



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

Charter School Board
Timothy L. Johnson Academy Middle School, Inc.
Allen County, Indiana

We have reviewed the audit report of Timothy L. Johnson Academy Middle School, 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 Timothy L. Johnson Academy Middle School, Inc. as of June 30, 2024 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

In addition to the report presented herein, a supplemental report for Timothy L. Johnson Academy Middle School, 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

Timothy L. Johnson Academy Middle School, Inc.

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



Timothy L. Johnson Academy Middle School, Inc.

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Donovan CPAs

Independent Auditor's Report

The Board of Directors
Timothy L. Johnson Academy Middle School, Inc.
Fort Wayne, Indiana

Opinion

We audited the financial statements of Timothy L. Johnson Academy Middle School, 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.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the School as of and for the year ended June 30, 2023 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 22, 2024.

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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified during the audit.



Donovan CPAs
Indianapolis, Indiana
March 12, 2025

Timothy L. Johnson Academy Middle School, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 920,624	\$ 1,213,403
Grants receivable	218,655	279,096
Total current assets	1,139,279	1,492,499
Fixed Assets		
Building improvements	49,780	49,780
Furniture and equipment	73,121	73,121
Less: accumulated depreciation	(73,818)	(69,543)
Fixed assets, net	49,083	53,358
Total Assets	\$ 1,188,362	\$ 1,545,857
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 66,350	\$ 242,499
Due to affiliated entity	156,993	65,880
Refundable advance	109,713	-
Total current liabilities	333,056	308,379
Net Assets		
Without donor restrictions	855,306	1,235,725
With donor restrictions	-	1,753
Total net assets	855,306	1,237,478
Total Liabilities and Net Assets	\$ 1,188,362	\$ 1,545,857

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

Timothy L. Johnson Academy Middle School, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
State education support	\$ 1,519,672	\$ -	\$ 1,519,672	\$ 1,690,563	\$ -	\$ 1,690,563
Grant revenue	902,540	-	902,540	1,180,515	-	1,180,515
Interest income	34,319	-	34,319	-	-	-
Other income	4,633	-	4,633	9,051	-	9,051
Net assets released from restrictions	1,753	(1,753)	-	-	-	-
Total revenue and support	<u>2,462,917</u>	<u>(1,753)</u>	<u>2,461,164</u>	<u>2,880,129</u>	<u>-</u>	<u>2,880,129</u>
Expenses						
Program services	1,824,809	-	1,824,809	1,709,927	-	1,709,927
Management and general	1,018,527	-	1,018,527	830,162	-	830,162
Total expenses	<u>2,843,336</u>	<u>-</u>	<u>2,843,336</u>	<u>2,540,089</u>	<u>-</u>	<u>2,540,089</u>
Change in Net Assets	(380,419)	(1,753)	(382,172)	340,040	-	340,040
Net Assets, Beginning of Year	<u>1,235,725</u>	<u>1,753</u>	<u>1,237,478</u>	<u>895,685</u>	<u>1,753</u>	<u>897,438</u>
Net Assets, End of Year	<u>\$ 855,306</u>	<u>\$ -</u>	<u>\$ 855,306</u>	<u>\$ 1,235,725</u>	<u>\$ 1,753</u>	<u>\$ 1,237,478</u>

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

Timothy L. Johnson Academy Middle School, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	\$ 1,000,362	\$ 489,091	\$ 1,489,453	\$ 791,662	\$ 344,213	\$ 1,135,875
Employee benefits and taxes	222,504	170,514	393,018	187,559	114,289	301,848
Professional services	78,771	255,186	333,957	94,666	266,089	360,755
Food costs	127,538	-	127,538	140,712	-	140,712
Information technology	112,755	-	112,755	137,350	-	137,350
Repairs and maintenance	95,549	-	95,549	67,085	-	67,085
Supplies	74,229	14,491	88,720	109,518	10,320	119,838
Authorizer oversight fee	-	42,947	42,947	-	48,558	48,558
Occupancy	35,618	-	35,618	39,438	-	39,438
Transportation	34,967	-	34,967	50,912	-	50,912
Telephone	-	21,537	21,537	-	26,046	26,046
Insurance	-	21,365	21,365	-	16,912	16,912
Equipment	15,153	-	15,153	77,436	-	77,436
Staff development and recruitment	8,246	-	8,246	2,500	-	2,500
Depreciation	4,275	-	4,275	5,982	-	5,982
Other	14,842	3,396	18,238	5,107	3,735	8,842
Total functional expenses	\$ 1,824,809	\$ 1,018,527	\$ 2,843,336	\$ 1,709,927	\$ 830,162	\$ 2,540,089

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

Timothy L. Johnson Academy Middle School, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ (382,172)	\$ 340,040
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	4,275	5,982
Change in certain assets and liabilities:		
Grants receivable	60,441	(211,537)
Due from affiliated entity	91,113	212,377
Prepaid expenses	-	91,316
Accounts payable and accrued expenses	(176,149)	19,838
Refundable advance	109,713	-
Net change in cash from operating activities	(292,779)	458,016
Investing Activities		
Purchases of fixed assets	-	(49,780)
Net Change in Cash	(292,779)	408,236
Cash, Beginning of Year	1,213,403	805,167
Cash, End of Year	\$ 920,624	\$ 1,213,403

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

Timothy L. Johnson Academy Middle School, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 – Nature of Activities

Timothy L. Johnson Academy Middle School, 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 and is sponsored by Education One, LLC through Trine University (Education One). The charter agreement remains in effect until June 2039 and is renewable thereafter by mutual consent.

The School served approximately 160 students in grades sixth through eighth during the 2023-2024 school year (190 during the 2022-2023 school year).

Note 2 – Summary of Significant Accounting Policies

Financial Statement Presentation

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

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

As of June 30, 2024, the School only had net assets without donor restrictions. As of June 30, 2023, the School had net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions were available for activities permitted by grant agreements.

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. As of June 30, 2024 and 2023, there were no cash equivalents.

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.

Timothy L. Johnson Academy Middle School, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Fixed Assets

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

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

Building improvements	39 years
Furniture and equipment	5 - 7 years

Due to Affiliated Entity

The balance in due to affiliated entity represents reimbursement owed to another school operated under common leadership in a shared building. The affiliated entity pays shared expenses for both schools, and the School reimburses the affiliated entity for its share of the expenses.

Taxes on Income

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

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

Reclassifications

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

Subsequent Events

The School evaluated subsequent events through March 12, 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.

Timothy L. Johnson Academy Middle School, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

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 paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A significant portion of the School's revenue is the product of cost reimbursement grants. Accordingly, 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 obligation.

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

Disaggregation of Revenue

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

Note 4 – Refundable Advance

The School was awarded a grant from the Indiana Department of Education to provide for facility costs. The grants are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Refundable advances totaled \$109,713 as of June 30, 2024. There were no refundable advances as of June 30, 2023.

Note 5 – Management Services Agreement

The School executed a management agreement with Entrepreneurial Ventures in Education, Inc. (EVE), whereby EVE provided management, administrative, and educational programming services. This agreement was in effect through June 30, 2024, after which it was terminated. Under terms of the agreement, the School agreed to pay an amount equal to 10% of revenues, as defined, for such services. Aggregate payments to EVE under this agreement were \$221,946 and \$241,517 for the years ended June 30, 2024 and 2023, respectively, and are included in professional services on the statements of functional expenses.

Note 6 – Retirement Plan

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. For the years ended June 30, 2024 and 2023, the School contributed 2% of defined compensation to eligible employees. Total contributions were \$26,963 and \$27,474 during the years ended June 30, 2024 and 2023, respectively.

Timothy L. Johnson Academy Middle School, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 7 – Net Assets with Donor Restrictions

Net assets were restricted for the following purposes as of June 30:

	2024	2023
Formative Assessment Grant	\$ -	\$ 1,753

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

	2024	2023
Formative Assessment Grant	\$ 1,753	\$ -

Note 8 – Commitments

As the sponsoring organization, Education One exercises certain oversight responsibilities. Education One assesses an authorizer oversight fee of no more than 3% of the basic tuition amount received by the School. The authorizer oversight fees were \$42,947 and \$48,558 for the years ended June 30, 2024 and 2023, respectively. In addition, the charter agreement requires the School to establish an escrow account of \$50,000 should a dissolution occur. As of June 30, 2024, this account had not been established.

Note 9 – Risks and Uncertainties

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

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

Bank deposits are maintained at PNC Bank and are insured up to the FDIC insurance limit which is regularly exceeded. As of June 30, 2024, approximately \$715,000 in cash was uninsured.

Timothy L. Johnson Academy Middle School, Inc.
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 10 – Liquidity

Financial assets held by the School include cash and grants receivable and totaled \$1,139,280 and \$1,492,499 as of June 30, 2024 and 2023, respectively. The entire balance of financial assets is 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 changes 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.

Timothy L. Johnson Academy Middle School, Inc.
Other Report
For the Year Ended June 30, 2024

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

Supplemental Audit Report of Timothy L. Johnson Academy Middle School, 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*.

Timothy L. Johnson Academy Middle School, Inc.
Schedule of Lead Auditor
For the Year Ended June 30, 2024

Auditor Information:	Donovan CPAs 9292 N Meridian Street, Suite 150 Indianapolis, IN 46260
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