Action Plan:

Indy STEAM Academy has an accountant who is familiar with charter schools, and school accounting practices. The School will ensure that receipts are recorded and presented in financial statements in the correct period.

Persons Responsible:

Yvonne Bullock, CEO/Head of School will submit receipts to the accountant in a timely manner.

Tammy Chaney, Accountant, will record and present claims in the correct period on financial reports.

Finding 2022-002:

Criteria: According to FASB ASC 840, Leases, if rental payments are not made on a straight-line basis, rental expense nevertheless shall be recognized on a straight-line basis. In addition, security deposits should be recognized as deposit assets.

Condition: The School's facility lease has escalating rent payments and rent expense was being recognized on a cash-basis, rather than straight-line. The School also expensed its lease deposit.

Cause: The School was not familiar with the requirements of FASB ASC 840, Leases.

Effect: Audit adjustments were made to record rent expense on a straight-line basis and to record the deposit asset. The cumulative effect of these adjustments was an increase to rent expense of \$33,172.

Recommendation: The new lease standard will be effective for the School's fiscal year 2023. We recommend the School consult the latest lease accounting guidance in FASB ASC 842, Leases, to ensure its fiscal year 2023 leases are recorded in accordance with generally accepted accounting principles.

Action Plan:

The School will update the 2023-24 annual budget and quarterly financial statements to reflect the lease for the five-year term using the "straight-line" method and will report the security deposit as deposit assets.

Persons Responsible:

Yvonne Bullock, CEO/Head of School and Tammy Chaney, Accountant

Finding 2022-003:

Criteria: According to 2 CFR Subpart F Section 200.510b, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period that includes all amounts spent on federal programs during the reporting period.

Condition: The SEFA under-reported the expenditures for Charter Schools Program (CSP) by \$24,206.

Cause: The School prepared the SEFA based on the federal revenue recorded, rather than the actual federal expenditures incurred.

Effect: An audit adjustment of \$24,206 was made to increase the federal expenditures reported on the SEFA for the CSP program.

Recommendation: We recommend that the School implement procedures whereby the SEFA is prepared based on federal expenditures incurred on a GAAP basis.

Action Plan:

The School has hired an accountant who will follow the accounting rules and standards for financial reporting using GAAP (generally accepted accounting principles).

Persons Responsible:

Tammy Chaney, Accountant

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

Identification of federal program: US DEPARTMENT OF EDUCATION passed through the Indiana Department of Education: Charter Schools Program 84.282A. See finding in Section B.

Finding 2022-004

Identification of federal program: US DEPARTMENT OF EDUCATION, passed through the Indiana Department of Education, Charter Schools Program 84.282A.

Criteria: In accordance with CFR 200.318(i), the non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. In addition, in accordance with CFR 200.318(a) the nonfederal entity must have and use documented procurement procedures consistent with federal procurement standards.

Condition: Expenditures tested that met the small purchase threshold (purchases with a cost between \$10,000 and \$250,000) did not have documentation detailing the history of procurement.

Cause: The School does not have procurement policies that follow federal guidelines, specifically 2 CFR 200.320 Methods of procurement to be followed.

Effect: Property and equipment additions made using federal funds during the year did not have appropriate a support showing procurement policies were followed.

Questioned costs: \$83,864

Context: Two out of two purchases tested for procurement did not follow federal procurement methods.

Recommendation: We recommend that the School institute procurement policies whereby acquisitions follow appropriate procurement steps as required by 2 CRF 200.350 and documentation of procurement decisions is maintained.

Action Plan:

The School will develop a Procurement Policy that follows the formal bid process and ensures that the school is able to acquire goods based on the most advantageous balance of price, quality, and performance. The School will maintain procurement decision records in vendor files.

Person Responsible: Yvonne Bullock, CEO/Head of School
Policies are approved by the Board of Directors

Finding 2022-005

Identification of federal program: US DEPARTMENT OF EDUCATION, passed through the Indiana Department of Education, Charter Schools Program 84.282A.

Criteria: In accordance with 2 CFR 200.403(g), costs must be adequately documented in order to be allowable under Federal awards.

Condition: The School was unable to provide documentation for three (3) out of sixty (60) non-payroll expenses.

Cause: The School failed to follow its own policies for documentation of expenses and document retention.

Effect: The costs were not allowable under the Federal award because they were not adequately documented.

Questioned costs: \$2,412

Context: Three (3) out of sixty (60) non-payroll expenditures tested did not have original invoice or payment support.

Recommendation: We recommend the School implement a document retention system whereby invoices and payment support are retained for the appropriate time period.

Action Plan:

The school has maintained receipts for these non-payroll expenditures but were not found within the audit timeline. Better organization of receipts will be implemented. The School will scan receipts and electronically store documents including invoices and payments together. The School will consider multiple platforms including server or a cloud document storage platform. Receipts will be maintained and reported in the appropriate period.

Persons Responsible:

Yvonne Bullock, CEO/Head of School
Gulen Hicks, Consultant
Administrative Assistant Consultant

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

None