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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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March 26, 2025

Charter School Board
Global Preparatory Academy, Inc.
Marion County, Indiana

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

We call your attention to the Emphasis of Matter paragraph included in the Independent Auditors' Report and further detailed in Note 4.

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 Global Preparatory Academy, Inc., was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

Global Preparatory Academy, Inc.

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



Global Preparatory Academy, Inc.

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Donovan CPAs

Independent Auditor's Report

The Board of Directors
Global Preparatory Academy, Inc.
Indianapolis, Indiana

Opinion

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

In our opinion, the 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 its operations, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 audits, significant audit findings, and certain internal control-related matters we identified during the audit.

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 December 18, 2024 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.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the School recorded in-kind contributions and offsetting expenses from Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), a related party, totaling \$3,048,757 and \$2,760,079 during the years ended June 30, 2024 and 2023, respectively. These in-kind transactions represent approximately 20% of total revenue and support and 24% of total expenses for both years ended June 30, 2024 and 2023. These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented. Our opinion is not modified with respect to this matter.



Donovan CPAs
Indianapolis, Indiana
December 18, 2024

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

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 7,461,127	\$ 5,265,295
Grants receivable	631,118	412,691
Prepaid expenses	5,547	31,900
Total current assets	8,097,792	5,709,886
Fixed Assets		
Land	35,000	35,000
Buildings and improvements	262,232	262,232
Furniture and equipment	90,886	90,886
Vehicles	115,700	38,650
Less: accumulated depreciation	(133,470)	(89,412)
Fixed assets, net	370,348	337,356
Total Assets	\$ 8,468,140	\$ 6,047,242
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of note payable	\$ 50,000	\$ 50,000
Accounts payable and accrued expenses	243,322	316,676
Refundable advances	686,521	48,846
Total current liabilities	979,843	415,522
Long-Term Liabilities		
Note payable, net of current portion	125,000	175,000
Total Liabilities	1,104,843	590,522
Net Assets, Without Donor Restrictions	7,363,297	5,456,720
Total Liabilities and Net Assets	\$ 8,468,140	\$ 6,047,242

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

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

	2024	2023
Revenue and Support		
Student-based allocation funding from IPS	\$ 6,033,850	\$ 6,440,013
Grants and contributions	5,387,512	4,299,979
In-kind contributions from Indianapolis Public Schools	3,048,757	2,760,079
Other	109,861	18,695
Total revenue and support	14,579,980	13,518,766
Expenses		
Program services	10,838,289	9,799,642
Management and general	2,066,997	1,940,612
Total expenses	12,905,286	11,740,254
Change in Net Assets from Operations	1,674,694	1,778,512
Other Income		
Interest	231,883	91,600
Change in Net Assets	1,906,577	1,870,112
Net Assets, Beginning of Year	5,456,720	3,586,608
Net Assets, End of Year	\$ 7,363,297	\$ 5,456,720

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

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

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
In-kind expenses:						
Occupancy	\$ 1,249,236	\$ -	\$ 1,249,236	\$ 1,065,419	\$ -	\$ 1,065,419
Student transportation	1,033,211	-	1,033,211	758,300	-	758,300
Repairs, maintenance, and utilities	643,165	-	643,165	673,288	-	673,288
Security services	-	105,553	105,553	-	118,975	118,975
Professional services	17,592	-	17,592	144,097	-	144,097
Total in-kind expenses	<u>2,943,204</u>	<u>105,553</u>	<u>3,048,757</u>	<u>2,641,104</u>	<u>118,975</u>	<u>2,760,079</u>
Direct expenses:						
Salaries and wages	4,476,868	982,240	5,459,108	3,950,695	1,019,298	4,969,993
Professional services	753,809	482,123	1,235,932	805,959	406,699	1,212,658
Employee benefits	916,236	249,906	1,166,142	898,284	225,861	1,124,145
Classroom and office supplies	418,393	103,419	521,812	287,903	82,002	369,905
Food costs	474,410	-	474,410	503,622	-	503,622
Staff development	471,023	-	471,023	413,563	-	413,563
Information technology	99,929	16,857	116,786	22,363	16,328	38,691
Student transportation	83,938	-	83,938	108,865	-	108,865
Insurance	66,761	-	66,761	57,440	-	57,440
Small equipment purchases	58,832	1,825	60,657	52,740	8,918	61,658
Advertising	-	44,731	44,731	-	13,126	13,126
Depreciation	44,058	-	44,058	30,649	-	30,649
Authorizer oversight fees	-	32,324	32,324	-	46,388	46,388
Occupancy	6,765	-	6,765	4,072	-	4,072
Travel and meetings	1,745	4,891	6,636	-	1,611	1,611
Interest	2,291	-	2,291	2,625	-	2,625
Other	20,027	43,128	63,155	19,758	1,406	21,164
Total direct expenses	<u>7,895,085</u>	<u>1,961,444</u>	<u>9,856,529</u>	<u>7,158,538</u>	<u>1,821,637</u>	<u>8,980,175</u>
Total functional expenses	<u>\$ 10,838,289</u>	<u>\$ 2,066,997</u>	<u>\$ 12,905,286</u>	<u>\$ 9,799,642</u>	<u>\$ 1,940,612</u>	<u>\$ 11,740,254</u>

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

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

	2024	2023
Operating Activities		
Change in net assets	\$ 1,906,577	\$ 1,870,112
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	44,058	30,649
Changes in certain assets and liabilities:		
Grants receivable	(218,427)	94,708
Prepaid expenses	26,353	(3,343)
Accounts payable and accrued expenses	(73,354)	18,783
Refundable advances	637,675	(18,462)
Change in cash from operating activities	2,322,882	1,992,447
Investing Activities		
Purchases of fixed assets	(77,050)	(7,595)
Financing Activities		
Repayments of note payable	(50,000)	(50,000)
Net Change in Cash	2,195,832	1,934,852
Cash, Beginning of Year	5,265,295	3,330,443
Cash, End of Year	\$ 7,461,127	\$ 5,265,295

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

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

Note 1 – Nature of Activities

Global Preparatory Academy, Inc. (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates as a public charter school under Indiana Code 20-24. 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, 2030 and is renewable thereafter by mutual consent. The School served approximately 670 students in kindergarten through seventh grade during the 2023-2024 school year (approximately 745 students in kindergarten through sixth grade during the 2022-2023 school year).

The School operates under an Innovation Network Charter School Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools (IPS). The agreement extends through June 30, 2027. The agreement can be terminated by either party with 30 days written notice for material breach of the agreement, by IPS at the end of the school year for poor academic performance given written notice to the school 180 days prior, or by both parties by mutual consent effective as of a mutually agreeable date.

The School received in-kind services from IPS during the years ended June 30, 2024 and 2023. The values of these services were estimated and have been reflected as in-kind contributions and expenses (Note 4).

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

The School reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions, which include unrestricted resources available for the operating objectives of the School; and
- net assets with donor restrictions, which represent resources restricted by donors for specific time or purpose.

As of June 30, 2024 and 2023, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates

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

Cash and Cash Equivalents

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

Cash totaled \$7,461,127 and \$5,265,295 at June 30, 2024 and 2023, respectively. The School is accumulating additional cash reserves for the purpose of potential expansion into a second facility. Additionally, expenses funded through grants under the Education Stabilization Fund were reallocated to the general fund beginning in September 2024 due to these programs concluding.

Global Preparatory Academy, Inc.
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 using the straight-line method over estimated useful lives of twenty years for buildings and improvements, three to five years for furniture and equipment, and five years for vehicles.

Taxes on Income

The School received a determination from the U.S. Department of Treasury 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. The tax years ended after June 30, 2020 are open to audit for both federal and state purposes.

Subsequent Events

The School evaluated subsequent events through December 18, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Note 3 – Revenue Recognition

Revenue Recognition Policy

The majority of revenue comes from IPS as part of the Innovation Network Charter School Agreement. Under the agreement with IPS, the School receives an amount per student for basic tuition support and complexity grant funding as if the School functioned as a traditional charter school. Funding from IPS is received monthly. Revenue is recognized in the year in which the educational services are rendered.

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

Note 3 – Revenue Recognition (Continued)

A significant portion of the School’s revenue is the product of cost reimbursement grants. The School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Incurring approved costs under the grants is considered satisfaction of the performance obligations. The School also receives contributions and other income from other agencies and individuals, which are recorded in accordance with the terms of the underlying agreements. Interest income is earned from cash held in a savings account.

Disaggregation of Revenue

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

Note 4 – Valuation of In-Kind Services

The School recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling \$3,048,757 and \$2,760,079 during the years ended June 30, 2024 and 2023, respectively. These in-kind transactions represent approximately 20% of total revenue and support and 24% of total expenses for both years ended June 30, 2024 and 2023. The values of these in-kind services are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented.

The only in-kind contributions received by the School are from IPS and are disaggregated on the statements of activities and change in net assets. There are no restrictions set on these amounts.

Note 5 – Refundable Advances

The School was awarded grants to provide educational instruction which are deemed to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The School had refundable grant advances in excess of expenditures of \$686,521 and \$48,846 as of June 30, 2024 and 2023, respectively.

Note 6 – Note Payable

The note payable consisted of the following as of June 30:

	2024	2023
Note payable to State Board of Education, payable \$25,000 semi-annually (January 1 and July 1) plus interest at 1.00% per annum	\$ 175,000	\$ 225,000
Less: current portion	(50,000)	(50,000)
Long-term portion	\$ 125,000	\$ 175,000

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

Note 6 – Note Payable (Continued)

The note payable to the State Board of Education is the result of the Common School Fund Loan program. This note is secured by the School's future tuition support payments on the School's basic grant.

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

2025	\$	50,000
2026		50,000
2027		50,000
2028		25,000

Note 7 – Retirement Plans

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. For both years ended June 30, 2024 and 2023, the School contributed 7.5% of defined compensation to each employee's retirement account.

Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2023 (the latest year reported), TRF was over 88% funded.

Retirement plan expense was \$124,091 and \$152,123 for the years ended June 30, 2024 and 2023, respectively.

Note 8 – 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 potentially subjecting the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2024 and 2023, the entire receivable balance was due from the State of Indiana. In addition, deposits maintained at Old National Bank are insured up to the FDIC insurance limit, which is regularly exceeded. As of June 30, 2024, approximately \$7.38 million in cash was uninsured.

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

Note 9 – Commitments

As the School's 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 \$32,324 and \$46,388 for the years ended June 30, 2024 and 2023, respectively.

Note 10 – Liquidity

The School's financial assets include cash and grants receivable totaling \$8,092,245 and \$5,677,986 as of June 30, 2024 and 2023, respectively, all of which are available to meet cash needs for general expenditures within one year.

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

Note 11 – Functional Expense Reporting

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

Supplementary Information

Global Preparatory Academy, 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		\$ 184,852
National School Lunch Program	10.555		423,516
Total U.S. Department of Agriculture			<u>608,368</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A; Grants to Local Educational Agencies	84.010	S010A230014	614,090
Title II, Part A; Supporting Effective Instruction State Grants	84.367	S367A220013	5,600
Title III, Part A; English Language Acquisition State Grants	84.365	S365A230014	37,739
Title IV, Student Support and Academic Enrichment Program	84.424	S424A230015	53,398
School Improvement Grants	84.377A	S010A220014	298,447
Special Education Cluster			
Special Education Grants to States	84.027A	24611-502-PN01	166,090
Special Education Grants to States - ARP	84.027A	22611-598-ARP	18,511
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425U200013	1,999,014
Total U.S. Department of Education			<u>3,192,889</u>
Total federal awards expended			<u>\$ 3,801,257</u>

See independent auditor's report and notes to this schedule

Global Preparatory Academy, 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 Global Preparatory Academy, 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 represent the financial position, changes 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 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
Global Preparatory Academy, 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 Global Preparatory Academy, 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 December 18, 2024.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, 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*.

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.

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a prominent loop on the 'D'.

Donovan CPAs
Indianapolis, Indiana
December 18, 2024



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
Global Preparatory Academy, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We audited Global Preparatory Academy, 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.

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 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.

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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

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 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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist which 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.

A handwritten signature in dark ink that reads "DONOVAN". The letters are connected and written in a cursive style.

Donovan CPAs
Indianapolis, Indiana
December 18, 2024

Global Preparatory Academy, 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?	No
• 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?	None reported
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)?	No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Education Stabilization Fund

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.

Global Preparatory Academy, 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 Global Preparatory Academy, Inc.

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

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

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