



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

Charter School Board
Irvington Community Schools, Inc.
Marion County, Indiana

We have reviewed the audit report of the Irvington Community Schools, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Irvington Community Schools, Inc. as of June 30, 2024, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings included in the report on pages 24 and 25. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on page 28.

In our opinion, Donovan CPAs prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for the Irvington Community Schools, Inc., was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

Irvington Community Schools, Inc.

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



Irvington Community Schools, Inc.

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Donovan CPAs

Independent Auditor's Report

The Board of Directors
Irvington Community Schools, Inc.
Indianapolis, Indiana

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, 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 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, 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 and *Government Auditing Standards*, we:

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

Supplementary Information

Our audits were 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* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates 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 is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also issued our report dated February 27, 2025 on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Donovan CPAs
Indianapolis, Indiana
February 27, 2025

Irvington Community Schools, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets		
Cash	\$ 2,331,040	\$ 1,998,539
Grants receivable	603,827	1,090,146
Prepaid expenses	55,307	63,172
Total current assets	<u>2,990,174</u>	<u>3,151,857</u>
Fixed Assets, Net	<u>7,132,165</u>	<u>7,211,018</u>
Other Assets		
In-kind contributions receivable	841,005	841,005
Restricted cash	613,088	633,374
Total other assets	<u>1,454,093</u>	<u>1,474,379</u>
Total Assets	<u>\$ 11,576,432</u>	<u>\$ 11,837,254</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of notes payable	\$ 90,700	\$ 90,700
Current portion of bonds payable	253,062	242,604
Refundable advances	613,399	-
Accounts payable and accrued expenses	10,659	626,051
Accrued bond interest	263,686	263,754
Total current liabilities	<u>1,231,506</u>	<u>1,223,109</u>
Long-Term Liabilities		
Notes payable, net of current portion	136,050	226,750
Bonds payable, net of current portion	8,818,804	9,071,866
Less: unamortized bond issuance costs	<u>(410,767)</u>	<u>(428,584)</u>
Total long-term liabilities, net of unamortized bond issuance costs	<u>8,544,087</u>	<u>8,870,032</u>
Total Liabilities	<u>9,775,593</u>	<u>10,093,141</u>
Net Assets		
Without donor restrictions	959,834	903,108
With donor restrictions	841,005	841,005
Total net assets	<u>1,800,839</u>	<u>1,744,113</u>
Total Liabilities and Net Assets	<u>\$ 11,576,432</u>	<u>\$ 11,837,254</u>

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

Irvington Community Schools, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and Support		
State education support	\$ 7,564,878	\$ 7,385,511
Grants	5,104,424	4,818,532
In-kind revenue	1,195,236	1,195,236
Fundraising	189,648	106,238
Student fees	161,111	41,872
Contributions	14,072	33,611
Interest	30,454	13,099
Other	74,773	118,884
Total revenue and support	<u>14,334,596</u>	<u>13,712,983</u>
Expenses		
Program services	12,392,483	12,006,554
Management and general	1,885,387	1,894,719
Total expenses	<u>14,277,870</u>	<u>13,901,273</u>
Change in Net Assets	56,726	(188,290)
Net Assets, Beginning of Year	<u>1,744,113</u>	<u>1,932,403</u>
Net Assets, End of Year	<u>\$ 1,800,839</u>	<u>\$ 1,744,113</u>

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

Irvington Community Schools, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 5,821,551	\$ 1,038,384	\$ 6,859,935	\$ 5,982,978	\$ 1,049,304	\$ 7,032,282
Depreciation	1,386,164	-	1,386,164	1,130,879	-	1,130,879
Employee benefits	1,143,071	238,778	1,381,849	1,205,676	194,679	1,400,355
Professional services	857,397	355,442	1,212,839	711,377	441,728	1,153,105
Occupancy	958,344	-	958,344	982,315	-	982,315
Interest	565,100	-	565,100	581,151	-	581,151
Classroom and office supplies	468,519	24,054	492,573	398,239	17,496	415,735
Food costs	405,651	-	405,651	375,058	-	375,058
Staff development	205,460	-	205,460	112,056	-	112,056
Field trips	173,873	-	173,873	145,421	-	145,421
Repairs and maintenance	125,926	-	125,926	103,778	-	103,778
Insurance	-	117,486	117,486	-	73,153	73,153
Equipment	87,094	-	87,094	92,596	-	92,596
Software	67,322	8,700	76,022	69,817	-	69,817
Authorizer oversight fee	-	61,386	61,386	-	58,266	58,266
Telephone and internet	43,521	-	43,521	42,484	-	42,484
Clubs and extracurricular activities	31,525	-	31,525	36,896	-	36,896
Student transportation	22,377	-	22,377	3,765	-	3,765
Advertising	-	17,908	17,908	-	26,452	26,452
Other	29,588	23,249	52,837	32,068	33,641	65,709
Total functional expenses	\$ 12,392,483	\$ 1,885,387	\$ 14,277,870	\$ 12,006,554	\$ 1,894,719	\$ 13,901,273

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

Irvington Community Schools, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 56,726	\$ (188,290)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	1,386,164	1,130,879
Amortization of debt issuance costs included in interest	17,817	17,817
Changes in certain assets and liabilities:		
Grants receivable	486,319	88,068
Prepaid expenses	7,865	19,625
Refundable advances	613,399	-
Accounts payable and accrued expenses	(615,392)	460,227
Accrued bond interest	(68)	714
Net change in cash from operating activities	1,952,830	1,529,040
Investing Activities		
Purchases of fixed assets	(1,307,311)	(1,377,578)
Financing Activities		
Principal payments on notes payable	(90,700)	(90,700)
Principal payments on bonds payable	(242,604)	(227,466)
Net change in cash from financing activities	(333,304)	(318,166)
Net Change in Cash	312,215	(166,704)
Cash and Restricted Cash, Beginning of Year	2,631,913	2,798,617
Cash and Restricted Cash, End of Year	\$ 2,944,128	\$ 2,631,913
Cash and Restricted Cash, End of Year		
Cash - unrestricted	\$ 2,331,040	\$ 1,998,539
Cash - restricted on deposit with bond trustee	403,830	423,923
Cash - restricted for repairs and replacement	209,258	209,451
Total cash and restricted cash, end of year	\$ 2,944,128	\$ 2,631,913
Supplemental Information		
Cash paid for interest	\$ 547,351	\$ 562,620

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

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 – Nature of Activities

Irvington Community Schools, Inc. (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates three public charter schools under Indiana Code 20-24; an elementary school, a middle school, and a high school. The School is sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. The charter is effective through June 30, 2027 and is renewable thereafter by mutual consent. The School served approximately 940 students in grades kindergarten through twelve during both the 2023-2024 and the 2022-2023 school years.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

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

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.

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.

Restricted Cash

The terms of the bonds payable require the School to establish cash accounts restricted for the purposes of debt service and repairs and replacement.

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.

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

In-kind Contributions Receivable

The School leases its high school building from the Consolidated City of Indianapolis for \$1 in annual rent. The lease agreement requires a minimum fifteen-month notice of intent to terminate by the lessor. The balance of in-kind contributions receivable of \$841,005 as of both June 30, 2024 and 2023 represents an estimate of the fair market value of in-kind rent to be received by the School in the fifteen-month period following notice of termination of the lease. This amount is also reflected as net assets with donor restrictions as of both June 30, 2024 and 2023.

Fixed Assets

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and small equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

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

Building and improvements	40 years
Furniture and equipment	5 years
Computer hardware and software	3 - 5 years
Textbooks and educational materials	3 years
Vehicles	5 years

Bond Issuance Costs

The School refinanced its Series 2009 bonds into Series 2018 bonds in September 2018 and incurred \$534,509 in bond issuance costs. In accordance with U.S. GAAP, the School classifies debt issuance costs as a contra-liability and is netted against the related bond debt for which the bond issuance costs were incurred. The amortization of the bond issuance cost is provided over the life of the bond debt and is classified as interest expense on the statements of activities and change in net assets.

The School capitalizes the costs of long-term debt issuance and amortizes those costs on the straight-line method over the life of the underlying bond debt of thirty years. Accumulated amortization was \$123,742 and \$105,925 as of June 30, 2024 and 2023, respectively.

Taxes on Income

The School received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2020 are open to audit for both federal and state purposes.

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred and amounted to \$17,908 and \$26,452 for the years ended June 30, 2024 and 2023, respectively.

Reclassifications

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

Subsequent Events – The School evaluated subsequent events through February 26, 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 Policy

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

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

Fundraising revenue is recognized when received by the School. Student fees are recognized in the year in which the services are rendered. Contributions and grants from other agencies and individuals are recorded in accordance with the terms of the underlying agreements.

In-Kind Revenue

In-kind revenue is recognized if the contributed services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the School. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind revenue are offset by like amounts included in expenses.

Non-cash in-kind contributions are recorded at fair value and are recognized as revenue and expense in the accounting period in which they are received.

Volunteers provide program services throughout the year which are not recognized as contributions in the financial statements since they do not meet the recognition criteria under U.S. GAAP.

Disaggregation of Revenue

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

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 4 – Fixed Assets

Fixed assets is comprised of the following as of June 30:

	2024	2023
Land	\$ 418,523	\$ 418,523
Building and improvements	10,673,945	9,942,269
Furniture and equipment	2,207,390	2,041,503
Computer hardware and software	2,158,915	1,975,692
Textbooks and educational materials	1,461,284	1,234,759
Vehicles	251,737	251,737
Less: accumulated depreciation	(10,039,629)	(8,653,465)
Fixed assets, net	\$ 7,132,165	\$ 7,211,018

Note 5 – Refundable Advances

The School was awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Refundable grant advances totaled \$613,399 as of June 30, 2024. There were no refundable grant advances as of June 30, 2023.

Note 6 – Bonds Payable

Bonds payable consisted of the following as of June 30:

	2024	2023
Bonds payable in semi-annual installments, including interest computed at rates ranging from 5.50% to 6.00%, through maturities in July 2023 to July 2048 (a)	\$ 8,689,317	\$ 8,760,000
Bonds payable in semi-annual installments, including variable rate interest as noted below, through maturity in December 2025 (b)	382,549	554,470
	9,071,866	9,314,470
Less: current portion	(253,062)	(242,604)
Long-term portion	\$ 8,818,804	\$ 9,071,866

See notes (a) and (b) on the following page.

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 6 – Bonds Payable (Continued)

- (a) Education Facilities Revenue Bonds, Series 2018A and Series 2018B. The bonds are collateralized by the building.
- (b) Qualified Zone Academy Bond (QZAB). Under the American Recovery and Reinvestment Act of 2009, the Federal Treasury created QZABs tax credit bonds, which provide federal subsidy equal to 5.67% interest. Interest on the QZABs is a fixed per annum rate of interest adjusted on each bond interest rate adjustment date equal to the greater of the Federal Home Loan Banks rate plus 400 basis points, 6%, or the QZAB rate. As of June 30, 2024, the interest rate was 6%. The bond is collateralized by the building and assignment of rent and lease interest.

The bond agreements contain certain covenants limiting the School's ability to create liens, incur debt, and change management. The bond agreements also contain covenants requiring the maintenance of required reserves, establishing a minimum debt service coverage ratio, and establishing a minimum days cash on hand. With the exception of the covenant to submit audited financial statements within 150 days of year-end, the School was in compliance with all bond covenants as of June 30, 2024.

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

2025	\$	253,062
2026		543,804
2027		180,000
2028		190,000
2029		200,000
Thereafter		7,705,000
		<u>\$ 9,071,866</u>

Note 7 – Notes Payable

Notes payable consisted of the following as of June 30:

	<u>2024</u>	<u>2023</u>
Common School Loan payable in semi-annual installments, including interest computed at 1.00%, through maturity in January 2027	\$ 226,750	\$ 317,450
Less: current portion	(90,700)	(90,700)
Long-term portion	<u>\$ 136,050</u>	<u>\$ 226,750</u>

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 7 – Notes Payable (Continued)

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

2025	\$	90,700
2026		90,700
2027		45,350
	\$	<u>226,750</u>

Note 8 – Leases

The School leases various equipment under agreements accounted for as operating leases. Because the leases have terms of twelve months or fewer as of the financial statement date, they were not required to be presented on the statements of financial position as right-of-use assets and lease liabilities under Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The School incurred \$42,754 and \$47,221 of expense related to the leases during the years ended June 30, 2024 and 2023, respectively.

The School also leases its high school location from the Consolidated City of Indianapolis for \$1 annually through June 30, 2026. In-kind revenue and occupancy expense is recorded based on an independent appraisal conducted in 2017 which estimated the fair market value of the building rent at approximately \$673,000. This amount was used as fair market value for each of the years ended June 30, 2024 and 2023.

Note 9 – In-Kind Contributions

The School recorded in-kind revenues and offsetting expenses totaling \$1,195,236 for both years ended June 30, 2024 and 2023. This amount represents approximately \$673,000 in in-kind rent (Note 8) and approximately \$522,000 in professional nursing services provided by Community Health Network. In-kind rent has been valued based on an appraisal of rent values. In-kind professional nursing services values were provided by the vendor. There are no restrictions on the in-kind contributions.

Note 10 – Retirement Plans

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans 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. Under the plans, the School contributed 6% of compensation for electing teaching faculty to TRF and 11.2% of compensation for other electing employees to PERF for both years ended June 30, 2024 and 2023. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2024, TRF was approximately 88% funded and PERF was approximately 81% funded.

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 10 – Retirement Plans (Continued)

In lieu of participating in either the TRF or PERF plans, full-time employees have the option to participate in a 403(b) defined contribution retirement plan. The School made discretionary contributions to the 403(b) plan equal to 7.5% of participants' salaries. Retirement plan expense under all plans was \$289,035 and \$345,763 for the years ended June 30, 2024 and 2023, respectively.

Note 11 - Commitments

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI assesses a fee equal to 1% of the basic tuition support received by the School. The authorizer oversight fee was \$61,386 and \$58,266 for the years ended June 30, 2024 and 2023, respectively.

Note 12 – Risks and Uncertainties

The School provides educational instruction services to families residing in Marion and surrounding counties in Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments which potentially subject the School to concentrations of credit risk consist principally of grant receivables from the State of Indiana. At June 30, 2024 and 2023, all of the grants receivable balance was due from the State of Indiana. In addition, deposits maintained at Huntington Bank and Horizon Bank are insured up to the FDIC insurance limit of \$250,000. Funds held at these financial institutions exceeded the FDIC insurance limit as of and during the years ended June 30, 2024 and 2023. As of June 30, 2024, approximately \$1,862,000 in cash was uninsured.

Irvington Community Schools, Inc.
Notes To The Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 13 - Liquidity

The School's financial assets include cash, restricted cash, and grants receivable. Following is a schedule of financial assets and the ability thereof to meet cash needs as of June 30:

	2024	2023
Financial assets	\$ 3,547,955	\$ 3,722,059
Less: deposits with bond trustee unavailable for general expenditures within one year	(613,088)	(633,374)
	\$ 2,934,867	\$ 3,088,685

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

Note 14 – Functional Expense Reporting

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

Supplementary Information

Irvington Community Schools, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 61,371
National School Lunch Program	10.555		367,048
Total U.S Department of Agriculture			<u>428,419</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Grants to Local Educational Agencies	84.010	S010A220014	107,891
Title I, Grants to Local Educational Agencies	84.010	S010A230014	368,116
Title II, Supporting Effective Instruction State Grants	84.367	S367A230013	54,233
Title IV, Student Support and Academic Enrichment	84.424A	S424A230015	29,718
Special Education Cluster			
Special Education - Grants to States	84.027A	H027A230084	178,976
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	2,303,627
Pass-through University of Indianapolis			
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D		48,472
Total U.S. Department of Education			<u>3,091,033</u>
Total federal awards expended			<u>\$ 3,519,452</u>

See independent auditor's report and notes to this schedule

Irvington Community Schools, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Irvington Community Schools, Inc. (the School) 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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, change in net assets, functional expenses, or cash flows of the School.

Note 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.

Note 3 – Indirect Cost Rate

The School has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



Donovan CPAs

Independent Auditor's 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

The Board of Directors
Irvington Community Schools, Inc.
Indianapolis, Indiana

We 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, the financial statements of Irvington Community Schools, Inc. (the School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and issued our report thereon dated February 26, 2025.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 a material misstatement of the entity'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 which 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 which might be material weaknesses or significant deficiencies. The results of our tests disclosed one instance of a material weakness in internal control required to be reported under *Government Auditing Standards* and described in the accompanying schedule of findings and questioned costs as Finding No. 2024-001. Additional material weaknesses may exist which have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School'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 determination of financial statement amounts. 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 required to be reported under *Government Auditing Standards*.

The School's Response to Finding

The School's response to the finding identified in our audit is described in the accompanying Corrective Action Plan on page 28. The School's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Donovan CPAs
Indianapolis, Indiana
February 26, 2025



Donovan CPAs

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

The Board of Directors
Irvington Community Schools, Inc.
Indianapolis, Indiana

Opinion on Each Major Federal Program

We audited Irvington Community Schools, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* which could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above which could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and is described in the accompanying schedule of findings and questioned costs as Finding No. 2024-002. Our opinion on the major federal programs is not modified with respect to this matter.

The School's response to the noncompliance finding identified in our audit is described in the Corrective Action Plan on page 28. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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).

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Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we 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 the School'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 the School's federal programs.

Auditor's 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 the School'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 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, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School'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 the School'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 the School's internal control over compliance relevant to the audit in order to design audit procedures 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 the School'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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance which might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist which were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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 which is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2024-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Donovan CPAs
Indianapolis, Indiana
February 26, 2025

Irvington Community Schools, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	Yes
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major programs:	

Assistance Listing Number

Name of Federal Program or Cluster

84.425D & 84.425U

Education Stabilization Fund

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Irvington Community Schools, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

II. Financial Statement Findings

FINDING 2024-001 LACK OF FINANCIAL OVERSIGHT
MATERIAL WEAKNESS

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2023-001.

Criteria

2 CFR part 200.510(a) requires that “the auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.”

Condition

Several material adjustments were required to be proposed and recorded during the audit for the financial statements to be free of material misstatement. Those adjustments resulted in the following changes to the financial statements:

Assets	\$ (223,672)
Revenue	(244,897)
Expenses	(21,225)

Cause

Irvington Community Schools, Inc. (the School) did not have sufficient financial oversight to ensure all transactions were substantiated, grant revenues were recorded in the proper period, all accounts were reconciled timely and accurately, and grant claims were processed timely.

Effect

Material misstatements existed in the unadjusted financial records prior to the audit.

Recommendation

We recommend the School develop internal controls to ensure proper financial oversight is provided.

Views of Responsible Officials

The School’s Corrective Action Plan is included on page 28.

Irvington Community Schools, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

III. Federal Award Findings and Questioned Costs

FINDING 2024-002 EQUIPMENT AND REAL PROPERTY MANAGEMENT
SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund

Assistance Listing Number: 84.425

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2023-002.

Criteria

2 CFR 200.313(d) contains equipment management requirements which dictate property records entities must maintain and the need for procedures to adequately safeguard and maintain assets acquired with federal funding.

Condition

Sufficient and appropriate documentation did not exist to support a physical inventory had been completed for all assets once in the last two years.

Cause

The School does not have internal controls and procedures in place to ensure a physical inventory is completed at least every two years.

Effect

Failing to complete an inventory could result in inaccurate records of assets.

Recommendation

We recommend the School develop internal controls to ensure an inventory is completed at least every two years.

Views of Responsible Officials

The School's Corrective Action Plan is included on page 28.

Irvington Community Schools, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

FINDING 2023-001 LACK OF FINANCIAL OVERSIGHT
MATERIAL WEAKNESS

Criteria

2 CFR part 200.510(a) requires that “the auditee must prepare financial statements that reflect its financial position, results of operations or changes in net assets, and, where appropriate, cash flows for the fiscal year audited.”

Condition

Several material adjustments were required to be proposed and recorded during the audit for the financial statements to be free of material misstatement.

Current Status

Repeat finding issued (Finding 2024-001).

FINDING 2023-002 EQUIPMENT AND REAL PROPERTY MANAGEMENT
SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund
Assistance Listing Number: 84.425

Criteria

2 CFR 200.313(d) contains equipment management requirements which dictate property records entities must maintain and the need for procedures to adequately safeguard and maintain assets acquired with federal funding.

Condition

Sufficient and appropriate documentation did not exist to support a physical inventory had been completed for all assets once in the last two years.

Current Status

Repeat finding issued (Finding 2024-002).

Irvington Community Schools, Inc.
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2024

FINDING 2023-001 CASH MANAGEMENT
MATERIAL WEAKNESS

Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553 & 10.555

Criteria

Per 7 CFR 210.14(b) and 7 CFR 220.7(e)(1)(iv), the “school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency.”

Condition

Based on the School’s expense reporting, a three-month average of expenditures would be approximately \$129,000. The School was carrying a balance in excess of the three months average of expenditures in all twelve months, including a balance of approximately \$315,000 as of June 30, 2023.

Current Status

Corrective action was taken.



Irvington Community School, Inc.

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Finding 2023-001:

This is a repeat finding from the previous audit report, identified as finding number 2023-001.
Response: We will carefully review financial statements and grant reconciliations on a monthly basis and will not make any changes in net assets. All communication will be addressed to auditors for guidance prior to any changes. This will be resolved before the next audit.

Responsible Person/Position: Linda Heidrich/Staff Accountant

Finding 2023-002:

Inventory Report: This is a repeat finding from the previous audit report, identified as finding number 2023-002. The school does not have internal controls and procedures to ensure a physical inventory is conducted at least every two years.

- *Response: Response: we will work with Jim Miller and Chris Ashmore to complete a physical inventory of all capital assets by September 30, 2025.*

Responsible Person/Position: Rod Iberg/ COO

Irvington Community School, Inc. Campuses:

Irvington Community Elementary School: 6705 E. Julian Avenue, Indianapolis, IN 46219 / 317.357.5359 / (f) 317.357.9752
Irvington Community Middle School: 6040 E. Pleasant Run Pkwy. S. Drive, Indianapolis, IN 46219 / 317.357.3850 / (f) 317.357.3860
Irvington Preparatory Academy: 5751 E. University Avenue, Indianapolis, IN 46219 / 317.357.3770 / (f) 317.357.8650

Irvington Community Schools, Inc.
Other Report
For the Year Ended June 30, 2024

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

Supplemental Audit Report of Irvington Community Schools, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

Irvington Community Schools, Inc.
Schedule of Lead Auditor
For the Years Ended June 30, 2024 and 2023

Auditor Information:	Donovan CPAs 9292 N Meridian Street, Suite 150 Indianapolis, IN 46260
Phone Number:	(317) 844-8300
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