



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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January 17, 2025

Charter School Board  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis  
Marion County, Indiana

We have reviewed the audit report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis, which was opined upon by Greenwalt CPAs, Inc., 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 Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis 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, Greenwalt CPAs, Inc. prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis, 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



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AVONDALE MEADOWS ACADEMY, IN D/B/A  
UNITED SCHOOLS OF INDIANAPOLIS

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2024 AND 2023

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GREENWALT<sup>CPAs</sup>

We Deliver Peace of Mind

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# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

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JUNE 30, 2024 AND 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (a network of Indiana public charter schools, USI), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities 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 USI 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 (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America (Government Auditing Standards), and *Guidelines for Audits for Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USI 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 USI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' 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 auditors' 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 GAAS and Government Auditing Standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, 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, Government Auditing Standards, and *Guidelines for Audits for Charter Schools performed by Private Examiners*, 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 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of USI'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 USI'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.

## **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated November 25, 2024 on our consideration of USI'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 USI'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 USI's internal control over financial reporting and compliance.

*Greenwald CPAs, Inc.*

November 25, 2024

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2024 AND 2023

	<b>ASSETS</b>		<b>LIABILITIES AND NET ASSETS</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>	
Cash and cash equivalents	\$ 1,442,441	\$ 902,097	Accounts payable and accrued expenses	\$ 255,003
Investments	1,766,440	1,693,805	Accrued payroll and related liabilities	655,115
Accounts receivable			Accrued bond interest	520,539
Grants	322,551	1,058,783	Current portion of long-term debt	400,000
Other	39,469	119,376	Current portion of operating lease liabilities	49,571
Prepaid expenses and deposits	141,468	152,149		
<i>Total current assets</i>	<u>3,712,369</u>	<u>3,926,210</u>	<i>Total current liabilities</i>	<u>1,880,228</u>
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>2,797,290</u>	<u>2,619,300</u>	<b>LONG-TERM LIABILITIES</b>	
<b>BENEFICIAL INTEREST IN LEAD TRUST</b>	<u>7,767,103</u>	<u>-</u>	Long-term debt, net of current portion, unamortized	18,718,359
			bond discount, and deferred bond issuance costs	48,614
			Operating lease liabilities, net of current portion	98,185
<b>PROPERTY AND EQUIPMENT</b>			<i>Total long-term liabilities</i>	<u>18,766,973</u>
Land	564,800	564,800		
Buildings and building improvements	19,964,292	19,794,889	<i>Total liabilities</i>	<u>20,647,201</u>
Furniture and equipment	1,762,478	1,576,099		
Textbooks	413,187	368,499	<b>NET ASSETS</b>	
Computers and software	552,019	461,420	Without donor restrictions	1,867,614
Accumulated depreciation	(6,653,375)	(5,915,120)	Without donor restrictions - board designated	90,000
<i>Total property and equipment, net</i>	<u>16,603,401</u>	<u>16,850,587</u>	<i>Total net assets without donor restrictions</i>	<u>1,957,614</u>
<b>RIGHT-OF-USE ASSETS - OPERATING LEASES</b>	<u>98,187</u>	<u>146,303</u>	With donor restrictions	8,373,535
			<i>Total net assets</i>	<u>10,331,149</u>
<i>Total assets</i>	<u>\$ 30,978,350</u>	<u>\$ 23,542,400</u>	<i>Total liabilities and net assets</i>	<u>\$ 30,978,350</u>
				<u>\$ 23,542,400</u>

See accompanying notes to financial statements.

**AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2024 AND 2023**

	2024		2023	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS
		TOTAL		TOTAL
<b>REVENUE AND SUPPORT</b>				
State education support	\$ 8,091,322	\$ 3,023,257	\$ 11,114,579	\$ 9,459,740
Federal funding	3,878,196	-	3,878,196	5,721,528
Student fees	42,520	-	42,520	47,692
Contributions and grants	37,716	8,228,384	8,266,100	394,156
Investment income	254,476	-	254,476	145,131
Special events, net of expenses of \$36,080 and \$28,351 in 2024 and 2023, respectively	234,125	-	234,125	95,359
Other	43,059	-	43,059	27,048
Net asset released from restriction	3,597,773	(3,597,773)	-	(2,217,011)
<i>Total revenue and support</i>	<u>16,179,187</u>	<u>7,653,868</u>	<u>23,833,055</u>	<u>15,890,654</u>
<b>EXPENSES (NOTE 10)</b>				
Salaries and wages	9,925,424	-	9,925,424	9,870,264
Professional services	1,520,601	-	1,520,601	1,344,184
Food cost	869,809	-	869,809	905,762
Repairs, maintenance, and supplies	989,979	-	989,979	1,044,791
Occupancy	533,634	-	533,634	457,027
Depreciation	738,256	-	738,256	707,833
Interest	1,064,126	-	1,064,126	1,083,376
Other	296,680	-	296,680	259,585
<i>Total expenses</i>	<u>15,938,509</u>	<u>-</u>	<u>15,938,509</u>	<u>15,672,822</u>
<b>CHANGE IN NET ASSETS</b>				
	240,678	7,653,868	7,894,546	217,832
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,716,936</u>	<u>719,667</u>	<u>2,436,603</u>	<u>284,945</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,957,614</u>	<u>\$ 8,373,535</u>	<u>\$ 10,331,149</u>	<u>\$ 719,667</u>
	<u>\$ 1,716,936</u>	<u>\$ 1,716,936</u>	<u>\$ 1,716,936</u>	<u>\$ 2,436,603</u>

See accompanying notes to financial statements.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 7,894,546	\$ 217,832
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Depreciation	738,256	707,833
Realized and unrealized gain on investments	(254,476)	(135,544)
Contribution of beneficial interest in lead trust	(7,767,103)	-
<i>(Increase) decrease in operating assets</i>		
Grants receivable	736,232	(237,591)
Other receivables	79,907	780
Prepaid expenses and deposits	10,681	3,605
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable and accrued expenses	57,952	143,231
Accrued payroll and related liabilities	(99,965)	83,668
Accrued bond interest	(9,625)	(9,125)
Operating lease liabilities, net	(2)	(3,840)
<i>Net cash and cash equivalents provided by operating activities</i>	<u>1,386,403</u>	<u>770,849</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	181,841	(1,499,173)
Proceeds from sale of investments	-	116,103
Purchases of property and equipment	(491,070)	(801,382)
<i>Net cash and cash equivalents used in investing activities</i>	<u>(309,229)</u>	<u>(2,184,452)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment of long-term debt	(358,840)	(338,869)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	718,334	(1,752,472)
<b>CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, BEGINNING OF YEAR</b>	3,521,397	5,273,869
<b>CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, END OF YEAR</b>	4,239,731	3,521,397
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	(2,797,290)	(2,619,300)
<b>TOTAL CASH AND CASH EQUIVALENTS IN CURRENT ASSETS</b>	<u>\$ 1,442,441</u>	<u>\$ 902,097</u>
<b>SUPPLEMENTAL DISCLOSURE</b>		
Interest paid	<u>\$ 1,047,592</u>	<u>\$ 1,066,342</u>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Operating lease ROU assets obtained in exchange for new operating lease liabilities	<u>\$ -</u>	<u>\$ 193,010</u>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### GENERAL

Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. USI (formerly named Challenge Foundation Academy, Inc.) is the organizer of three charter schools located in Indianapolis, Indiana. Each of the schools is a public charter school established under Indiana Code 20-24 and sponsored by the City of Indianapolis Mayor's Office of Education Innovation (OEI). USI's main sources of revenue and support are from state education support and federal funding.

Avondale Meadows Academy (Avondale), which opened in 2006, is a K-5 tuition-free quality public charter school founded on the Core Knowledge curriculum. The core focus is to provide an outstanding education for children equipping them with the knowledge, wisdom, core values, and behaviors to be successful in life. The mission of Avondale is to provide a rigorous and relevant college-preparatory program, grounded in the belief in the ability of every child to succeed at high levels.

Vision Academy at Riverside (Vision), which opened in 2014, is K-8. Vision provides every scholar in its school a college-preparatory education. Vision couples a literacy-based, content-rich academic program with a unique Vision curriculum, focused on goal setting and individual passions. Vision also offers every scholar ample after-school and extra-curricular opportunity as well as a rich array of family involvement opportunities, designed to ensure every scholar has the skills and support to succeed in college and in life.

Avondale Meadows Middle School (AMMS), which opened in July 2017, is a free, public, neighborhood charter school serving grades 6 - 8. AMMS offers a strong Core Knowledge curriculum which complements Indiana's Academic Standards and Common Core Standards. This curriculum is integrated with and supported by enVision Mathematics and Reader's and Writer's Workshop, which is intended to prepare students for college.

There are certain transactions that occur during the normal course of business between Avondale, Vision, AMMS, and USI. These transactions have been eliminated for reporting purposes.

#### BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on an accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, USI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$4,413,427 and \$2,619,300 at June 30, 2024 and 2023, respectively.

At June 30, 2024 and 2023, USI maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 by approximately \$2,912,000 and \$685,000, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment income and gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at June 30 are as follows:

	<u>2024</u> <u>Totals</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 3)</u>
<u>INVESTMENTS</u>				
U.S. treasury bills	\$ 1,616,137	\$ 1,616,137	\$ -	\$ -
Corporate and government bonds	<u>150,303</u>	<u>150,303</u>	<u>-</u>	<u>-</u>
Total investments	<u>1,766,440</u>	<u>1,766,440</u>	<u>-</u>	<u>-</u>
Beneficial interest in lead trust	<u>7,767,103</u>	<u>-</u>	<u>7,767,103</u>	<u>-</u>
Total assets at fair value	<u>\$ 9,533,543</u>	<u>\$ 1,766,440</u>	<u>\$ 7,767,103</u>	<u>\$ -</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

	<u>2023</u> <u>Totals</u>	<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>[Level 1]</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>[Level 2]</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>[Level 3]</u>
<u>INVESTMENTS</u>				
U.S. treasury bills	\$ 1,535,007	\$ 1,535,007	\$ -	\$ -
Corporate and government bonds	<u>158,798</u>	<u>158,798</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,693,805</u>	<u>\$ 1,693,805</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value. The methods for determining fair value have not changed in fiscal year 2024.

- Corporate and government bonds: Valued based on quoted market prices.
- U.S. treasury bills: Valued based on quoted market prices.
- Beneficial in lead trust: valued at the present value of future payments to be received over the trusts term (Note 3).

The cost of Level 1 investments at June 30, 2024 and 2023 was \$1,713,267 and \$1,689,011 respectively.

GRANTS AND ACCOUNTS RECEIVABLE

Grants receivable relate to activities funded under private grants and federal and state programs. Management believes that USI is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. All grants and accounts receivable are due within one year.

PROPERTY AND EQUIPMENT

Purchases of property and equipment greater than \$1,000 that materially increase value or extend useful lives are capitalized and are recorded at cost. Computer purchases exceeding \$300 are recorded at cost and capitalized. Donated property and equipment is recorded at estimated fair market value on the date of contribution. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives are as follows:

Buildings and improvements	40 years
Furniture and equipment	5 years
Textbooks	4 years
Computers and software	3 years

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### LEASES

USI leases equipment. Management determines if an arrangement is a lease at inception. The operating leases are included as right-of-use (ROU) assets, short-term lease liabilities, and long-term lease liabilities on the statements of financial position.

The ROU asset represents USI's right to use an underlying asset for the lease term and the lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The operating lease ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that USI will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

USI elected the available practical expedients to use a risk-free rate when discounting future lease payments to measure leases at present value on the statement of financial position when the implicit rate is unknown and to account for lease and non-lease components as a single lease component.

In addition, USI elected to not apply the recognition requirements in the lease standard to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not contain a purchase option that the lessee is reasonably certain to exercise).

#### NET ASSETS

USI maintains the following classes of net assets:

- Net assets without donor restrictions – represent net assets that the Board of Directors has discretionary control to use in carrying on the operations of USI in accordance with its articles of incorporation and by-laws. See Note 6.
- Net assets with donor restrictions – represent net assets restricted by the donor, grantor, or other outside party for a specific purpose, time period, or in perpetuity. See Note 7.

#### REVENUE RECOGNITION

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, USI 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 over time in the year in which educational services are rendered.

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### CONTRIBUTIONS AND GRANTS

Unconditional contributions and grants are measured at their fair values and are reported as an increase in net assets in the period they are promised. USI reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

A portion of USI's grants are cost reimbursable which are conditioned upon incurrence of allowable qualifying expenses. These grants are recognized as revenue when USI has incurred expenditures in compliance with specific contract or grant provisions. At June 30, 2024 and 2023, USI had cost reimbursement grants of \$2,618,308 and \$3,788,349, respectively, that had not been recognized because qualifying expenditures have not yet been incurred.

#### ADVERTISING

Advertising expenses totaled \$105,634 and \$89,131 for fiscal years 2024 and 2023, respectively. USI's policy is to record advertising expenditures in the period in which they are incurred.

#### TAX STATUS

USI is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, however, USI would be subject to tax on income unrelated to its tax-exempt purpose. USI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

#### SUBSEQUENT EVENTS

USI evaluated subsequent events through November 25, 2024, which is the date these financial statements were available to be issued.

### 2. AVAILABLE RESOURCES AND LIQUIDITY

USI regularly monitors liquidity required to meet its operations and other commitments. USI has various sources of liquid assets at its disposal. Per OEI guidelines, USI is required to have 45 days cash on hand.

For purposes of analyzing resources available to meet general expenditures over 12-month period, USI considers all expenditures related to ongoing activities as well as the supporting operations to be general expenditures.

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

Financial assets available for general expenditure, within one year, consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end		
Cash and cash equivalents without restriction	\$ 1,442,441	\$ 902,097
Investments	1,766,440	1,693,805
Grants receivable	322,551	1,058,783
Other receivables	39,469	119,376
Beneficial interest in trust	<u>7,767,103</u>	<u>-</u>
Total financial assets available for use within one year	<u>11,338,004</u>	<u>3,774,061</u>
Board designated net assets	(90,000)	(90,000)
Net assets with donor restrictions	<u>(8,373,535)</u>	<u>(719,667)</u>
Total financial assets not available for use within one year	<u>(8,463,535)</u>	<u>(809,667)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,874,469</u>	<u>\$ 2,964,394</u>

### 3. BENEFICIAL INTEREST IN LEAD TRUST

USI is the beneficiary of a charitable lead trust held and administered by an independent trustee. Under the terms of the trust, USI will receive \$500,000 per year for twenty-five years through August 2048. The fair value of the beneficial interest in the trust is estimated based on the present value of the future payments to be received using a Treasury bill rate with a comparable remaining term (4.96% at June 30, 2024). The funds received from the trust are to be used to provide performance based bonuses to retain high performance staff. USI was notified of the gift in November 2023 and recognized a contribution with donor restrictions of \$7,767,103 in the statement of activities for the year ended June 30, 2024.

### 4. LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
2017 Series Bonds	\$ 19,720,000	\$ 20,105,000
Less: current portion	(400,000)	(385,000)
Less: unamortized discount on 2017 series bonds	(380,813)	(397,371)
Less: deferred loan costs	<u>(220,828)</u>	<u>(230,430)</u>
Long-term, net	<u>\$ 18,718,359</u>	<u>\$ 19,092,199</u>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 4. LONG-TERM DEBT, CONTINUED

In June 2018, USI obtained financing for the purpose of refinancing the previously existing Series 2013 bonds, paying off a development lease arrangement, and constructing a new building for AMMS through the sale of Educational Facilities Multipurpose Revenue Bonds, Series 2017, issued by the Indiana Finance Authority. The Series 2017 bonds are payable in a series of escalating payments of principal and interest beginning in July 2019 and January 2018, respectively, with the final payment due in July 2047. The bonds have an interest rate beginning at 5.0% and rising to 5.375% by July 2038. The bonds are secured by land, buildings, and other business assets.

The Series 2017 bonds require the establishment of a debt reserve fund of \$1,442,968 that will assist with final payment of the bonds. A bond escrow account with a balance of \$1,072,640 and \$971,365 at June 30, 2024 and 2023, respectively, was also established in conjunction with the Series 2017 bond agreement to secure against defeasance on the bonds. Pursuant to the bond agreement in fiscal year 2022, USI created a repairs and replacement reserve to assist with future building improvements, additions, and repairs. The balance of the repairs and replacement reserve was \$281,682 and \$204,967 at June 30, 2024 and 2023, respectively. These accounts are reported as cash restricted for bond redemption in the statements of financial position.

The loan agreements contain certain covenants that limit USI's ability to incur indebtedness or guarantees, purchase or dispose of assets, or change the nature of the business. The agreement also contains financial maintenance covenants establishing a minimum debt service coverage ratio and days cash on hand requirement.

Costs associated with securing financing, have been deferred and are being amortized over the term of the bonds using the straight-line method.

Future maturities of long-term debt at June 30 are as follows:

2025	\$	400,000
2026		425,000
2027		445,000
2028		465,000
2029		490,000
Thereafter		<u>17,495,000</u>
	\$	<u>19,720,000</u>

### 5. OPERATING LEASES

USI has two operating lease agreements for office equipment which expire at various dates through June 2027.

The components of lease expense for the years ended June 30, 2024 are as follows:

	<u>2024</u>	<u>2023</u>
Operating lease expense	\$ 52,778	\$ 52,778

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

5. OPERATING LEASES , CONTINUED

	<u>2024</u>	<u>2023</u>
Operating cash flows from operating leases	\$ 51,695	\$ 51,695

Weighted average lease term and discount rate as of June 30, 2024 were as follows:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term - operating leases	1.97 years	2.96 years
Weighted average discount rate – operating leases	2.98%	2.98%

Future minimum lease payments under the non-cancellable operating lease as of June 30, 2024 were as follows:

2025	\$ 51,695
2026	47,544
2027	<u>1,729</u>
Total undiscounted cash flows	100,968
Less: present value discount	<u>(2,783)</u>
Total lease liability	98,185
Less: current liability	<u>(49,571)</u>
Long term lease liability	<u><u>\$ 48,614</u></u>

6. BOARD DESIGNATED NET ASSETS

The Charters for Avondale, Vision, and AMMS require that each establish an account held in escrow of \$30,000 no later than December of the third year of operations. The escrow is designated for any potential dissolution costs of the schools. Board designated net assets were as follows at June 30:

	<u>2024</u>	<u>2023</u>
Avondale	\$ 30,000	\$ 30,000
Vision	30,000	30,000
AMMS	<u>30,000</u>	<u>30,000</u>
	<u><u>\$ 90,000</u></u>	<u><u>\$ 90,000</u></u>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources received from grantors and donors that were not expended for restricted purposes. Net assets with donor restrictions as of June 30 were available for the following purposes:

	<u>2024</u>	<u>2023</u>
School lunch program	\$ 424,631	\$ 325,998
Textbook program	80,271	106,130
Teacher awards and bonuses	7,868,633	118,384
Other programs	-	169,155
	<u>\$ 8,373,535</u>	<u>\$ 719,667</u>

Net assets were released from donor restrictions by satisfying the restricted purposes. The following purpose restrictions were accomplished during the years ended June 30:

	<u>2024</u>	<u>2023</u>
School lunch program	\$ 833,925	\$ 936,868
Textbook program	170,150	65,124
Teacher awards and bonuses	16,854	16,707
Facility costs	2,041,285	1,002,991
Student literacy and tutoring	290,000	-
Other programs	245,559	195,321
	<u>\$ 3,597,773</u>	<u>\$ 2,217,011</u>

### 8. RETIREMENT PLANS

USI provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund ("TRF"), which 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. Contribution requirements of plan members are determined annually by the INPRS Board. USI contributed 6.0% of compensation for teaching faculty to TRF related to fiscal year 2024 and 2023, respectively. Should USI elect to withdraw from TRF, USI could be subject to a withdrawal fee. USI's contributions represent an insignificant percentage of the total contributions received by TRF.

As of June 30, 2023 (the latest year reported), TRF was 89.1% funded. A copy of the complete annual report for the year ended June 30, 2023 can be obtained at:

[INPRS Annual Report FY23 Working Version](#)

USI also offers a 403(b) defined contribution retirement plan. Non-teaching personnel and teachers who opt to not participate in TRF are eligible for benefits under the 403(b) plan. Under the 403(b) plan, USI contributed 6.0% of employee's compensation for fiscal years 2024 and 2023, respectively.

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### 8. RETIREMENT PLANS, CONTINUED

For fiscal years 2024 and 2023, retirement plan expense under both plans was \$393,516 and \$419,407, respectively.

### 9. RISKS AND UNCERTAINTIES

USI provides education services to families residing in Marion County 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 USI. Additionally, USI is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on USI.

### 10. FUNCTIONAL EXPENSES

The costs of providing the educational activities have been summarized on a natural classification basis in the statement of activities. Following is a summary of expenses comprising program services, management and general, and fundraising for the years ended June 30:

<u>2024</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 6,338,594	\$ 3,443,504	\$ 143,326	\$ 9,925,424
Professional services	582,256	938,345	-	1,520,601
Food cost	869,809	-	-	869,809
Repairs, maintenance, and supplies	696,070	293,909	-	989,979
Occupancy	533,634	-	-	533,634
Depreciation	738,256	-	-	738,256
Interest	1,064,126	-	-	1,064,126
Other	295,680	-	1,000	296,680
	<u>\$ 11,118,425</u>	<u>\$ 4,675,758</u>	<u>\$ 144,326</u>	<u>\$ 15,938,509</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

10. FUNCTIONAL EXPENSE, CONTINUED

<u>2023</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 6,352,813	\$ 3,416,825	\$ 100,626	\$ 9,870,264
Professional services	481,692	862,492	-	1,344,184
Food cost	905,762	-	-	905,762
Repairs, maintenance, and supplies	730,329	314,462	-	1,044,791
Occupancy	457,027	-	-	457,027
Depreciation	707,833	-	-	707,833
Interest	1,083,376	-	-	1,083,376
Other	222,526	-	37,059	259,585
	<u>\$ 10,941,358</u>	<u>\$ 4,593,779</u>	<u>\$ 137,685</u>	<u>\$ 15,672,822</u>

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Financial Report (AFR).

Program Name	Grantor Name	Assistance Listing Number	Revenue	Expense	Funding Type
National School Lunch Program	Indiana Department of Education	10.555	\$ 932,107	\$ 917,455	Federal grant passed through state or local government
Title I, Part A, Grants to Local Educational Agencies	Indiana Department of Education	84.010	778,600	778,600	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B)	Indiana Department of Education	84.027A	202,433	202,432	Federal grant passed through state or local government
Special Education Cluster – Special Education Preschool Grants (IDEA)	Indiana Department of Education	84.173A	5,485	5,485	Federal grant passed through state or local government

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Public Charter Schools Program	Indiana Department of Education	84.282A	121,809	121,809	Federal grant passed through state or local government
Charter Schools Facilities Incentive Grants Program	Indiana Department of Education	84.282D	50,000	50,000	Federal grant passed through state or local government
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424A	56,132	56,132	Federal grant passed through state or local government
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424F	68,426	68,426	Federal grant passed through state or local government
The American Rescue Plan Elementary and Secondary School Emergency Relief	Indiana Department of Education	84.425U	1,663,205	1,663,205	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	8,152,195	8,152,195	State or local government
State Special Education Grant	Indiana Department of Education	N/A	462,780	462,780	State or local government
Charter School Innovation Grant	Indiana Department of Education	N/A	1,276,800	1,276,800	State or local government
Charter School Facility Grant	Indiana Department of Education	N/S	608,726	608,726	State or local government
Medicaid Reimbursement	Indiana Department of Education	N/A	26,808	26,808	State or local government
Textbook Reimbursement	Indiana Department of Education	N/A	144,292	144,292	State or local government
Non-English-Speaking Program	Indiana Department of Education	N/A	26,754	26,754	State or local government

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Teacher Appreciation Grants	Indiana Department of Education	N/A	34,126	34,126	State or local government
Secured School Safety Program	Indiana Department of Homeland	N/A	100,000	100,000	State or local government
IPS State Referendum	Indianapolis Public School System	N/A	88,750	88,750	State or local government
Early Literacy Achievement Grant Revenue	Indiana Department of Education	N/A	7,297	7,297	State or local government
Early Intervention Reading Recovery Revenue	Indiana Department of Education	N/A	164,790	164,790	State or local government
Formative Assessment Grant	Indiana Department of Education	N/A	18,050	18,050	State or local government
State Connectivity Grant	Indiana Department of Education	N/A	3,210	3,210	State or local government
Total			\$ 14,992,775	\$ 14,978,122	



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

We have audited the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) as of and for the years ended June 30, 2024 and 2023, and our report thereon dated November 25, 2024, which expressed an unmodified opinion on those financial statements, appears on page one. 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 Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for the purpose of additional analysis and is not a required part of the financial statements. Exhibits I and II are presented for purposes of additional analysis, rather than to present financial position and results of operations by school and are not a required part of the financial statements. The schedule of expenditures of federal awards and Exhibits I and II are the responsibility of management and were derived from and relate 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 for the year ended June 30, 2024, and the statements of financial position and activities by school as of and for the years ended June 30, 2024 and 2023, are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Greenwalt CPAs, Inc.*

November 25, 2024

**ASSETS**

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 669,428	\$ 868,341	\$ 546,596	\$ (641,924)	\$ -	\$ 1,442,441
Investments	300,000	330,000	230,000	906,440	-	1,766,440
Accounts receivable						
Grants	112,307	196,859	13,385	-	-	322,551
Other	9,500	-	29,969	-	-	39,469
Prepaid expenses and deposits	53,410	39,277	26,063	22,718	-	141,468
<i>Total current assets</i>	<u>1,144,645</u>	<u>1,434,477</u>	<u>846,013</u>	<u>287,234</u>	<u>-</u>	<u>3,712,369</u>
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>2,156,631</u>	<u>452,141</u>	<u>188,518</u>	<u>-</u>	<u>-</u>	<u>2,797,290</u>
<b>BENEFICIAL INTEREST IN LEAD TRUST</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,767,103</u>	<u>-</u>	<u>7,767,103</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	5,631,190	8,956,291	5,376,811	-	-	19,964,292
Furniture and equipment	654,087	797,272	306,592	4,527	-	1,762,478
Textbooks	225,982	144,194	43,011	-	-	413,187
Computers and software	161,533	165,172	215,744	9,570	-	552,019
Accumulated depreciation	(2,340,364)	(3,000,680)	(1,303,754)	(8,577)	-	(6,653,375)
<i>Total property and equipment, net</i>	<u>4,897,228</u>	<u>7,062,249</u>	<u>4,638,404</u>	<u>5,520</u>	<u>-</u>	<u>16,603,401</u>
<b>RIGHT-OF-USE ASSETS - OPERATING LEASES</b>	<u>46,896</u>	<u>46,896</u>	<u>4,395</u>	<u>-</u>	<u>-</u>	<u>98,187</u>
<i>Total assets</i>	<u>\$ 8,245,400</u>	<u>\$ 8,995,763</u>	<u>\$ 5,677,330</u>	<u>\$ 8,059,857</u>	<u>\$ -</u>	<u>\$ 30,978,350</u>
<b>LIABILITIES AND NET ASSETS (ACCUMULATED DEFICIT)</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 58,981	\$ 76,631	\$ 47,712	\$ 71,679	\$ -	\$ 255,003
Accrued payroll and related liabilities	263,388	208,851	135,281	47,595	-	655,115
Accrued bond interest	142,718	255,340	122,481	-	-	520,539
Current portion of long-term debt	108,800	196,800	94,400	-	-	400,000
Current portion of operating lease liabilities	23,676	23,676	2,219	-	-	49,571
<i>Total current liabilities</i>	<u>597,563</u>	<u>761,298</u>	<u>402,093</u>	<u>119,274</u>	<u>-</u>	<u>1,880,228</u>
<b>LONG-TERM LIABILITIES</b>						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	5,092,502	9,208,172	4,417,685	-	-	18,718,359
Operating lease liabilities, net of current portion	23,219	23,219	2,176	-	-	48,614
<i>Total long-term liabilities</i>	<u>5,115,721</u>	<u>9,231,391</u>	<u>4,419,861</u>	<u>-</u>	<u>-</u>	<u>18,766,973</u>
<i>Total liabilities</i>	<u>5,713,284</u>	<u>9,992,689</u>	<u>4,821,954</u>	<u>119,274</u>	<u>-</u>	<u>20,647,201</u>
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>						
Without donor restrictions	2,344,053	(1,243,287)	694,896	71,952	-	1,867,614
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	90,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	<u>2,374,053</u>	<u>(1,213,287)</u>	<u>724,896</u>	<u>71,952</u>	<u>-</u>	<u>1,957,614</u>
With donor restrictions	158,063	216,361	130,480	7,868,631	-	8,373,535
<i>Total net assets (accumulated deficit)</i>	<u>2,532,116</u>	<u>(996,926)</u>	<u>855,376</u>	<u>7,940,583</u>	<u>-</u>	<u>10,331,149</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 8,245,400</u>	<u>\$ 8,995,763</u>	<u>\$ 5,677,330</u>	<u>\$ 8,059,857</u>	<u>\$ -</u>	<u>\$ 30,978,350</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
SCHEDULE OF ACTIVITIES BY SCHOOL  
FOR THE YEAR ENDED JUNE 30, 2024

Exhibit I  
Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
State education support	\$ 3,824,590	\$ 4,827,163	\$ 2,462,826	\$ -	\$ -	\$ 11,114,579
Federal funding	1,448,268	1,649,472	780,456	-	-	3,878,196
Student fees	12,365	14,687	15,468	-	-	42,520
Contributions and grants	112,887	184,753	166,461	7,801,999	-	8,266,100
Investment income	110,803	-	-	143,673	-	254,476
Special events, net of expense of \$36,080	-	-	-	234,125	-	234,125
Other	13,048	3,939	9,091	837,606	(820,625)	43,059
<i>Total revenue and support</i>	<u>5,521,961</u>	<u>6,680,014</u>	<u>3,434,302</u>	<u>9,017,403</u>	<u>(820,625)</u>	<u>23,833,055</u>
<b>EXPENSES</b>						
Salaries and wages	3,348,008	3,812,840	1,933,505	831,071	-	9,925,424
Professional services	761,179	884,860	456,468	238,719	(820,625)	1,520,601
Food cost	292,384	395,417	182,008	-	-	869,809
Repairs, maintenance, and supplies	297,536	431,030	193,736	67,677	-	989,979
Occupancy	180,024	206,333	147,277	-	-	533,634
Depreciation	257,747	315,748	163,966	795	-	738,256
Interest	289,394	523,605	251,127	-	-	1,064,126
Other	64,806	79,333	74,414	78,127	-	296,680
<i>Total expenses</i>	<u>5,491,078</u>	<u>6,649,166</u>	<u>3,402,501</u>	<u>1,216,389</u>	<u>(820,625)</u>	<u>15,938,509</u>
<b>CHANGE IN NET ASSETS</b>	30,883	30,848	31,801	7,801,014	-	7,894,546
<b>TRANSFER OF NET ASSETS</b>	(18,304)	(4,958)	(21,886)	45,148	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	<u>2,519,537</u>	<u>(1,022,816)</u>	<u>845,461</u>	<u>94,421</u>	<u>-</u>	<u>2,436,603</u>
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 2,532,116</u>	<u>\$ (996,926)</u>	<u>\$ 855,376</u>	<u>\$ 7,940,583</u>	<u>\$ -</u>	<u>\$ 10,331,149</u>

**ASSETS**

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 447,737	\$ 818,274	\$ 296,358	\$ (660,272)	\$ -	\$ 902,097
Investments	300,000	330,000	230,000	833,805	-	1,693,805
Accounts receivable						
Grants	353,522	459,777	245,484	-	-	1,058,783
Other	41,644	38,518	39,214	-	-	119,376
Prepaid expenses and deposits	58,710	55,146	22,052	16,241	-	152,149
<i>Total current assets</i>	<u>1,201,613</u>	<u>1,701,715</u>	<u>833,108</u>	<u>189,774</u>	<u>-</u>	<u>3,926,210</u>
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>1,982,555</u>	<u>449,496</u>	<u>187,249</u>	<u>-</u>	<u>-</u>	<u>2,619,300</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	5,601,189	8,865,396	5,328,304	-	-	19,794,889
Furniture and equipment	608,474	670,035	295,313	2,277	-	1,576,099
Textbooks	206,548	121,631	40,320	-	-	368,499
Computers and software	161,533	92,419	201,676	5,792	-	461,420
Accumulated depreciation	(2,082,618)	(2,684,932)	(1,139,788)	(7,782)	-	(5,915,120)
<i>Total property and equipment, net</i>	<u>5,059,926</u>	<u>7,064,549</u>	<u>4,725,825</u>	<u>287</u>	<u>-</u>	<u>16,850,587</u>
<b>RIGHT-OF-USE ASSETS - OPERATING LEASES</b>	<u>69,877</u>	<u>69,877</u>	<u>6,549</u>	<u>-</u>	<u>-</u>	<u>146,303</u>
<i>Total assets</i>	<u>\$ 8,313,971</u>	<u>\$ 9,285,637</u>	<u>\$ 5,752,731</u>	<u>\$ 190,061</u>	<u>\$ -</u>	<u>\$ 23,542,400</u>
<b>LIABILITIES AND NET ASSETS (ACCUMULATED DEFICIT)</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued expenses	\$ 31,125	\$ 78,930	\$ 55,696	\$ 31,300	\$ -	\$ 197,051
Accrued payroll and related liabilities	249,141	318,104	123,495	64,340	-	755,080
Accrued bond interest	145,336	260,076	124,752	-	-	530,164
Current portion of long-term debt	104,720	189,420	90,860	-	-	385,000
Current portion of operating lease liabilities	22,982	22,982	2,154	-	-	48,118
<i>Total current liabilities</i>	<u>553,304</u>	<u>869,512</u>	<u>396,957</u>	<u>95,640</u>	<u>-</u>	<u>1,915,413</u>
<b>LONG-TERM LIABILITIES, NET</b>						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	5,194,235	9,392,046	4,505,918	-	-	19,092,199
Operating lease liabilities, net of current portion	46,895	46,895	4,395	-	-	98,185
Total long-term liabilities	<u>5,241,130</u>	<u>9,438,941</u>	<u>4,510,313</u>	<u>-</u>	<u>-</u>	<u>19,190,384</u>
<i>Total liabilities</i>	<u>5,794,434</u>	<u>10,308,453</u>	<u>4,907,270</u>	<u>95,640</u>	<u>-</u>	<u>21,105,797</u>
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>						
Without donor restrictions	2,236,915	(1,286,348)	700,332	(23,963)	-	1,626,936
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	90,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	<u>2,266,915</u>	<u>(1,256,348)</u>	<u>730,332</u>	<u>(23,963)</u>	<u>-</u>	<u>1,716,936</u>
With donor restrictions	252,622	233,532	115,129	118,384	-	719,667
<i>Total net assets (accumulated deficit)</i>	<u>2,519,537</u>	<u>(1,022,816)</u>	<u>845,461</u>	<u>94,421</u>	<u>-</u>	<u>2,436,603</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 8,313,971</u>	<u>\$ 9,285,637</u>	<u>\$ 5,752,731</u>	<u>\$ 190,061</u>	<u>\$ -</u>	<u>\$ 23,542,400</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 SCHEDULE OF ACTIVITIES BY SCHOOL  
 FOR THE YEAR ENDED JUNE 30, 2023

Exhibit II  
 Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
State education support	\$ 3,121,645	\$ 4,311,263	\$ 2,026,832	\$ -	\$ -	\$ 9,459,740
Federal funding	2,120,180	2,719,238	882,110	-	-	5,721,528
Student fees	17,207	17,882	12,603	-	-	47,692
Contributions and grants	54,322	120,718	98,966	120,150	-	394,156
Investment income	65,595	-	-	79,536	-	145,131
Special events, net of expense of \$28,351	-	-	-	95,359	-	95,359
Other	10,032	2,305	2,736	829,189	(817,214)	27,048
<i>Total revenue and support</i>	<u>5,388,981</u>	<u>7,171,406</u>	<u>3,023,247</u>	<u>1,124,234</u>	<u>(817,214)</u>	<u>15,890,654</u>
<b>EXPENSES</b>						
Salaries and wages	3,184,290	4,206,864	1,792,611	686,499	-	9,870,264
Professional services	680,192	805,713	438,666	236,827	(817,214)	1,344,184
Food cost	297,119	468,747	139,896	-	-	905,762
Repairs, maintenance, and supplies	316,326	448,298	199,345	80,822	-	1,044,791
Occupancy	180,875	155,487	120,665	-	-	457,027
Depreciation	235,955	280,650	189,977	1,251	-	707,833
Interest	294,630	533,076	255,670	-	-	1,083,376
Other	56,299	90,647	43,990	68,649	-	259,585
<i>Total expenses</i>	<u>5,245,686</u>	<u>6,989,482</u>	<u>3,180,820</u>	<u>1,074,048</u>	<u>(817,214)</u>	<u>15,672,822</u>
<b>CHANGE IN NET ASSETS</b>	143,295	181,924	(157,573)	50,186	-	217,832
<b>TRANSFER OF NET ASSETS</b>	282,393	(246,749)	256,064	(291,708)	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	<u>2,093,849</u>	<u>(957,991)</u>	<u>746,970</u>	<u>335,943</u>	<u>-</u>	<u>2,218,771</u>
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 2,519,537</u>	<u>\$ (1,022,816)</u>	<u>\$ 845,461</u>	<u>\$ 94,421</u>	<u>\$ -</u>	<u>\$ 2,436,603</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	9645	\$ 321,404
National School Lunch Program		9040	192,128
National School Lunch Program		9935	<u>403,923</u>
<i>Total Child Nutrition Cluster, Indiana Department of Education, and U.S. Department of Agriculture</i>			<u>917,455</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A220014-9645	267
		S010A230014-9645	249,065
		S010A220014-9040	7,288
		S010A230014-9040	103,080
		S010A220014-9935	55,376
		S010A230014-9935	295,814
		S010A200014-9935	<u>67,710</u>
<i>Total Title I Grants to Local Educational Agencies</i>			<u>778,600</u>
Special Education Cluster (IDEA)			
Special Education Grants to States (IDEA, Part B)	84.027A	H027A220084	17,062
		H027A230084	<u>185,371</u>
<i>Total Special Education Grants to States (IDEA, Part B)</i>			<u>202,433</u>
Special Education Cluster - Special Education Preschool Grants (IDEA)			
	84.173A	H173A220104	<u>5,485</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>207,918</u>
Student Support and Academic Enrichment Program			
	84.424A	S424A220015	27,016
	84.424F	S424F220015	68,426
	84.424A	S424A220015	<u>29,116</u>
<i>Total Student Support and Academic Enrichment Program</i>			<u>124,558</u>
Charter Schools			
	84.282A	U282A170017	121,809
	84.282D	S282D190002	<u>50,000</u>
<i>Total Charter Schools Program</i>			<u>171,809</u>
Education Stabilization Relief Fund			
COVID-19 The American Rescue Plan Elementary and Secondary School Emergency Relief (Education Stabilization Fund III)	84.425U	S425U210013	1,663,205
<i>Total U.S. Department of Education</i>			<u>2,946,090</u>
<i>Total expenditures of federal awards</i>			<u>\$ 3,863,545</u>

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**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of USI under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of USI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of USI.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**3. INDIRECT COST RATE**

USI has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except for federal awards granted by the US Department of Education. The US Department of Education requires a de minimis indirect cost rate of 8-percent.



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

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 of America (Government Auditing Standards), the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated November 25, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered USI's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USI's internal control. Accordingly, we do not express an opinion on the effectiveness of USI'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 USI'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 were not identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether USI'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 USI's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering USI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Greenwald CPAs, Inc.*

November 25, 2024



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

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

**Opinion on Each Major Federal Program**

We have audited Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis' (USI) compliance with the types of compliance requirements identified as subject to audit in in the *OMB Compliance Supplement* that could have a direct and material effect on each of USI's major federal programs for the year ended June 30, 2024. USI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, USI complied, in all material respects, with the compliance requirements referred to above 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 Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of USI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of USI'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 USI's federal programs.

## Auditors' 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 USI'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 GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about USI's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding USI'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 USI'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 USI'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 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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 and therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. 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.

*Greenwald CPAs, Inc.*

November 25, 2024

**AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS**  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2024

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**A. SUMMARY OF AUDIT RESULTS**

Financial Statements

- |   |            |                    |
|---|------------|--------------------|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |                    |
| 2. Internal control over financial reporting:   |            |                    |
| Material weakness(es) identified?   | _____yes   | __X__no            |
| Significant deficiency(ies) identified?   | _____yes   | __X__none reported |
| 3. Noncompliance material to financial statements noted?  | _____yes   | __X__no            |

Federal Awards

- |   |   |  |
|---|---|--|
| 4. Internal control over major federal programs:  |   |  |
| Material weakness(es) identified?   | _____yes                                    | __X__no  |
| Significant deficiency(ies) identified?   | _____yes                                    | __X__none reported   |
| 5. Type of auditors' report issued on compliance for major federal programs:                          | Unmodified                                  |  |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____yes                                    | __X__no  |
| 7. Identification of major program:   | <u>Assistance Listing Numbers</u><br>10.555 | <u>Name of Federal Program or Cluster</u><br>National School Lunch Program |
| 8. Dollar threshold used to distinguish between type A and type B programs:                           | \$  | 750,000  |
| 9. Auditee qualified as low-risk auditee?   | __X__yes                                    | _____no  |

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

**D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
OTHER REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

Supplemental Audit Report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis