



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

January 17, 2025

Charter School Board
Allegiant Preparatory, Inc.
Marion County, Indiana

We have reviewed the audit report of Allegiant Preparatory, 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 Allegiant Preparatory, 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 report of Allegiant Preparatory, 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

Allegiant Preparatory, Inc.

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



Allegiant Preparatory, Inc.

Table of Contents

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



Donovan CPAs

Independent Auditor's Report

The Board of Directors
Allegiant Preparatory, Inc.
Indianapolis, Indiana

Opinion

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

In our opinion, the accompanying financial statements referred to above 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.

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 available to be issued.

www.cpadonovan.com

Avon | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

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
December 6, 2024

Allegiant Preparatory, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 1,182,585	\$ 694,180
Grants receivable	20,803	148,045
Prepaid expenses	7,781	15,661
Total current assets	1,211,169	857,886
Fixed Assets		
Furniture and equipment	272,955	247,931
Leasehold improvements	459,530	315,976
Less: accumulated depreciation	(350,026)	(265,756)
Fixed assets, net	382,459	298,151
Other Assets		
Operating lease right-of-use assets, net	389,136	489,415
Security deposit	7,769	7,769
Total other assets	396,905	497,184
Total Assets	\$ 1,990,533	\$ 1,653,221
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of operating lease obligations	\$ 112,252	\$ 100,279
Current portion of notes payable	13,658	21,841
Accounts payable and accrued expenses	55,026	71,443
Refundable advances	155,289	-
Total current liabilities	336,225	193,563
Long-Term Liabilities		
Operating lease obligations, net of current portion	276,884	389,136
Notes payable, net of current portion	222,508	156,180
Total long-term liabilities	499,392	545,316
Total Liabilities	835,617	738,879
Net Assets, Without Donor Restrictions	1,154,916	914,342
Total Liabilities and Net Assets	\$ 1,990,533	\$ 1,653,221

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

Allegiant Preparatory, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024	2023
Revenue and Support		
State education support	\$ 1,325,815	\$ 1,162,149
Grant revenue	1,197,350	962,846
Interest income	26,041	4,717
Contributions	209	207
Other income	14,929	14,993
Total revenue and support	2,564,344	2,144,912
Expenses		
Program services	1,776,221	1,324,149
Management and general	547,549	472,784
Total expenses	2,323,770	1,796,933
Change in Net Assets	240,574	347,979
Net Assets, Beginning of Year	914,342	566,363
Net Assets, End of Year	\$ 1,154,916	\$ 914,342

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

Allegiant Preparatory, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	\$ 673,336	\$ 261,263	\$ 934,599	\$ 479,665	\$ 251,403	\$ 731,068
Professional services	170,964	168,821	339,785	99,973	150,119	250,092
Classroom and office supplies	198,740	5,847	204,587	93,498	3,204	96,702
Employee benefits	136,751	40,315	177,066	135,035	34,160	169,195
Repairs and maintenance	151,130	-	151,130	62,110	-	62,110
Occupancy	130,000	-	130,000	77,598	-	77,598
Food costs	119,802	-	119,802	109,321	-	109,321
Depreciation	84,270	-	84,270	65,260	-	65,260
Information technology	80,220	-	80,220	66,880	-	66,880
Advertising	-	32,637	32,637	-	4,151	4,151
Insurance	-	20,261	20,261	313	17,931	18,244
Interest	16,124	-	16,124	2,725	-	2,725
Travel and meetings	9,624	-	9,624	12,781	-	12,781
Authorizer fees	-	9,324	9,324	-	7,785	7,785
Equipment	-	9,081	9,081	4,175	4,031	8,206
Staff development	5,260	-	5,260	114,815	-	114,815
Total functional expenses	<u>\$ 1,776,221</u>	<u>\$ 547,549</u>	<u>\$ 2,323,770</u>	<u>\$ 1,324,149</u>	<u>\$ 472,784</u>	<u>\$ 1,796,933</u>

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

Allegiant Preparatory, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating Activities		
Change in net assets	\$ 240,574	\$ 347,979
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	84,270	65,260
Change in certain assets and liabilities:		
Grants receivable	127,242	(77,321)
Prepaid expenses	7,880	(10,370)
Accounts payable and accrued expenses	(16,417)	30,886
Refundable advances	155,289	-
Net change in cash from operating activities	<u>598,838</u>	<u>356,434</u>
Investing Activities		
Purchases of fixed assets	(94,943)	(105,769)
Financing Activities		
Principal repayments of notes payable	<u>(15,490)</u>	<u>(19,259)</u>
Net Change in Cash	488,405	231,406
Cash, Beginning of Year	<u>694,180</u>	<u>462,774</u>
Cash, End of Year	<u>\$ 1,182,585</u>	<u>\$ 694,180</u>
Supplemental Information		
Leasehold improvements funded with note payable	\$ 73,635	\$ 168,998
Cash paid for interest	16,124	2,725

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

Allegiant Preparatory, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 – Nature of Activities

Allegiant Preparatory, Inc. (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Indiana Charter School Board (ICSB). The charter remains in effect until August 2030 and is renewable thereafter by mutual consent. The School served approximately 155 students in kindergarten through fifth grade during the 2023-2024 school year (approximately 140 students in kindergarten through fourth grade 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. 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 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.

Allegiant Preparatory, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

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 included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases of less than \$5,000 individually, or as a group of assets, are charged to expense as incurred.

Furniture and equipment are depreciated using the straight-line method over the respective asset's estimated useful life (ranging from 3-5 years). Leasehold improvements are depreciated using the straight-line method over the remaining life of the lease.

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.

Reclassifications

Certain amounts in the 2023 financial statements have been reclassified to conform to the presentation of the 2024 financial statements. There was no change to net assets previously reported as a result of the reclassifications.

Subsequent Events

The School evaluated subsequent events through December 6, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Note 3 – Revenue Recognition

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and 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 obligations.

Allegiant Preparatory, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 3 – Revenue Recognition (Continued)

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

Disaggregation of Revenue

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

Note 4 – Refundable Advances

The School was awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Refundable grant advances totaled \$155,289 as of June 30, 2024. There were no refundable grant advances as of June 30, 2023.

Note 5 – Leases

In March 2023, the School entered into a non-cancellable facilities operating lease. The lease term is July 1, 2023 through June 30, 2027. The lease requires monthly installments of \$10,000 with annual increases of 2%. The School also leases a copier for \$1,716 per month through February 2028. Operating lease right-of-use assets and operating lease obligations are presented on the statements of financial position for these leases, net of accumulated amortization. The leases were discounted at a rate equal to prime plus 2%.

Lease expense totaled \$150,592 and \$77,598 for the years ended June 30, 2024 and 2023, respectively.

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

2025	\$ 142,992
2026	145,440
2027	147,937
2028	12,012
	<u>448,381</u>
Less: imputed interest	(59,245)
Total lease liability	389,136
Less: current portion	(112,252)
Long-term portion	<u>\$ 276,884</u>

Allegiant Preparatory, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 6 – Notes Payable

Notes payable were comprised of the following as of June 30:

	2024	2023
Note payable to IFF bearing interest at 7.25%, monthly installments of principal and interest totaling \$2,528 through December 2029	\$ 236,166	\$ 168,998
Note payable to IFF bearing interest at 5.875%, monthly installments of principal and interest totaling \$1,831, paid in full	-	9,023
	236,166	178,021
Less: current portion	(13,658)	(21,841)
Long-term portion	\$ 222,508	\$ 156,180

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

2025	\$ 13,658
2026	14,681
2027	15,782
2028	16,965
2029	175,080
	\$ 236,166

Note 7 – Retirement Plan

The School offers a 403(b) defined contribution retirement plan. All employees are eligible for benefits under the 403(b) plan. To receive matching contributions, employees must be at least 21 years old, have a minimum of 1,000 hours of service, and be employed on the last day of the plan year. The School may make discretionary contributions.

Total contributions by the School to the 403(b) plan were \$50,443 and \$34,509 during the years ended June 30, 2024 and 2023, respectively.

Allegiant Preparatory, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 8 – Commitments

As the sponsoring organization, ICSB exercises certain oversight responsibilities. Under this charter, the School pays to ICSB an administrative fee equal to 0.5% of state education support revenue. Payments under this charter agreement were \$9,324 and \$7,785 for the years ended June 30, 2024 and 2023, respectively.

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

Note 9 – Risk and Uncertainties

The School provides education instruction services to families primarily residing in Marion County, 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 National Bank of Indianapolis and are insured up to the FDIC insurance limit, which is regularly exceeded. As of June 30, 2024, approximately \$990,000 in cash was uninsured.

Note 10 – Liquidity

Financial assets include cash and grants receivable and totaled \$1,203,388 and \$842,225 at June 30, 2024 and 2023, respectively, all of which are available to meet cash needs for general expenditures within a year, with the exception of the \$30,000 cash escrow account (Note 8).

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

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.

Allegiant Preparatory, Inc.
Other Report
For the Year Ended June 30, 2024

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

Supplemental Audit Report of Allegiant Preparatory, 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*.

Allegiant Preparatory, Inc.
Schedule of Lead Auditor
For the Years Ended June 30, 2024 and 2023

Auditor Information:	Donovan CPAs 9292 N Meridian Street, Suite 150 Indianapolis, IN 46260
Phone Number:	(317) 844-8300
Fax Number:	(317) 745-6545
Auditor Contract Title:	Benjamin A. Lippert, CPA
Auditor Contact Title:	Partner
Auditor Contact Email:	blippert@cpadonovan.com