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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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December 31, 2024

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

We have reviewed the audit report of the Indiana Math and Science Academy - North Indianapolis, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Indiana Math and Science Academy - North Indianapolis, Inc. as of June 30, 2024, 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 Indiana State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report of the Indiana Math and Science Academy - North Indianapolis, Inc., was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

Indiana Math and Science Academy - North Indianapolis, Inc.

Financial Statements
Together with Independent Auditor's Report
For the Years Ended June 30, 2024 and 2023



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Donovan CPAs

Independent Auditor's Report

The Board of Directors
Indiana Math and Science Academy - North Indianapolis, Inc.
Indianapolis, Indiana

Opinion

We audited the financial statements of Indiana Math and Science Academy - North Indianapolis, Inc. (the School) which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Auditor's 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 auditor's 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 audits, 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 accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also issued our report dated August 29, 2024 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.



Donovan CPAs
Indianapolis, Indiana
August 29, 2024

Indiana Math and Science Academy - North Indianapolis, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 2,705,013	\$ 2,088,013
Grants receivable	428,681	718,859
Prepaid expenses	1,341	395
Total current assets	3,135,035	2,807,267
Fixed Assets		
Land and building	9,550,000	9,550,000
Building improvements	2,608,841	409,291
Construction in progress	-	1,236,280
Furniture and equipment	268,298	170,020
Less: accumulated depreciation	(761,775)	(440,067)
Fixed assets, net	11,665,364	10,925,524
Other Assets		
Restricted cash	967,977	1,981,227
Total Assets	\$ 15,768,376	\$ 15,714,018
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of bonds payable	\$ 145,000	\$ 135,000
Accounts payable and accrued expenses	905,890	1,140,811
Due to affiliated entity	94,377	90,132
Refundable advances	446,036	7,513
Total current liabilities	1,591,303	1,373,456
Long-Term Liabilities		
Bonds payable, net of current portion	12,490,000	12,635,000
Less: unamortized bond issuance costs	(378,094)	(425,356)
Total long-term liabilities, net of unamortized bond issuance costs	12,111,906	12,209,644
Total liabilities	13,703,209	13,583,100
Net Assets, Without Donor Restrictions	2,065,167	2,130,918
Total Liabilities and Net Assets	\$ 15,768,376	\$ 15,714,018

See independent auditor's report and notes to the financial statements

Indiana Math and Science Academy - North Indianapolis, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024	2023
Revenue and Support		
State education support	\$ 5,730,614	\$ 5,251,606
Grant revenue	4,342,198	4,709,786
Interest income	140,009	119,427
Rental income	92,224	89,163
Student fees	18,815	16,496
Other income	57,636	73,112
Total revenue and support	10,381,496	10,259,590
Expenses		
Program services	8,321,847	7,890,821
Management and general	2,125,400	2,027,060
Total expenses	10,447,247	9,917,881
Change in Net Assets	(65,751)	341,709
Net Assets, Beginning of Year	2,130,918	1,789,209
Net Assets, End of Year	\$ 2,065,167	\$ 2,130,918

See independent auditor's report and notes to the financial statements

Indiana Math and Science Academy - North Indianapolis, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	\$ 3,778,438	\$ 1,010,885	\$ 4,789,323	\$ 3,721,735	\$ 933,467	\$ 4,655,202
Employee benefits	775,574	235,799	1,011,373	751,270	217,939	969,209
Transportation services	854,829	-	854,829	852,163	-	852,163
Interest	734,556	-	734,556	727,496	-	727,496
Administrative services	-	687,674	687,674	-	630,193	630,193
Food service	479,213	-	479,213	453,995	-	453,995
Other professional services	416,634	53,782	470,416	153,712	70,293	224,005
Depreciation	359,363	-	359,363	277,123	-	277,123
Classroom, kitchen, and office supplies	329,562	24,811	354,373	369,348	42,355	411,703
Occupancy	336,782	-	336,782	327,406	-	327,406
Repairs and maintenance	61,386	-	61,386	47,589	-	47,589
Textbooks	59,862	-	59,862	62,394	-	62,394
Staff development and recruitment	47,303	-	47,303	67,490	3,084	70,574
Authorizer oversight fee	-	42,440	42,440	-	40,247	40,247
Other	88,345	70,009	158,354	79,100	89,482	168,582
Total functional expenses	\$ 8,321,847	\$ 2,125,400	\$ 10,447,247	\$ 7,890,821	\$ 2,027,060	\$ 9,917,881

See independent auditor's report and notes to the financial statements

Indiana Math and Science Academy - North Indianapolis, Inc.

Statements of Cash Flows For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ (65,751)	\$ 341,709
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	359,363	277,123
Amortization	47,262	47,262
Change in certain assets and liabilities:		
Grants receivable	290,178	(190,348)
Prepaid expenses	(946)	6,962
Accounts payable and accrued expenses	(234,921)	287,801
Due to affiliated entity	4,245	6,081
Refundable advances	438,523	(3,582)
Net change in cash from operating activities	837,953	773,008
Investing Activities		
Purchases of fixed assets	(1,099,203)	(1,382,902)
Financing Activities		
Principal payments on bonds payable	(135,000)	(140,000)
Net Change in Cash	(396,250)	(749,894)
Cash and Restricted Cash, Beginning of Year	4,069,240	4,819,134
Cash and Restricted Cash, End of Year	\$ 3,672,990	\$ 4,069,240
Cash and Restricted Cash, End of Year		
Cash - unrestricted	\$ 2,705,013	\$ 2,088,013
Cash - restricted for renovation project	-	991,296
Cash - restricted for debt service reserve fund	825,000	841,357
Cash - restricted for bond payments	136,437	145,463
Cash - restricted for bank service fee	6,540	3,111
Total cash and restricted cash, end of year	\$ 3,672,990	\$ 4,069,240
Supplemental Information		
Cash paid for interest	\$ 687,294	\$ 680,234
Purchases of fixed assets financed through accounts payable	-	183,434

See independent auditor's report and notes to the financial statements

Indiana Math and Science Academy - North Indianapolis, Inc.

Notes to the Financial Statements For the Years Ended June 30, 2024 and 2023

Note 1 – Nature of Activities

Indiana Math and Science Academy - North Indianapolis, Inc. (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. The School provided educational instruction to approximately 645 students in grades kindergarten through twelve during the 2023-2024 academic school year (695 in the 2022-2023 academic school year).

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The School prepares its financial statements in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

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, 2024 and 2023, the School had only net assets without donor restrictions.

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, 2024 and 2023.

Restricted Cash

The terms of the bonds payable require the School to establish cash accounts restricted for certain purposes including the payment of issuance costs, renovation costs, to establish a debt service reserve fund, and to cover bond payments and bank service fees.

Grants Receivable

The School adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* during the year ended June 30, 2024 which introduced a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including grants receivable. The adoption of this accounting standards update did not have a material impact on the School's financial position or the result of its operations and cash flows.

Grants receivable primarily relate 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 credit losses is deemed necessary.

Indiana Math and Science Academy - North Indianapolis, Inc.

Notes to the Financial Statements For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Construction in Progress

The School underwent a process to expand its current facility. Costs incurred during the expansion were capitalized and included in the account at cost. No depreciation expense was recorded on construction in progress until the underlying assets were placed into service. Construction was completed during the year ended June 30, 2024. Accordingly, all construction in progress assets were transferred into service.

Fixed Assets

Purchases of assets and expenditures which materially increase value or extend useful lives are capitalized and included in the accounts at cost. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Building and building improvements	10 to 40 years
Furniture and equipment	3 to 5 years

Due to Affiliated Entity

The balance in due to affiliated entity represents grant funds processed through the School but due to another school operated by the same management company, Concept Schools, Inc.

Taxes on Income

The School received a determination from the U.S. Department of Treasury stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, 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 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, 2020 are open to audit for both federal and state purposes.

Subsequent Events

The School evaluated subsequent events through August 29, 2024, 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.

Indiana Math and Science Academy - North Indianapolis, Inc.

Notes to the Financial Statements For the Years Ended June 30, 2024 and 2023

Note 3 – Revenue Recognition

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 funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

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

Rental Income

The School records rental income equal to cash received from all leases. Management determined no material variances exist between straight line rent income and cash rent income. Accordingly, no rent receivable or deferred rent revenue has been recorded.

Disaggregation of Revenue

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

Note 4 – Refundable Advances

The School was awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Refundable grant advances totaled \$446,036 and \$7,513 as of June 30, 2024 and 2023, respectively. The School intends to expend the balance as of June 30, 2024 during the year ending June 30, 2025.

Note 5 – Bonds Payable

In June 2022, the School entered into bond transactions to finance the purchase and renovation of its building, which previously had been leased from an independent party. The Series 2022 bonds have original amounts totaling \$12,910,000 with annual principal payments increasing from \$140,000 in June 2023 to \$195,000 in June 2031 with a balloon payment of \$11,455,000 due in June 2032. The Series 2022A bond has an initial balance of \$12,625,000, requires semi-annual interest payments at 5.375%, and matures June 2032. The Series 2022B bond has an initial balance of \$285,000, requires semi-annual interest payments at 6%, and matures June 2025. In total, the School incurred \$472,618 of debt issuance costs, which are amortized over the life of the bonds. The bonds are secured by the future revenues of the School.

The bond agreement contains the following financial covenants. The School was in compliance with each covenant as of June 30, 2024.

- At least 55 days cash on hand as of each June 30 (106 at June 30, 2024); and
- Debt service coverage ratio of at least 1.1 to 1 measured annually at June 30 (1.17 at June 30, 2024).

Indiana Math and Science Academy - North Indianapolis, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 5 – Bonds Payable (Continued)

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

2025	\$	145,000
2026		150,000
2027		160,000
2028		170,000
2029		175,000
Thereafter		<u>11,835,000</u>
Total bonds payable	\$	<u><u>12,635,000</u></u>

Note 6 – Leases

The School leases portions of its building to unrelated parties. Rental income totaled \$92,224 and \$89,163 during the years ended June 30, 2024 and 2023, respectively.

Note 7 – Retirement Plans

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board.

Under the plans, the School contributed 6% of compensation for eligible teaching faculty to TRF and 11.2% of compensation for other eligible employees to PERF during both years ended June 30, 2024 and 2023. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF.

As of June 30, 2023 (the latest year reported), TRF was over 88% funded and PERF was over 81% funded. Retirement plan expense was \$305,968 and \$304,669 for the years ended June 30, 2024 and 2023, respectively.

Note 8 – Commitments

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. This charter agreement remains in effect until June 30, 2031 and is renewable thereafter by mutual consent. OEI assesses a fee equal to 1% of the basic tuition support received by its sponsored schools. The authorizer oversight fee was \$42,440 and \$40,247 for the years ended June 30, 2024 and 2023, respectively.

Indiana Math and Science Academy - North Indianapolis, Inc.

Notes to the Financial Statements For the Years Ended June 30, 2024 and 2023

Note 8 – Commitments (Continued)

The School contracted with Concept Schools, Inc. to provide ongoing training and consultation, personnel, recruitment and admissions, and other services. Under the terms of the agreement, the School agreed to pay an amount equal to 12% of state education support, as defined, for such services. Expense under this agreement was \$687,674 and \$630,193 for the years ended June 30, 2024 and 2023, respectively. This agreement is renewable annually.

Note 9 – Risks and Uncertainties

The School provides education services to families residing in Marion and surrounding counties in Indiana and is subject to the risks of economic and competitive forces within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments which potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2024 and 2023, substantially all of the grants receivable balance was due from the State of Indiana. In addition, deposits are maintained at Fifth Third Bank and are insured up to the FDIC insurance limit, which is regularly exceeded. As of June 30, 2024, approximately \$3.2 million in cash was uninsured.

Note 10 – Liquidity

The School's financial assets include cash, restricted cash, and grants receivable. Restricted cash is not considered available to meet cash needs for general expenditures since its use is purpose restricted. Financial assets available to meet cash needs for general expenditures totaled \$3,133,694 and \$2,806,872 as of June 30, 2024 and 2023, respectively.

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 11 – 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

Indiana Math and Science Academy - North Indianapolis, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

<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		\$ 161,884
National School Lunch Program	10.555		406,455
Commodity Supplemental Food Program	10.568		25,479
Total U.S. Department of Agriculture			<u>593,818</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	S010A230014	495,663
Title II, Part A;			
Supporting Effective Instruction State Grants	84.367	S367A230013	40,726
Title III, Part A;			
English Language Acquisition State Grants	84.365A	S365A230014	17,100
Title IV, Part A;			
Student Support and Academic Enrichment	84.424A	S424A230015	39,113
Special Education Cluster			
Special Education - Grants to States	84.027	24611-537-PN01	152,124
21st Century Community Learning Centers	84.287		94,951
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425U210013	1,464,974
American Rescue Plan - Homeless Children and Youth	84.425W	S425W210015	9,182
Total U.S. Department of Education			<u>2,313,833</u>
Total federal awards expended			<u>\$ 2,907,651</u>

See independent auditor's report and notes to this schedule

Indiana Math and Science Academy - North Indianapolis, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Indiana Math and Science Academy - North Indianapolis, Inc. (the School) under programs of the federal government for the year ended June 30, 2024. 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 Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
Indiana Math and Science Academy - North Indianapolis, Inc.
Indianapolis, Indiana

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 Indiana Math and Science Academy - North Indianapolis, Inc. (the School) which comprise the statement of financial position as of June 30, 2024 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 August 29, 2024.

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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a prominent loop at the end of the word.

Donovan CPAs
Indianapolis, Indiana
August 29, 2024



Donovan CPAs

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

The Board of Directors
Indiana Math and Science Academy - North Indianapolis, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We audited Indiana Math and Science Academy - North Indianapolis, Inc.'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, 2024. The School's major federal programs are identified in the summary of auditor's 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, 2024.

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 Auditor's 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.

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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.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program which is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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.

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a prominent loop on the 'D'.

Donovan CPAs
Indianapolis, Indiana
August 29, 2024

Indiana Math and Science Academy - North Indianapolis, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

- Material weakness identified? No
- Significant deficiency identified? None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

II. Financial Statement Findings

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

Indiana Math and Science Academy - North Indianapolis, Inc.
Other Report
For the Year Ended June 30, 2024

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

Supplemental Audit Report of Indiana Math and Science Academy - North Indianapolis, 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.

Indiana Math and Science Academy - North Indianapolis, Inc.
Schedule of Lead Auditor
For the Year Ended June 30, 2024

Auditor Information:	Donovan CPAs 9292 N Meridian Street, Suite 150 Indianapolis, IN 46260
Phone Number:	(317) 844-8300
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Auditor Contract Title:	Benjamin A. Lippert, CPA
Auditor Contact Title:	Partner
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