



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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December 31, 2024

Charter School Board  
Rooted School, Inc.  
Marion County, Indiana

We have reviewed the audit report of the Rooted School, 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 Rooted School, 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 Rooted School, 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

**Rooted School, Inc.**

Financial Statements  
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



# Rooted School, Inc.

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# Donovan CPAs

## *Independent Auditor's Report*

The Board of Directors  
Rooted School, Inc.  
Indianapolis, Indiana

### **Opinion**

We audited the financial statements of Rooted School, 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 financial statements referred to above 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 these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement, whether due to fraud or error.

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

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## **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 audit, significant audit findings, and certain internal control-related matters we identified during the audit.

## **Supplementary Information**

Our audits were 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 October 3, 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.

A handwritten signature in black ink that reads "DONOVAN". The letters are in all caps and have a cursive, slightly slanted appearance.

Donovan CPAS  
Indianapolis, Indiana  
October 3, 2024

**Rooted School, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 1,121,135	\$ 1,138,673
Grants receivable	44,001	118,106
Total current assets	1,165,136	1,256,779
<b>Fixed Assets</b>		
Furniture and equipment	67,744	12,300
Vehicles	73,900	73,900
Less: accumulated depreciation	(58,711)	(36,851)
Fixed assets, net	82,933	49,349
<b>Other Assets</b>		
Operating lease right-of-use asset	160,740	206,792
<b>Total Assets</b>	<b>\$ 1,408,809</b>	<b>\$ 1,512,920</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Current portion of operating lease liability	\$ 49,628	\$ 46,052
Current portion of note payable	9,254	9,162
Accounts payable and accrued expenses	183,565	126,826
Refundable advances	60,459	-
Total current liabilities	302,906	182,040
<b>Long-Term Liabilities</b>		
Operating lease liability, net of current portion	111,112	160,740
Note payable, net of current portion	3,608	13,054
Total long-term liabilities	114,720	173,794
<b>Total Liabilities</b>	417,626	355,834
<b>Net Assets, Without Donor Restrictions</b>	991,183	1,157,086
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,408,809</b>	<b>\$ 1,512,920</b>

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

**Rooted School, Inc.**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Revenue and Support</b>		
State education support	\$ 1,402,169	\$ 1,157,002
Grant revenue	1,319,534	1,858,890
Other income	98,194	48,878
Total revenue and support	2,819,897	3,064,770
<b>Expenses</b>		
Program services	1,828,115	1,781,499
Management and general	1,157,685	723,672
Total expenses	2,985,800	2,505,171
<b>Change in Net Assets</b>	(165,903)	559,599
<b>Net Assets, Beginning of Year</b>	1,157,086	597,487
<b>Net Assets, End of Year</b>	\$ 991,183	\$ 1,157,086

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

**Rooted School, 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	\$ 540,618	\$ 708,242	\$ 1,248,860	\$ 754,137	\$ 280,523	\$ 1,034,660
Professional services	417,041	206,727	623,768	286,292	186,280	472,572
Transportation	277,813	-	277,813	192,821	-	192,821
Employee benefits	56,735	111,617	168,352	97,132	129,334	226,466
Information technology	157,290	-	157,290	173,119	-	173,119
Food	150,411	-	150,411	114,028	-	114,028
Occupancy	86,505	-	86,505	89,577	-	89,577
Equipment	50,459	-	50,459	19,595	-	19,595
Supplies	37,956	8,781	46,737	15,348	23,449	38,797
Travel	29,298	5,996	35,294	4,860	22,954	27,814
Insurance	-	28,701	28,701	-	14,800	14,800
Depreciation	21,860	-	21,860	16,153	-	16,153
Dues and subscriptions	-	17,226	17,226	-	7,845	7,845
Advertising	-	15,480	15,480	-	31,816	31,816
Telephone	-	10,707	10,707	-	17,067	17,067
Authorizer oversight fees	-	9,291	9,291	-	-	-
Printing	-	7,925	7,925	-	7,078	7,078
Repairs and maintenance	1,084	-	1,084	8,517	-	8,517
Staff development	1,045	-	1,045	9,920	-	9,920
Other	-	26,992	26,992	-	2,526	2,526
Total functional expenses	<u>\$ 1,828,115</u>	<u>\$ 1,157,685</u>	<u>\$ 2,985,800</u>	<u>\$ 1,781,499</u>	<u>\$ 723,672</u>	<u>\$ 2,505,171</u>

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

**Rooted School, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Operating Activities</b>		
Change in net assets	\$ (165,903)	\$ 559,599
Adjustments to reconcile change in net assets to change in cash from operating activities:		
Depreciation	21,860	16,153
Change in certain assets and liabilities:		
Grants receivable	74,105	51,517
Accounts payable and accrued expenses	56,739	30,392
Refundable advances	60,459	(386,358)
Change in cash from operating activities	<u>47,260</u>	<u>271,303</u>
<b>Investing Activities</b>		
Purchases of fixed assets	(55,444)	(12,300)
<b>Financing Activities</b>		
Repayment of note payable	<u>(9,354)</u>	<u>(23,384)</u>
<b>Net Change in Cash</b>	(17,538)	235,619
<b>Cash, Beginning of Year</b>	<u>1,138,673</u>	<u>903,054</u>
<b>Cash, End of Year</b>	<u>\$ 1,121,135</u>	<u>\$ 1,138,673</u>

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

**Rooted School, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 1 – Nature of Activities**

Rooted School, Inc. (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter established under Indiana Code 20-24. The School's mission is to provide its students personal pathways to financial freedom and is sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. The School served approximately 155 students in the seventh through twelfth grades during the 2023-2024 school year and approximately 135 students in the seventh, ninth, tenth and eleventh grades during the 2022-2023 school year.

**Note 2 – Summary of Significant Accounting Policies**

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, 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. As of June 30, 2024 and 2023, there were no cash equivalents.

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 relate primarily to activities funded under federal programs and legislation enacted by the State of Indiana. The School believes it is operating in compliance with regulatory requirements and as such no allowance for credit losses is deemed necessary.

**Rooted School, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

Fixed Assets

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and small equipment purchases are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful life for furniture and equipment and vehicles is 5 years.

Taxes on Income

The School received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 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 October 3, 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.

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

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

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

Disaggregation of Revenue

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

**Rooted School, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 4 – Refundable Advances**

The School receives grants, some of which must be spent in accordance with submitted budgets with any funds not expended for the designated purposes returned. Accordingly, the revenue is recognized as approved expenditures are incurred. The School had refundable grant advances in excess of expenditures of \$60,459 at June 30, 2024. There were no refundable advances at June 30 2023.

**Note 5 – Note Payable**

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (CARES) Act which includes the Paycheck Protection Program (PPP) administered through the Small Business Administration. On July 10, 2020, the School was granted a loan from CRF USA, in the amount of \$45,600, pursuant to the PPP under Division A, Title I of the CARES Act. The note matures on July 10, 2025 and bears an interest rate of 1.00%. The School began repaying the note in July 2022.

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

2025	\$	9,254
2026		3,608
		12,862
	\$	12,862

**Note 6 – Lease**

The School leases its facility from an unrelated party. The School determined the lease falls under ASU 2016-02 and as such recorded an asset and liability presented on the statements of financial position as an operating lease right-of-use asset and operating lease liability. The lease requires payments over the life of the lease of \$5,000 per month. Rent expense under this lease was \$60,000 for each of the years ended June 30, 2024 and 2023.

Future minimum payments under the non-cancellable operating lease are as follows for the years ending June 30:

2025	\$	60,000
2026		60,000
2027		60,000
		180,000
Less: imputed interest at 7.5%		(19,260)
Total operating lease liability		160,740
Less: current portion		(49,628)
Long-term portion	\$	111,112

**Rooted School, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 7 – Retirement Plans**

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides for the School to make contributions at its discretion. For the years ended June 30, 2024 and 2023, the School contributed 6% of defined compensation to each employee's retirement plan. Retirement plan expense was \$8,830 and \$5,200 for the years ended June 30, 2024 and 2023, respectively.

**Note 8 – Commitment**

As the sponsoring organization, OEI exercises certain oversight responsibilities. Beginning with the 2023-2024 school year, OEI began assessing a fee equal to 1% of the basic tuition support received by the School. Authorizer oversight fees of \$9,291 were assessed in the year ended June 30, 2024. No authorizer oversight fees were paid during the year ended June 30, 2023.

The charter agreement requires the School to establish an escrow account of no less than \$30,000 should a dissolution occur. As of June 30, 2024 and 2023, this account has been established and is included in the balance of cash presented on the statements of financial position.

**Note 9 – Risks and Uncertainties**

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

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

Financial instruments potentially subjecting 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 \$880,000 in cash was uninsured.

**Note 10 – Liquidity**

Financial assets held by the School include cash and grants receivable. Financial assets available to meet cash needs for general expenditures within one year totaled \$1,135,136 and \$1,226,779 as of June 30, 2024 and 2023, respectively, which includes all financial assets except the \$30,000 escrow account (Note 8).

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.

**Rooted School, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 11 – Functional Expense Reporting**

The costs of providing educational activities are 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

**Rooted School, 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		\$ 27,734
National School Lunch Program	10.555		50,891
Total U.S. Department of Agriculture			<u>78,625</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	131,438
Title II, Part A;			
Supporting Effective Instruction State Grants	84.367	S367A220013	11,310
Title IV, Part A;			
Student Support and Academic Enrichment	84.424A	S424A230015	10,005
Special Education Cluster			
Special Education - Grants to States	84.027	24611-643-PN01	33,674
Charter Schools Program	84.282	39658	84,052
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	1,234
Elementary and Secondary School Emergency Relief Fund	84.425D	S425U210013	477,107
Total U.S. Department of Education			<u>748,820</u>
Total federal awards expended			<u>\$ 827,445</u>

See independent auditor's report and notes to this schedule

**Rooted School, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2024**

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Rooted School, 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  
Rooted School, 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 Rooted School, 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 October 3, 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.



Donovan CPAs  
Indianapolis, Indiana  
October 3, 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  
Rooted School, Inc.  
Indianapolis, Indiana

### **Report on Compliance for Each Major Federal Program**

#### *Opinion on Each Major Federal Program*

We audited Rooted School, 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 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 at the end of the word.

Donovan CPAs  
Indianapolis, Indiana  
October 3, 2024

**Rooted School, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2024**

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**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.

**Rooted School, Inc.**  
**Other Report**  
**For the Year Ended June 30, 2024**

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

Supplemental Audit Report of Rooted School, 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.

**Rooted School, Inc.**  
**Schedule of Lead Auditor**  
**For the Years Ended June 30, 2024 and 2023**

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Auditor Information: Donovan CPAs  
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Phone Number: (317) 844-8300

Fax Number: (317) 745-6545

Auditor Contact: Benjamin A. Lippert, CPA

Auditor Contact Title: Partner

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