



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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January 17, 2025

Charter School Board  
Dynamic Minds Academy, Inc.  
Marion County, Indiana

We have reviewed the audit report of the Dynamic Minds Academy, 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 Dynamic Minds Academy, 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 for the Dynamic Minds Academy, 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

**Dynamic Minds Academy, Inc.**

Financial Statements  
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



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# Donovan CPAs

## *Independent Auditor's Report*

The Board of Directors  
Dynamic Minds Academy, Inc.  
Indianapolis, Indiana

### **Opinion**

We audited the accompanying financial statements of Dynamic Minds Academy, 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). 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, 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.

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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 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 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, 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 26, 2024

**Dynamic Minds Academy, Inc.**  
**Statements of Financial Position**  
**June 30, 2024 and 2023**

	2024	2023
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 648,023	\$ 219,235
Grants receivable	25,981	109,408
Other receivable	-	76,120
Prepaid expenses	40,000	22,000
Total current assets	714,004	426,763
<b>Fixed Assets</b>		
Leasehold improvements	14,863	14,863
Equipment	72,568	72,568
Less: accumulated depreciation	(43,869)	(28,944)
Fixed assets, net	43,562	58,487
<b>Total Assets</b>	<b>\$ 757,566</b>	<b>\$ 485,250</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 167,451	\$ 170,810
<b>Long-Term Liabilities</b>		
Deferred rent payable	-	54,000
<b>Total Liabilities</b>	167,451	224,810
<b>Net Assets, Without Donor Restrictions</b>	590,115	260,440
<b>Total Liabilities and Net Assets</b>	<b>\$ 757,566</b>	<b>\$ 485,250</b>

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

**Dynamic Minds Academy, Inc.**  
**Statements of Activities and Change 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	\$ 2,428,438	\$ 1,949,807
Grant revenue	593,165	462,916
Medicaid reimbursement	466,930	761,936
Contributions	11,758	7,906
Other revenue	5,802	7,803
Total revenue and support	3,506,093	3,190,368
<b>Expenses</b>		
Program services	2,603,841	2,729,224
Management and general	572,577	342,056
Total expenses	3,176,418	3,071,280
<b>Change in Net Assets</b>	329,675	119,088
<b>Net Assets, Beginning of Year</b>	260,440	141,352
<b>Net Assets, End of Year</b>	\$ 590,115	\$ 260,440

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

**Dynamic Minds Academy, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2024 and 2023**

	<b>2024</b>			<b>2023</b>		
	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>	<b>Program Services</b>	<b>Management and General</b>	<b>Total</b>
Salaries and wages	\$ 1,205,596	\$ 355,954	\$ 1,561,550	\$ 962,443	\$ 192,218	\$ 1,154,661
Professional services	771,315	62,825	834,140	1,248,260	32,746	1,281,006
Employee benefits	251,410	45,486	296,896	189,273	31,204	220,477
Occupancy	222,125	-	222,125	222,778	-	222,778
Classroom and office supplies	66,692	4,364	71,056	26,575	2,468	29,043
Authorizer oversight fees	-	47,605	47,605	-	41,990	41,990
Insurance	-	33,425	33,425	-	30,362	30,362
Travel	28,398	379	28,777	21,510	-	21,510
Staff development	25,200	-	25,200	12,690	-	12,690
Dues and fees	1,125	22,319	23,444	6,633	5,879	12,512
Information technology	17,055	-	17,055	24,178	-	24,178
Depreciation	14,925	-	14,925	14,884	-	14,884
Repairs and maintenance	-	125	125	-	-	-
Advertising	-	70	70	-	5,126	5,126
Interest	-	25	25	-	63	63
<b>Total functional expenses</b>	<b><u>\$ 2,603,841</u></b>	<b><u>\$ 572,577</u></b>	<b><u>\$ 3,176,418</u></b>	<b><u>\$ 2,729,224</u></b>	<b><u>\$ 342,056</u></b>	<b><u>\$ 3,071,280</u></b>

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

**Dynamic Minds Academy, Inc.**  
**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	\$ 329,675	\$ 119,088
Adjustments to reconcile change in net assets to net change in cash		
Depreciation	14,925	14,884
Changes in certain assets and liabilities:		
Grants receivable	83,427	(46,021)
Other receivable	76,120	(63,604)
Prepaid expenses	(18,000)	(22,000)
Accounts payable and accrued expenses	(3,359)	15,057
Deferred rent payable	(54,000)	(30,000)
	428,788	(12,596)
<b>Net Change in Cash</b>		
<b>Cash, Beginning of Year</b>	219,235	231,831
<b>Cash, End of Year</b>	\$ 648,023	\$ 219,235

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

**Dynamic Minds Academy, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 1 – Nature of Activities**

Dynamic Minds Academy, 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 school established under Indiana Code 20-24. The School offers students on the autism spectrum an optimal learning environment specifically designed to meet diverse sensory needs, multiple modes of learning, and is structured to support students in both group and independent work. The School is sponsored by Education One, L.L.C. (Education One) through Trine University. The charter is effective through June 30, 2034, and is renewable thereafter by mutual consent. The School served approximately 130 students in grades kindergarten through twelfth grade during the 2023-2024 school year (110 during the 2022-2023 school year).

**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 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 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 results 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.

**Dynamic Minds Academy, 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 (leasehold improvements over 40 years and equipment over 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 November 26, 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 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.

The School pays for Applied Behavioral Analysis therapy, which is reimbursed through Medicaid. Medicaid reimbursement revenue is recognized in an amount equal to expenses at the time they are incurred.

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 under the grant is considered satisfaction of the performance obligations.

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

**Dynamic Minds Academy, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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

Disaggregation of Revenue

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

**Note 4 – Lease**

The School leased its school facility from an unrelated party through June 30, 2024. The lease payments escalated over the term of the lease. In accordance with U.S. GAAP, the School was required to record rent expense using the straight-line method over the term of the lease. The difference between recorded rent expense and the actual cash outflow is presented on the statements of financial position as deferred rent payable. Deferred rent payable was \$54,000 as of June 30, 2023. Rent expense under this lease was \$220,000 for both years ended June 30, 2024 and 2023.

Effective July 1, 2024, the School entered a new lease for the same facility that expires June 30, 2027. The School determined the lease falls under ASU 2016-02, *Leases* (Topic 842) and as such effective July 1, 2024 will record as an operating lease right-of-use asset and operating lease liability on the statements of financial position.

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

	2025	\$	480,000
	2026		504,000
	2027		528,000
	2028		552,000
	2029		576,000
			<u>2,640,000</u>
Less: imputed interest 10.5%			<u>(594,529)</u>
Total operating lease liability			2,045,471
Less: current portion			<u>(298,067)</u>
Long-term portion		\$	<u><u>1,747,404</u></u>

**Dynamic Minds Academy, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 5 – 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 the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2023 (the latest year reported), TRF was approximately 88% funded. For the years ended June 30, 2024 and 2023, the School contributed 6% of defined compensation to each employee's retirement plan account of choice. Retirement plan expense was \$52,590 and \$135,341 for the years ended June 30, 2024 and 2023, respectively.

**Note 6 – Commitment**

As the sponsoring organization, Education One exercises certain oversight responsibilities. Education One assesses a fee in an amount equal to 3% of the basic tuition amount received by the School. The authorizer oversight fees were \$47,605 and \$41,990 for the years ended June 30, 2024 and 2023, respectively.

In addition, the charter agreement requires the School to establish an escrow account of \$50,000 should a dissolution occur, which has been established and is included with cash on the statements of financial position.

**Note 7 – 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.

Bank deposits are maintained at The Huntington National Bank and are insured up to the FDIC insurance limit. As of June 30, 2024 cash balances exceeded the FDIC insured limit by approximately \$392,000.

**Dynamic Minds Academy, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2024 and 2023**

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**Note 8 – Liquidity**

Financial assets held by the School include cash and grants and other receivables. Following is a schedule of financial assets and the ability thereof to meet cash needs for general expenditures as of June 30:

	<b>2024</b>	<b>2023</b>
Financial assets	\$ 674,004	\$ 404,763
Less: escrow for dissolution (Note 6)	(50,000)	(50,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 624,004	\$ 354,763

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 9 – Functional Expense Reporting**

The costs of providing the 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.

**Dynamic Minds Academy, Inc.**  
**Other Report**  
**For the Year Ended June 30, 2024**

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

Supplemental Audit Report of Dynamic Minds Academy, 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*.

**Dynamic Minds Academy, Inc.**  
**Schedule of Lead Auditor**  
**For the Years Ended June 30, 2024 and 2023**

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