



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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December 31, 2024

Charter School Board  
pilotED Schools of Indiana, Inc.  
d/b/a Bethel Park Elementary  
Marion County, Indiana

We have reviewed the audit report of the pilotED Schools of Indiana, Inc. d/b/a Bethel Park Elementary 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 pilotED Schools of Indiana, Inc. d/b/a Bethel Park Elementary 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 for the pilotED Schools of Indiana, Inc. d/b/a the Bethel Park Elementary, 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

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**

Financial Statements  
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



**pilotED Schools of Indiana, Inc.  
d/b/a Bethel Park Elementary**

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**Table of Contents**

	<b>Page</b>
<b>Independent Auditor's Report</b> .....	1 - 2
<b>Financial Statements</b>	
Statements of Financial Position .....	3
Statements of Activities and Change in Net Assets (Deficit) .....	4
Statements of Functional Expenses .....	5
Statements of Cash Flows .....	6
Notes to the Financial Statements.....	7 - 11
<b>Other Report</b> .....	12
<b>Schedule of Lead Auditor</b> .....	13



# Donovan CPAs

## *Independent Auditor's Report*

The Board of Directors  
pilotED Schools of Indiana, Inc.  
Indianapolis, Indiana

### **Opinion**

We audited the accompanying financial statements of pilotED Schools of Indiana, Inc. d/b/a Bethel Park Elementary (the School) which comprise the statements of financial position as of June 30, 2024 and 2023 and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the 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.

### **Substantial Doubt About the School's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As discussed in Note 4 to the financial statements, the School has experienced recurring negative cash flows and has a negative working capital as of June 30, 2024. These factors raise substantial doubt about the School's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 4. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

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## **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that 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.

## **Auditor's Responsibilities for the Audits 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified during the audits.



Donovan CPAs  
Indianapolis, Indiana  
November 25, 2024

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 129,242	\$ 278,329
Grants receivable	115,965	196,829
Prepaid expenses	4,182	3,585
Total current assets	249,389	478,743
<b>Fixed Assets</b>		
Land	45,000	-
Building	3,058,575	3,058,575
Building improvements	86,038	86,038
Vehicles	169,758	91,758
Less: accumulated depreciation	(1,309,003)	(1,066,711)
Fixed assets, net	2,050,368	2,169,660
<b>Total Assets</b>	<b>\$ 2,299,757</b>	<b>\$ 2,648,403</b>
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>		
<b>Current Liabilities</b>		
Current portion of finance lease obligation	\$ 171,944	\$ 141,867
Accounts payable and accrued expenses	65,617	98,434
Refundable advances	180,046	22,249
Total current liabilities	417,607	262,550
<b>Long-Term Liabilities</b>		
Finance lease obligation, net of current portion	2,176,252	2,348,196
Total liabilities	2,593,859	2,610,746
<b>Net Assets (Deficit), Without Donor Restrictions</b>	<b>(294,102)</b>	<b>37,657</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,299,757</b>	<b>\$ 2,648,403</b>

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

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Statements of Activities and Change in Net Assets (Deficit)**  
**For the Years Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
<b>Revenue and Support</b>		
State education support	\$ 1,934,814	\$ 1,832,875
Grants	1,053,709	1,299,239
Contributions	37,000	15,924
Student fees	133,439	-
Other	24,863	17,813
Total revenue and support	<u>3,183,825</u>	<u>3,165,851</u>
<b>Expenses</b>		
Program services	2,641,768	2,476,687
Management and general	873,816	773,330
Total expenses	<u>3,515,584</u>	<u>3,250,017</u>
<b>Change in Net Assets (Deficit)</b>	(331,759)	(84,166)
<b>Net Assets, Beginning Of Year</b>	<u>37,657</u>	<u>121,823</u>
<b>Net Assets (Deficit), End of Year</b>	<u>\$ (294,102)</u>	<u>\$ 37,657</u>

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

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>			<b>2023</b>		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	\$ 1,366,967	\$ 396,672	\$ 1,763,639	\$ 1,289,900	\$ 288,180	\$ 1,578,080
Professional services	56,226	286,872	343,098	55,852	337,529	393,381
Depreciation	242,292	-	242,292	227,599	-	227,599
Employee benefits	180,540	60,228	240,768	166,464	50,102	216,566
Food costs	222,457	-	222,457	192,630	-	192,630
Repairs and maintenance	140,100	-	140,100	101,112	-	101,112
Interest	121,875	-	121,875	152,704	-	152,704
Classroom and office supplies	73,639	42,009	115,648	69,943	24,920	94,863
Occupancy	77,042	-	77,042	80,251	-	80,251
Equipment	51,619	15,159	66,778	24,547	14,046	38,593
Information technology	49,329	-	49,329	58,914	-	58,914
Insurance	-	30,035	30,035	-	15,235	15,235
Advertising	-	27,736	27,736	-	29,994	29,994
Student transportation	26,097	-	26,097	523	-	523
Authorizer oversight fee	-	13,378	13,378	-	13,031	13,031
Travel and meetings	9,097	227	9,324	2,470	180	2,650
Staff development and recruitment	6,567	-	6,567	33,582	-	33,582
Other	17,921	1,500	19,421	20,196	113	20,309
<b>Total functional expenses</b>	<b>\$ 2,641,768</b>	<b>\$ 873,816</b>	<b>\$ 3,515,584</b>	<b>\$ 2,476,687</b>	<b>\$ 773,330</b>	<b>\$ 3,250,017</b>

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

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Change in net assets (deficit)	\$ (331,759)	\$ (84,166)
Adjustments to reconcile change in net assets (deficit) to net change in cash from operating activities:		
Depreciation	242,292	227,599
Changes in certain assets and liabilities:		
Grants receivable	80,864	(75,254)
Prepaid expenses	(597)	5,789
Accounts payable and accrued expenses	(32,817)	37,972
Refundable advances	157,797	22,249
Net change in cash from operating activities	115,780	134,189
<b>Investing Activities</b>		
Purchases of fixed assets	(123,000)	(38,395)
<b>Financing Activities</b>		
Principal payments on finance lease obligation	(141,867)	(150,610)
<b>Net Change In Cash</b>	(149,087)	(54,816)
<b>Cash, Beginning Of Year</b>	278,329	333,145
<b>Cash, End Of Year</b>	\$ 129,242	\$ 278,329
<b>Supplemental Information</b>		
Cash paid for interest	\$ 121,875	\$ 152,704

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

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 1 – Nature of Activities**

pilotED Schools of Indiana, Inc. d/b/a Bethel Park Elementary (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter school established under Indiana Code 20-24. The School is sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. The charter is effective through June 30, 2025 and is renewable thereafter by mutual consent. The School served approximately 215 and 220 students in kindergarten through sixth grade during the 2023-2024 and 2022-2023 school years, respectively.

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

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 (deficit) without donor restrictions.

Basis of Accounting and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

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 grants and legislation enacted by the State of Indiana. The School believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**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 which 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 equipment purchases with a unit cost of less than \$5,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The building and building improvements are depreciated over the life of the finance lease (15 years). Vehicles are depreciated over five years.

Advertising

The School's accounting policy pertaining to advertising is to expense costs as incurred. The School incurred \$27,736 and \$29,994 in advertising costs during the years ended June 30, 2024 and 2023, respectively.

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. The 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 November 25, 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 Policy

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

A significant portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School 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 obligation.

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 3 – Revenue Recognition (Continued)**

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

The School receives student fees, primarily for before and after school care, on a monthly basis. Revenue is recognized during the months they apply to.

Disaggregation of Revenue

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

**Note 4 – Going Concern Considerations**

The accompanying financial statements have been presented assuming the School will continue as a going concern. The School experienced an operating deficit during the years ended June 30, 2024 and 2023 of approximately \$332,000 and \$84,000, respectively. In addition, the School incurred negative cash flow of approximately \$149,000 and \$55,000 during the years ended June 30, 2024 and 2023, respectively. The School has a deficiency in net assets of approximately \$294,000 as of June 30, 2024. If this trend continues, these factors could threaten the School's ability to continue as a going concern. Additionally, the School's charter with OEI is up for renewal as of June 30, 2025.

The School's leadership is aware and actively addressing the financial challenges mentioned in the previous paragraph. The School has implemented strategic measures to improve its financial outlook. The School is focusing on increasing enrollment, which is a key priority. The School is increasing outreach efforts by inviting the community to events and actively participating in local activities to enhance visibility. Additionally, the School has implemented strategic measures to reduce costs that aim to meet its obligations and remain a going concern.

**Note 5 – 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 \$180,046 and \$22,249 at June 30, 2024 and 2023, respectively.

**Note 6 – Finance Lease Obligation**

The School leases its building under a finance lease obligation maturing June 30, 2033 with two five-year renewal options. On June 30, 2018, the School recorded a building asset of \$3,058,575 and a corresponding finance lease obligation with a discount rate of 5.48%. At June 30, 2024 and 2023, the accumulated depreciation of the building was \$1,223,430 and \$1,019,525, respectively.

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 6 – Finance Lease Obligation (Continued)**

Following is a schedule of future minimum lease payments under the finance lease for the years ending June 30 and present value of the net minimum lease payments as of June 30, 2024:

2025	\$	296,350
2026		305,240
2027		314,397
2028		323,829
2029		333,544
Thereafter		1,439,134
		3,012,494
Less: amount representing interest		(664,298)
		2,348,196
Less: current portion		(171,944)
Long-term portion	\$	2,176,252

**Note 7 – Commitments**

As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI assesses a fee equal to 1% of the basic tuition support received by the School. Authorizer oversight fees were \$13,378 and \$13,031 during the years ended June 30, 2024 and 2023, respectively.

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, the escrow account has not been established.

The School contracted with pilotED Foundation, Inc. to provide implementation support, coaching, and capacity building in the areas of instructional systems, school operations, and school finance. pilotED Foundation, Inc. and the School have separate and distinct Boards of Directors. Under the terms of the agreement, the School agreed to pay \$12,500 per month for such services. Expense under this agreement was \$150,000 for both years ended June 30, 2024 and 2023 and is included in professional services. This agreement expired June 30, 2024.

**Note 8 – Retirement Plans**

All employees are eligible to participate in a Section 401(k) defined contribution retirement plan sponsored by the School. Under this plan, the School contributed a discretionary match of 4% of compensation, not to exceed \$4,000 per employee.

Retirement plan expense under the 401(k) plan was \$19,112 and \$17,072 during the years ended June 30, 2024 and 2023, respectively.

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 9 – Risks and Uncertainties**

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

Cash deposits maintained at JP Morgan Chase Bank, N.A. are insured up to the FDIC insurance limit of \$250,000, which was exceeded at times during the year.

**Note 10 – Liquidity**

The School's financial assets include cash and grants receivable. Financial assets at June 30, 2024 and 2023 totaled \$245,207 and \$475,158, respectively, all of which was available to meet cash needs for general expenditures within a year.

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Note 11 – Functional Expense Reporting**

The costs of providing educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

**pilotED Schools of Indiana, Inc.  
d/b/a Bethel Park Elementary  
Other Report  
For the Years Ended June 30, 2024 and 2023**

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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 pilotED Schools of Indiana, Inc.  
d/b/a Bethel Park Elementary

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

**pilotED Schools of Indiana, Inc.**  
**d/b/a Bethel Park Elementary**  
**Schedule of Lead Auditor**  
**For the Year Ended June 30, 2024**

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