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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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January 17, 2025

Charter School Board
Indianapolis Metropolitan High School, LLC
Marion County, Indiana

We have reviewed the audit report of Indianapolis Metropolitan High School, LLC which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Indianapolis Metropolitan High School, LLC as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC 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 for Indianapolis Metropolitan High School, LLC, 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



**INDIANAPOLIS
METROPOLITAN
HIGH SCHOOL**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
JUNE 30, 2024 AND 2023**

CPAs / ADVISORS



INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

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JUNE 30, 2024 AND 2023

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Indianapolis Metropolitan High School, LLC (Indianapolis Met), a non-profit organization, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, 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 Indianapolis Met as of June 30, 2024 and 2023, and the changes in its net assets and its 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, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. 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 Indianapolis Met and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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, and for 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 Indianapolis Met's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

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 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 generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Indianapolis Met'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indianapolis Met'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, October 8, 2024, on our consideration of Indianapolis Met'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 Indianapolis Met'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 Indianapolis Met's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
October 8, 2024

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
Current assets		
Cash	\$ 793,806	\$ 781,678
Support receivables	520,550	279,504
Prepaid expenses	152,623	7,125
Total current assets	1,466,979	1,068,307
Property and equipment, net	1,624,533	1,403,024
Right-of-use assets under operating leases, net	5,535	18,679
Total assets	<u>\$ 3,097,047</u>	<u>\$ 2,490,010</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 180,366	\$ 684
Accrued expenses	167,433	112,576
Operating lease liabilities, net of current portion	5,099	10,678
Total current liabilities	352,898	123,938
Operating lease liabilities, net of current portion	435	8,001
Total liabilities	353,333	131,939
Net assets		
Without donor restrictions	2,743,714	2,358,071
Total liabilities and net assets	<u>\$ 3,097,047</u>	<u>\$ 2,490,010</u>

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Revenues and support		
State support	\$ 3,276,825	\$ 2,515,504
Federal support	1,407,843	1,128,420
Student fees	4,215	7,827
Contributions	4,480	39,615
Contributions, in-kind	842,420	842,420
Other	12,585	59,764
	<u>5,548,368</u>	<u>4,593,550</u>
Total revenues and support	5,548,368	4,593,550
Expenses		
Wages and benefits	2,376,621	2,565,296
Professional fees	1,374,683	406,619
Supplies and materials	200,112	188,402
Lunch program	114,534	127,245
Student transportation	27,406	29,715
Extra-curricular activities	49,428	41,314
Rent	842,420	842,420
Occupancy	49,940	52,234
Depreciation	112,895	139,309
Other	14,686	110,129
	<u>5,162,725</u>	<u>4,502,683</u>
Total expenses	5,162,725	4,502,683
Change in net assets without donor restrictions	385,643	90,867
Net assets		
Beginning of year	2,358,071	2,267,204
End of year	<u>\$ 2,743,714</u>	<u>\$ 2,358,071</u>

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2024 AND 2023

	2024		
	Education Services	Management and General	Total
Expenses			
Wages and benefits	\$ 1,899,710	\$ 476,911	\$ 2,376,621
Professional fees	114,162	1,260,521	1,374,683
Supplies and materials	189,230	10,882	200,112
Lunch program	114,534	-0-	114,534
Student transportation	27,406	-0-	27,406
Extra-curricular activities	49,428	-0-	49,428
Rent	842,420	-0-	842,420
Occupancy	15,072	34,868	49,940
Depreciation	112,895	-0-	112,895
Other	8,825	5,861	14,686
	\$ 3,373,682	\$ 1,789,043	\$ 5,162,725
Total expenses	\$ 3,373,682	\$ 1,789,043	\$ 5,162,725
	2023		
	Education Services	Management and General	Total
Expenses			
Wages and benefits	\$ 2,069,756	\$ 495,540	\$ 2,565,296
Professional fees	88,684	317,935	406,619
Supplies and materials	163,560	24,842	188,402
Lunch program	127,245	-0-	127,245
Student transportation	29,715	-0-	29,715
Extra-curricular activities	41,314	-0-	41,314
Rent	842,420	-0-	842,420
Occupancy	21,347	30,887	52,234
Depreciation	139,309	-0-	139,309
Other	105,357	4,772	110,129
	\$ 3,628,707	\$ 873,976	\$ 4,502,683
Total expenses	\$ 3,628,707	\$ 873,976	\$ 4,502,683

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating activities		
Change in net assets	\$ 385,643	\$ 90,867
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	112,895	139,309
Changes in operating assets and liabilities		
Support receivables	(241,046)	124,352
Prepaid expenses	(145,498)	(2,030)
Right-of-use assets under operating leases, net	13,144	(18,679)
Accounts payable	179,682	(50,135)
Accrued expenses	54,857	(92,530)
Operating lease liabilities	(13,145)	18,679
Net cash flows from operating activities	346,532	209,833
Investing activities		
Purchases of property and equipment	(334,404)	(130,731)
Change in cash	12,128	79,102
Cash		
Beginning of year	781,678	702,576
End of year	\$ 793,806	\$ 781,678
Supplemental cash flows information		
In-kind rent	\$ 842,420	\$ 842,420

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Indianapolis Metropolitan High School, LLC (Indianapolis Met) is an Indiana public charter high school operating under the ownership and control of Goodwill Education Initiatives, Inc. (GEI). GEI, an Indiana non-profit corporation, provides educational opportunities designed to enable young people and adults to prepare for productive adult lives. GEI operates public charter high schools (Indianapolis Met and Excel Centers, LLC, (Excel Centers) interchangeably referred to herein as "the Schools") in central and southern Indiana, under the provisions of the Indiana Charter School laws and the chartering authorities of the Mayor of Indianapolis and the Indiana Charter School Board. Indianapolis Met operates under a charter issued by the Mayor of Indianapolis. GEI is a wholly owned subsidiary of Goodwill of Central and Southern Indiana, Inc. (Goodwill), also an Indiana non-profit corporation.

The Schools receive the majority of their funding from the Indiana Department of Education. Their revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Indianapolis Met completed its 19th year of operation on June 30, 2024 and student enrollment for the most recently completed school year was 298 students.

Indianapolis Met primarily serves underprivileged, at-risk students in grades nine through twelve in Indianapolis. Demographically, nearly 82% of Indianapolis Met's students qualify for free or reduced lunch, 78% identify themselves as minority students, 32% have special needs, and the majority of incoming students arrive at Indianapolis Met two or more grade levels behind in reading and math skills.

Basis of Accounting

Indianapolis Met prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when performance obligations are satisfied in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Indianapolis Met maintains its cash in accounts, which at times, may exceed federally insured limits. Indianapolis Met has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Support Receivables

Support receivables are amounts due from federal, state, or local government agencies or other organizations for amounts billed for services and not yet paid. The government agencies or other organizations are billed in the period in which services are rendered. Support receivables are reported at the net realizable amount due from the government agencies or other organizations.

Management estimates an allowance for credit losses based on historical experience, the current economic environment, and management's expectations of future economic conditions based on reasonable and supportable forecasts. The Schools also apply adjustments for specific factors and current economic conditions, as needed, at each reporting date. Management utilizes aging schedules for estimating expected credit losses. In evaluating loss rates, support receivable are pooled into categories based on days past due. Significantly aged receivables are evaluated individually by credit worthiness and any historical experience. Account balances are written off against the allowance when management deems the amount is uncollectible. Management has determined no allowance for credit losses is necessary at June 30, 2024 and 2023.

Prepaid Expenses

Prepaid expenses relate to advance payments on products or services that will be used for future programs or activities.

Property, Equipment, and Depreciation

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor replacements are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from 3-10 years, and is computed on the straight-line method. Depreciation expense was approximately \$113,000 and \$139,000 for 2024 and 2023, respectively.

Net Assets

Net assets, support, revenues, gains, and losses are classified based on the absence or existence of donor restrictions. Accordingly, the net assets of Indianapolis Met are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

State and Federal Support

Indianapolis Met's revenue is primarily derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by Indianapolis Met as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when Indianapolis Met has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2024 and 2023. Amounts due after incurring qualifying expenditures are reported as support receivables in the statements of financial position. Support receivables were approximately \$521,000 and \$280,000 as of June 30, 2024 and 2023. Support receivables were approximately \$404,000 as of June 30, 2022.

Indianapolis Met receives state funds that have been designated for charter schools from the Indiana Department of Education. The State of Indiana uses a formula based on the number of students enrolled in the school during the year to determine the amount of funds Indianapolis Met receives. Indianapolis Met also receives federal support through a variety of programs administered by the Indiana Department of Education.

Indianapolis Met derives a significant portion of its revenues and support from state and federal funding programs (approximately 84% and 79% in 2024 and 2023, respectively). The receipt of future revenues by Indianapolis Met is subject to among other factors, state and federal policies affecting education, economic conditions, and other conditions which are impossible to predict.

Contributions

Contributions, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, applicable net assets with restriction are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current year or is received with restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Indianapolis Met also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions. Receipt of funds for conditional contributions are recorded as a refundable advance in the statements of financial position until conditions are satisfied. Once satisfied, the refundable advance is released into contribution revenue. Materials, property, equipment and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair market values on the date received. There were no significant contributed nonfinancial assets, other than in-kind rent, during 2024 and 2023.

Advertising

Indianapolis Met uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense totaled approximately \$27,000 and \$33,000 during 2024 and 2023, respectively, and is included within professional fees expenses within the statements of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a natural basis in the statements of activities and changes in net assets and have been summarized on a functional basis in the statements of functional expenses. Expenses have been classified as education services and management and general based on actual direct expenditures incurred and cost allocations. Certain costs have been allocated among education services and management and general categories based on an estimate of time and effort spent by Indianapolis Met's personnel. These expenses include wages and benefits. Although the methods used were appropriate, alternative methods may provide different results.

Income Taxes

Indianapolis Met is a wholly owned LLC of GEI, and as a result, the Internal Revenue Services (IRS) disregards Indianapolis Met as a separate taxable entity and considers Indianapolis Met as part of GEI for tax reporting purposes. GEI is an Indiana non-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to GEI's tax-exempt purposes, such income would be subject to taxation as unrelated business income. GEI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Indianapolis Met and recognize a tax liability if Indianapolis Met has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by Indianapolis Met, and has concluded that as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. GEI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

GEI filed its federal and state income tax returns for periods through June 30, 2023. The income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about Indianapolis Met's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued. Management's evaluation as of June 30, 2024 identified no conditions or events raising substantial doubt.

Subsequent Events

Indianapolis Met has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued which is October 8, 2024.

2. CHANGE IN ACCOUNTING PRINCIPLE

On July 1, 2023, Indianapolis Met adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, utilizing the modified retrospective approach. This ASU replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to estimate credit losses. The new guidance requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. Indianapolis Met applied the guidance to financial assets measured at amortized cost that existed as of July 1, 2023 (the date of initial application). The adoption of this ASU did not have a material impact on Indianapolis Met's financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

3. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2024	2023
Equipment	\$ 188,438	\$ 490,648
Computer hardware	742,568	746,226
Software	-0-	36,921
Vehicles	252,442	252,442
Furniture	662,045	665,464
Work in progress	314,450	-0-
Leasehold improvements	1,598,325	1,598,325
	3,758,268	3,790,026
Accumulated depreciation	(2,133,735)	(2,387,002)
Property and equipment, net	\$ 1,624,533	\$ 1,403,024

As of June 30, 2024, there were no significant construction commitments.

4. RETIREMENT PLANS

Indianapolis Met employees are employed and paid by GEI. Certain Indianapolis Met employees (licensed teachers, counselors, and certain administrative staff) are eligible to participate in the Indiana Teachers Retirement Fund (TRF) Defined Benefit Plan (TRF DB) and TRF Defined Contribution Plan (TRF DC). TRF DB 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. TRF DC is a cost-sharing multiple-employer defined contribution plan governed by the State of Indiana and administered by the INPRS Board. By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF DB. Employers may also elect to contribute an additional 3% to TRF DC in lieu of the employee's own contributions. GEI has elected to make the voluntary contribution to TRF DC on behalf of its eligible employees, including employees of Indianapolis Met. Indianapolis Met contributed approximately \$99,000 and \$93,000 to TRF on behalf of its employees for 2024 and 2023, respectively. Should Indianapolis Met elect to withdraw from TRF, Indianapolis Met could be subject to a withdrawal fee. Indianapolis Met's contributions represent an insignificant percentage of the total contributions received by TRF. A copy of the complete annual report for the year ended June 30, 2023 can be obtained at: www.in.gov/inprs.

Indianapolis Met employees not eligible for TRF may elect to participate in Goodwill's discretionary thrift plan. For employees not eligible for TRF, Goodwill matches 100% of eligible employees pre-tax contributions, up to 6% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions vest immediately, and employer discretionary contributions vest after three years or in the event of death or disability. Indianapolis Met's expense relating to contributions to the Goodwill thrift plan for 2024 and 2023 was approximately \$27,000 and \$22,000, respectively.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

5. RELATED PARTY TRANSACTIONS

Indianapolis Met is owned and operated by GEI. GEI provides employees, certain school-specific administrative services, and general management and oversight of Indianapolis Met. GEI charges Indianapolis Met for its expenses related to the services provided. No markup is added to the fees charged to the Schools. During 2024 and 2023, Indianapolis Met paid approximately \$1,044,000 and \$144,000, respectively, to GEI for administrative services and capital recovery charges, which are recorded within professional fees within the statements of activities and changes in net assets.

Goodwill provides space at its Indianapolis headquarters campus to Indianapolis Met. Indianapolis Met paid approximately \$-0- in 2024 and 2023 to Goodwill for use of the facilities space. The non-billed portion of the contributed space is considered an in-kind contribution and is recorded as revenue and expense in the statements of activities and changes in net assets. In 2024 and 2023, Goodwill provided approximately \$842,000 of in-kind rent, included in rent expense within the statements of activities and changes in net assets. In-kind contributions are treated as non-cash transactions and are excluded from the accompanying statements of cash flows. In valuing the contributed rent for the building, which is located in Indianapolis, Indiana, Indianapolis Met estimated the fair value on the basis of comparable rental properties and related prices for similar organizations in the Indianapolis, Indiana real estate market. There are no restrictions on these contributed nonfinancial assets.

Goodwill also pays certain operating expenses, including certain employee benefits, of Indianapolis Met, for which Indianapolis Met fully reimburses Goodwill. No markup is charged. In 2024 and 2023, Indianapolis Met paid Goodwill approximately \$396,000 and \$414,000, respectively. At June 30, 2024 and 2023, Indianapolis Met owed no amounts to Goodwill for reimbursable operating expenses, which are typically included in accounts payable and accrued expenses on the statements of financial position.

Goodwill Foundation of Central and Southern Indiana, Inc. (the Foundation) is an Indiana non-profit corporation related to Goodwill. The Foundation provides grants to Indianapolis Met for new initiatives and college scholarships for qualifying Indianapolis Met graduates. During 2024 and 2023, Indianapolis Met received approximately \$4,000 and \$40,000, respectively, of grant revenue from the Foundation. This revenue is reflected as contributions in the statements of activities and changes in net assets.

Indianapolis Met employees participate in Goodwill's health care benefits plan. Goodwill self-insures for employee and dependent medical benefits up to a per-individual annual maximum of \$500,000, and no aggregate maximum. Goodwill purchases reinsurance which pays individual claims that exceed \$500,000 per year. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third-party administrator. Indianapolis Met paid premiums to the Goodwill health care plan of approximately \$205,000 and \$225,000 for 2024 and 2023, respectively.

6. RISKS AND UNCERTAINTIES

The majority of revenues relate to legislation enacted by the State of Indiana. Changes in state legislation could significantly affect Indianapolis Met. Additionally, Indianapolis Met is subject to monitoring and audit by state agencies. Those examinations may result in additional liabilities to be imposed on Indianapolis Met.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

Indianapolis Met's financial assets available within one year of the June 30, 2024 and 2023 statements of financial position for general expenditure are as follows:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash	\$ 793,806	\$ 781,678
Support receivables	<u>520,550</u>	<u>279,504</u>
Total financial assets	<u>\$ 1,314,356</u>	<u>\$ 1,061,182</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Support receivables are subject to implied time restrictions but are expected to be collected within one year. Indianapolis Met has a policy to structure its financial assets to be available as is general expenditures, liabilities, and other obligations come due.

8. OPERATING LEASES

Indianapolis Met recognizes ROU assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. Indianapolis Met had no financing leases as of June 30, 2024 and 2023.

Indianapolis Met has operating leases for office equipment. Leasing arrangements require fixed payments and also include an amount that is probable will be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. Indianapolis Met's lease agreements do not contain any material restrictive covenants. The leases have remaining terms of approximately 2 years.

Indianapolis Met's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. As a non-profit business entity, Indianapolis Met made a policy election to use a risk-free discount rate based on the rate of a zero-coupon U.S. treasury instrument commensurate to the lease term as the discount rate for its leases unless Indianapolis Met can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. Indianapolis Met has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its ROU assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are rather expensed on a straight-line basis over the lease term. Short-term leases were not significant to the financial statements.

In evaluating contracts to determine if they qualify as a lease, Indianapolis Met considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if Indianapolis Met can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. Furthermore, Indianapolis Met assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgement.

The components of Indianapolis Met's lease cost, ROU assets and lease liabilities as of and for the year ended June 30, 2024 and 2023 are as follows:

	2024	2023
Lease cost		
Operating lease cost	\$ 10,784	\$ 12,776
Right-of-use assets		
Operating lease assets, net	\$ 5,535	\$ 18,679
Lease liabilities		
Operating lease liabilities, current	\$ 5,099	\$ 10,678
Operating lease liabilities, noncurrent	435	8,001
Total lease liabilities	\$ 5,534	\$ 18,679

Additional information regarding cash payments under Indianapolis Met's operating leases during 2024, as well as the inputs used in determining the ROU assets and liabilities at June 30, 2024 and 2023, are as follows:

	2024	2023
Cash paid for amount included in measurement of lease liabilities		
Operating cash flows from operating leases	\$ 10,784	\$ 12,776
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -0-	14,694
Weighted-average remaining lease term - operating leases	1.08 years	1.67 years
Weighted-average discount rate - operating leases	4.00%	4.00%

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Future payments of lease liabilities as of June 30, 2024 are as follows:

<u>Year Ending June 30,</u>	
2025	5,226
2026	<u>435</u>
Total lease payments	5,661
Less interest	<u>(127)</u>
Present value of lease liabilities	<u><u>\$ 5,534</u></u>

SUPPLEMENTARY INFORMATION



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**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Report on the Financial Statements

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, the financial statements of Indianapolis Metropolitan High School, LLC (Indianapolis Met) which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, 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 October 8, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indianapolis Met's internal control over financial reporting (internal control) to determine the 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 Indianapolis Met's internal control. Accordingly, we do not express an opinion on the effectiveness of Indianapolis Met'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 that a material misstatement of Indianapolis Met'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indianapolis Met'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 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 no instances of noncompliance or other matters that are 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indianapolis Met's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
October 8, 2024



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Indianapolis Metropolitan High School, LLC (Indianapolis Met) 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 Indianapolis Met's major federal programs for the year ended June 30, 2024. Indianapolis Met'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, Indianapolis Met complied, in all material respects, with the compliance requirements referred to above is that 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 Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 Indianapolis Met and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Indianapolis Met's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Indianapolis Met'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 Indianapolis Met'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 generally accepted auditing standards, *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 judgement made by a reasonable user of the report on compliance about Indianapolis Met's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Indianapolis Met'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 Indianapolis Met'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 Indianapolis Met'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 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. 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.

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

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 that 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 that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Indianapolis Met as of and for the year ended June 30, 2024 and have issued our report thereon dated October 8, 2024, which contained an unmodified opinion on those financial statements. 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 the 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 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.

Blue & Co., LLC

Indianapolis, Indiana
October 8, 2024

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grant ID Number	Expenditures
Major program			
U.S. Department of Education (DOE) through Indiana Department of Education (IDOE) COVID-19 - CARES Act - Education Stabilization Fund	84.425	S425D200013	\$ 995,636
Non-major programs			
DOE - through IDOE - Title I Grants to Local Educational Agencies	84.010	S010A210014	128,683
DOE - through IDOE - Special Education Cluster - Grants to States	84.027	H027A210084	57,498
DOE - through IDOE - Title I School Improvement Grant	84.377		82,233
DOE - through IDOE - Supportive Effective Instruction State Grants	84.367	S367A210013	10,933
DOE - through IDOE - Title IV - Student Support and Academic Enrichment Program	84.424	S424A210015	17,371
U.S. Department of Agriculture - through IDOE - Child Nutrition Cluster - National School Lunch Program	10.555	Not Available	115,489
Total non-major programs			412,207
Total federal expenditures			<u>\$ 1,407,843</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Indianapolis Metropolitan High School, LLC (Indianapolis Met) for the year ended June 30, 2024, and is presented on the accrual basis of accounting. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some of the amounts presented in this SEFA may differ from amounts presented in or used in the preparation of the basic financial statements. The basic financial statement classifications may include other financial activity for reporting purposes.

Note B – Summary of Significant Accounting Policies

Expenditures on the SEFA 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. Indianapolis Met has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note C – Sub-Recipient Pass Through

Indianapolis Met did not pass through any federal awards to subrecipients during 2024. In addition, there were no federal awards expended in the form of non-cash assistance and there were no loan guarantees outstanding or extended during 2024.

INDIANAPOLIS METROPOLITAN HIGH SCHOOLS, LLC

OTHER REPORT
YEAR ENDED JUNE 30, 2024

The report presented herein was prepared in addition to another official report prepared for Indianapolis Metropolitan High School, LLC as listed below:

Supplemental Audit Report of Indianapolis Metropolitan High School, LLC

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*.