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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

Charter School Board
Ignite Achievement Academy, Inc.
d/b/a The Genius School
Marion County, Indiana

We have reviewed the audit report of the Ignite Achievement Academy, Inc. d/b/a The Genius School, which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Ignite Achievement Academy, Inc. d/b/a The Genius School, 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.

We call your attention to the Emphasis of Matter paragraph included in the *Independent Auditor's Report*.

In our opinion, Donovan CPAs prepared the audit report in accordance with 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

**Ignite Achievement Academy, Inc.
d/b/a The Genius School**

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



Ignite Achievement Academy, Inc.
d/b/a The Genius School

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Donovan CPAs

Independent Auditor's Report

The Board of Directors
Ignite Achievement Academy, Inc.
Indianapolis, Indiana

Opinion

We audited the financial statements of Ignite Achievement Academy, Inc. d/b/a The Genius School (the School) which comprise the statements of financial position (in liquidation) as of June 30, 2024 and 2023, and the related statements of activities and change in net assets (in liquidation), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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 the liquidation basis of accounting 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, which 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.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in 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, which 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 audit.

Emphasis of Matter

In July 2024, the Board of Directors of the School elected to terminate operations. Our opinion is not modified with respect to this matter. Accordingly, the financial statements have been prepared on the liquidation basis of accounting.



Donovan CPAs
Indianapolis, Indiana
February 24, 2025

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Statement of Financial Position in Liquidation as of June 30, 2024
Statement of Financial Position as of June 30, 2023

	2024	2023
	<u>(In Liquidation)</u>	<u>(Ongoing)</u>
ASSETS		
Current Assets		
Cash	\$ 325,041	\$ 467,113
Grants receivable	-	48,366
Prepaid expenses	-	14,000
Total current assets	<u>325,041</u>	<u>529,479</u>
Fixed Assets		
Furniture and equipment	1,167,827	1,167,827
Leasehold improvements	55,107	55,107
Vehicles	114,749	114,749
Less: accumulated depreciation	(911,130)	(702,350)
Fixed assets, net	<u>426,553</u>	<u>635,333</u>
Total Assets	<u><u>\$ 751,594</u></u>	<u><u>\$ 1,164,812</u></u>
LIABILITIES AND NET ASSETS (IN LIQUIDATION)		
Current Liabilities		
Accounts payable and accrued expenses	\$ 74,727	\$ 127,027
Accrued expenses in liquidation	234,720	-
Total current liabilities	<u>309,447</u>	<u>127,027</u>
Net Assets, Without Donor Restrictions	442,147	<u>1,037,785</u>
Total Liabilities and Net Assets	<u>-</u>	<u><u>\$ 1,164,812</u></u>
Total Liabilities and Net Assets in Liquidation	<u><u>\$ 751,594</u></u>	

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

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Statement of Activities and Change in Net Assets in Liquidation for the
Year Ended June 30, 2024
Statement of Activities and Change in Net Assets for the Year Ended June 30, 2023

	2024	2023
	<u>(In Liquidation)</u>	<u>(Ongoing)</u>
Revenue and Support		
Student-based allocation funding	\$ 1,283,999	\$ 756,957
Grants	681,054	1,129,216
Interest	4,947	1,617
Contributions	2,051	-
Other	12,701	44,084
Total revenue and support	<u>1,984,752</u>	<u>1,931,874</u>
Expenses		
Program services	2,264,460	2,412,059
Management and general	507,102	575,674
Total expenses	<u>2,771,562</u>	<u>2,987,733</u>
Change in Net Assets from Operations	(786,810)	(1,055,859)
Other Income		
Employee Retention Credit income	<u>425,892</u>	<u>348,664</u>
Change in Net Assets	(360,918)	(707,195)
Adjustment to Liquidation Basis	(234,720)	-
Net Assets, Beginning of Year	<u>1,037,785</u>	<u>1,744,980</u>
Net Assets, End of Year	-	<u>\$ 1,037,785</u>
Net Assets in Liquidation, End of Year	<u>\$ 442,147</u>	

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

Ignite Achievement Academy, Inc.
d/b/a The Genius School
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	\$ 830,141	\$ 146,496	\$ 976,637	\$ 880,525	\$ 155,387	\$ 1,035,912
Student support services	302,321	-	302,321	349,261	-	349,261
Professional services	101,357	236,501	337,858	127,903	298,442	426,345
Employee benefits	120,966	16,496	137,462	171,339	23,365	194,704
Depreciation	173,791	34,989	208,780	147,333	36,833	184,166
Occupancy	178,695	9,405	188,100	158,175	8,325	166,500
Student transportation	19,990	-	19,990	137,123	-	137,123
Information technology	116,754	12,973	129,727	111,880	12,431	124,311
Food costs	150,719	-	150,719	106,741	-	106,741
Classroom and office supplies	71,161	12,558	83,719	74,142	13,084	87,226
Insurance	43,336	7,647	50,983	34,289	6,051	40,340
Repairs and maintenance	29,595	-	29,595	32,185	-	32,185
Staff development	44,477	7,850	52,327	17,893	3,158	21,051
Travel and meetings	4,310	4,311	8,621	6,951	6,951	13,902
Equipment rental	5,347	-	5,347	9,732	-	9,732
Other	71,500	17,876	89,376	46,587	11,647	58,234
Total functional expenses	<u>\$ 2,264,460</u>	<u>\$ 507,102</u>	<u>\$ 2,771,562</u>	<u>\$ 2,412,059</u>	<u>\$ 575,674</u>	<u>\$ 2,987,733</u>

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

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ (360,918)	\$ (707,195)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	208,780	184,166
Changes in certain assets and liabilities:		
Grants receivable	48,366	40,958
Prepaid expenses	14,000	-
Accounts payable and accrued expenses	(52,300)	1,883
Net change in cash from operating activities	(142,072)	(480,188)
Investing Activities		
Purchases of fixed assets	-	(65,150)
Net Change in Cash	(142,072)	(545,338)
Cash, Beginning of Year	467,113	1,012,451
Cash, End of Year	\$ 325,041	\$ 467,113

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

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 – Nature of Activities

Ignite Achievement Academy, Inc. d/b/a The Genius School (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operated as a public charter school established under Indiana Code 20-24, and was sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. The charter was effective through July 7, 2024, at which time the School established plans to dissolve the legal entity Ignite Achievement Academy, Inc. d/b/a The Genius School.

The School closed effective the end of the 2023-2024 school year as liquidation was deemed imminent by management. The School kept its accounting records open subsequent to June 30, 2024 to ensure all expenses were settled and properly accounted for. Sufficient financial assets were available to cover all expenses, resulting in a final net assets in liquidation balance of \$442,147 as of the date of this report. The School expects to complete the liquidation process shortly after completion of the audit of the year ended June 30, 2024. The dissolution procedures outlined in the School's articles of incorporation require the transfer of any remaining assets to another nonprofit organization, selected by the Board of Directors, organized with a similar purpose as the School. Management does not anticipate any remaining property on the final dissolution date.

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 the liquidation basis of accounting under accounting principles generally accepted in the United States of America (liquidation basis of accounting), which requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

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

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Grants Receivable

The School adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* during the year ended June 30, 2024 which introduced a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including grants receivable. The adoption of this accounting standards update did not have a material impact on the School’s financial position or the result of its operations and cash flows.

Grants receivable relate primarily to activities funded under federal 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.

Fixed Assets

Purchases of assets and expenditures which materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and small equipment purchases are charged to expense as incurred.

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

Furniture and equipment	5 - 10 years
Leasehold improvements	15 years
Vehicles	5 years

All fixed assets are expected to be transferred to another nonprofit organization. Accordingly, these balances are presented on the statement of financial position in liquidation as of June 30, 2024 at cost, net of accumulated depreciation.

Accrued Expenses in Liquidation

In accordance with the liquidation basis of accounting, the School accrued all settlement expenses incurred through the anticipated date of liquidation as of June 30, 2024. No estimates or significant assumptions were utilized by management in recording liquidation transactions.

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.

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Subsequent Events

The School evaluated subsequent events through February 24, 2025, 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 paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A significant portion of the School's revenue was the product of cost reimbursement grants. Accordingly, the School recognized revenue under these grants in the amount of costs and expenses at the time they were incurred. Incurring approved costs under the grant is considered satisfaction of the performance obligations.

Disaggregation of Revenue

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

Note 4 – Employee Retention Credits

The Employee Retention Credit (ERC) is a refundable tax credit for employers equal to 50 percent of qualified wages paid after March 12, 2020 and before June 30, 2021. The School engaged an independent third party to assist with calculating and applying for these credits. The School received \$425,892 and \$348,664 in credits during the years ended June 30, 2024 and 2023, respectively.

Note 5 – Leases

The School leased its building and certain office equipment under operating leases each with terms under twelve months. Total lease expense was \$193,447 and \$176,232 for the years ended June 30, 2024 and 2023, respectively.

Note 6 – Retirement Plans

The School maintained a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allowed employees to make salary deferral contributions and provided the School would make contributions at its discretion.

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 6 – Retirement Plans (Continued)

Alternatively, an employee may participate in the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. The School contributed 6% of defined compensation to each employee's retirement plan account of choice during both years ended June 30, 2024 and 2023. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represented an insignificant percentage of the total contributions received by TRF. As of June 30, 2024, TRF was approximately 88% funded.

Retirement plan expense was \$16,702 and \$4,900 during the years ended June 30, 2024 and 2023, respectively.

Note 7 – Commitment

As the sponsoring organization, OEI exercised certain oversight responsibilities. OEI assessed a fee equal to 1% of the student-based allocation funding received by the School totaling \$8,765 and \$5,269 during the years ended June 30, 2024 and 2023, respectively.

The charter agreement with OEI required the School to establish an escrow account of no less than \$30,000 should a dissolution occur. This escrow account was established, fully-funded, and used toward wind down costs as a part of the dissolution. The balance of the escrow account is included in the cash balance on the statements of financial position.

Note 8 – Risks and Uncertainties

The School provided educational instruction services to families residing in Marion and surrounding counties in Indiana and was 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.

Deposits are maintained at First Financial Bank and are insured up to the FDIC insurance limit. As of June 30, 2024, uninsured cash totaled approximately \$45,000.

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 9 – 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 (in liquidation). Student support services, student transportation, food costs, repairs and maintenance, and equipment rental are entirely program service related. Other expense categories are allocated based on management’s estimates as follows for both years ended June 30, 2024 and 2023:

	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages	85%	15%
Professional services	30	70
Employee benefits	88	12
Depreciation	80	20
Occupancy	95	5
Information technology	90	10
Classroom and office supplies	85	15
Insurance	85	15
Staff development	85	15
Travel and meetings	50	50
Other	80	20

Note 10 – Liquidity

Financial assets held by the School include cash and grants receivable totaling \$325,041 and \$515,479 as of June 30, 2024 and 2023, respectively. Of the balance of financial assets at June 30, 2024, \$74,727 was used to pay accounts payable and accrued expenses, and \$149,503 was used to pay expenses through the date of this report. The remaining balance of \$100,811 will be used to pay School expenses through the dissolution date. Any remaining cash will be transferred to another nonprofit organization.

From time to time, the School received 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.

Ignite Achievement Academy, Inc.
d/b/a The Genius School
Schedule of Lead Auditor
For the Years Ended June 30, 2024 and 2023

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