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June 18, 2024

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

We have reviewed the audit report of Irvington Community Schools, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of Irvington Community Schools, Inc. as of June 30, 2023, 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 23 through 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 27.

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 Audit Report for 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.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

IRVINGTON COMMUNITY SCHOOLS, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Irvington Community Schools, Inc.

Opinion

We have audited the financial statements of Irvington Community Schools, Inc. which comprise the statements of financial position as of June 30, 2023 and 2022, 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 Irvington Community Schools, Inc. as of June 30, 2023 and 2022, and the changes in its net assets, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Irvington Community Schools, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Irvington Community Schools, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS 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 that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Irvington Community Schools, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Irvington Community Schools, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 have also issued our report dated April 23, 2024 on our consideration of Irvington Community Schools, Inc.'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 Irvington Community Schools, Inc.'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 Irvington Community Schools, Inc.'s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
April 23, 2024

IRVINGTON COMMUNITY SCHOOLS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,998,539	\$ 2,196,770
Grants receivable	1,090,146	1,178,214
Prepaid expenses	63,172	82,797
<i>Total current assets</i>	<u>3,151,857</u>	<u>3,457,781</u>
PROPERTY AND EQUIPMENT, NET	<u>7,211,018</u>	<u>6,964,319</u>
OTHER ASSETS		
In-kind contributions receivable	841,005	841,005
Restricted cash	633,374	601,847
<i>Total other assets</i>	<u>1,474,379</u>	<u>1,442,852</u>
TOTAL ASSETS	<u>\$ 11,837,254</u>	<u>\$ 11,864,952</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of notes payable	\$ 90,700	\$ 90,700
Current portion of bonds payable	242,604	357,466
Accounts payable and accrued expenses	626,051	165,824
Accrued bond interest	263,754	263,040
<i>Total current liabilities</i>	<u>1,223,109</u>	<u>877,030</u>
LONG-TERM LIABILITIES		
Notes payable, net of current portion	226,750	317,450
Bonds payable, net of current portion	9,071,866	9,184,470
Less: unamortized bond issuance costs	(428,584)	(446,401)
<i>Total long-term liabilities, net of unamortized bond issuance costs</i>	<u>8,870,032</u>	<u>9,055,519</u>
<i>Total liabilities</i>	<u>10,093,141</u>	<u>9,932,549</u>
NET ASSETS		
Without donor restrictions	903,108	1,091,398
With donor restrictions	841,005	841,005
<i>Total net assets</i>	<u>1,744,113</u>	<u>1,932,403</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,837,254</u>	<u>\$ 11,864,952</u>

See independent auditors' report and accompanying notes to the financial statements

IRVINGTON COMMUNITY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
State education support	\$ 7,385,511	\$ 7,276,527
Grants	4,818,532	4,246,539
In-kind revenue	1,195,236	1,195,236
Fundraising	106,238	11,533
Student fees	41,872	23,468
Contributions	33,611	25,407
Interest	13,099	314
Other	118,884	96,077
	<u>13,712,983</u>	<u>12,875,101</u>
<i>Total revenue and support</i>		
EXPENSES		
Program services	12,006,554	10,615,930
Management and general	1,894,719	1,736,118
	<u>13,901,273</u>	<u>12,352,048</u>
<i>Total expenses</i>		
CHANGE IN NET ASSETS	(188,290)	523,053
NET ASSETS, BEGINNING OF YEAR	<u>1,932,403</u>	<u>1,409,350</u>
NET ASSETS, END OF YEAR	<u>\$ 1,744,113</u>	<u>\$ 1,932,403</u>

See independent auditors' report and accompanying notes to the financial statements

IRVINGTON COMMUNITY SCHOOLS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2023 and 2022

	2023			2022		
	<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	\$ 5,982,978	\$ 1,049,304	\$ 7,032,282	\$ 5,137,017	\$ 995,910	\$ 6,132,927
Employee benefits	1,205,676	194,679	1,400,355	1,036,350	197,423	1,233,773
Professional services	711,377	441,728	1,153,105	874,556	340,558	1,215,114
Depreciation	1,130,879	-	1,130,879	930,365	-	930,365
Occupancy	982,315	-	982,315	961,049	-	961,049
Interest	581,151	-	581,151	586,492	-	586,492
Classroom and office supplies	398,239	17,496	415,735	374,993	4,832	379,825
Food costs	375,058	-	375,058	319,981	-	319,981
Clubs and extracurricular activities	174,481	-	174,481	58,595	-	58,595
Repairs and maintenance	103,778	-	103,778	86,927	-	86,927
Staff development	112,056	-	112,056	50,500	-	50,500
Equipment	92,596	-	92,596	62,535	-	62,535
Insurance	-	73,153	73,153	-	62,070	62,070
Software	69,817	-	69,817	82,415	725	83,140
Authorizer fee	-	58,266	58,266	-	71,377	71,377
Telephone and internet	42,484	-	42,484	33,300	-	33,300
Advertising	-	26,452	26,452	-	38,826	38,826
Student transportation	3,765	-	3,765	11,584	-	11,584
Other	39,904	33,641	73,545	9,271	24,397	33,668
<i>Total functional expenses</i>	<u>\$ 12,006,554</u>	<u>\$ 1,894,719</u>	<u>\$ 13,901,273</u>	<u>\$ 10,615,930</u>	<u>\$ 1,736,118</u>	<u>\$ 12,352,048</u>

See independent auditors' report and accompanying notes to the financial statements

IRVINGTON COMMUNITY SCHOOLS, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (188,290)	\$ 523,053
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,130,879	930,365
Amortization of debt issuance costs included in interest	17,817	39,111
Changes in certain assets and liabilities:		
Grants receivable	88,068	(1,088,899)
Prepaid expenses	19,625	30,385
Accounts payable and accrued expenses	460,227	100,740
Accrued bond interest	714	(3,900)
	<u>1,529,040</u>	<u>530,855</u>
<i>Net cash provided by operating activities</i>		
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(1,377,578)</u>	<u>(1,073,512)</u>
FINANCING ACTIVITIES		
Principal payments on capital lease obligation	-	(21,988)
Principal payments on notes payable	(90,700)	(90,700)
Principal payments on bonds payable	<u>(227,466)</u>	<u>(217,629)</u>
	<u>(318,166)</u>	<u>(330,317)</u>
<i>Net cash used in financing activities</i>		
NET CHANGE IN CASH	(166,704)	(872,974)
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>2,798,617</u>	<u>3,671,591</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 2,631,913</u>	<u>\$ 2,798,617</u>
CASH AND RESTRICTED CASH, END OF YEAR		
Cash - unrestricted	\$ 1,998,539	\$ 2,196,770
Cash - restricted on deposit with bond trustee	423,923	398,765
Cash - restricted for repairs and replacement	<u>209,451</u>	<u>203,082</u>
	<u>\$ 2,631,913</u>	<u>\$ 2,798,617</u>
<i>Total cash and restricted cash, end of year</i>		
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 562,620	\$ 551,281

See independent auditors' report and accompanying notes to the financial statements

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – 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 the 2022-2023 school year (970 students during the 2021-2022 school year).

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.

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.

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, 2023 and 2022.

Restricted Cash – The terms of the bonds payable require the School to establish cash accounts restricted for certain purposes including capital projects, debt service, and repairs and replacement.

Grants Receivable – 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 doubtful accounts is deemed necessary.

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, 2023 and 2022 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, 2023 and 2022.

Property and Equipment – 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.

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 \$105,925 and \$88,108 as of June 30, 2023 and 2022, 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, 2023 and 2022, 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 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 has examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2019 are open to audit for both federal and state purposes.

Advertising – Advertising costs are expensed as incurred and amounted to \$26,452 and \$38,826 for the years ended June 30, 2023 and 2022, respectively.

Reclassifications – Certain amounts in the 2022 financial statements have been reclassified to conform to the presentation of the 2023 financial statements. There was no change to net assets previously reported as a result of the reclassification.

Subsequent Events – The School evaluated subsequent events through April 23, 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.

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 - 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 or additions to property and equipment.

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

Volunteers provide program services throughout the year that 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.

NOTE 3 - IN-KIND CONTRIBUTIONS

The School recorded in-kind revenues and offsetting expenses totaling \$1,195,236 for both years ended June 30, 2023 and 2022. This amount represents approximately \$673,000 in in-kind rent (Note 7), 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.

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 418,523	\$ 418,523
Building and improvements	9,942,269	8,992,463
Furniture and equipment	2,041,503	2,193,488
Computer hardware and software	1,975,692	1,934,643
Textbooks and educational materials	1,234,759	906,039
Vehicles	251,737	41,749
Less: accumulated depreciation	<u>(8,653,465)</u>	<u>(7,522,586)</u>
<i>Property and equipment, net</i>	<u>\$ 7,211,018</u>	<u>\$ 6,964,319</u>

NOTE 5 - BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
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)	\$ 8,760,000	\$ 8,905,000
Bonds payable in semi-annual installments, including variable rate interest as noted below, through maturity in December 2025 (b)	<u>554,470</u>	<u>636,936</u>
	9,314,470	9,541,936
Less: current portion	<u>(242,604)</u>	<u>(357,466)</u>
Long-term portion	<u>\$ 9,071,866</u>	<u>\$ 9,184,470</u>

- (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, 2023, the interest rate was 6%. The bond is collateralized by the building and assignment of rent and lease interest.

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 5 - BONDS PAYABLE, Continued

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, establishes a minimum debt service coverage ratio, and establishes 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, 2023. The School was in compliance with all bond covenants as of June 30, 2022.

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

2024	\$	242,604
2025		253,062
2026		543,804
2027		180,000
2028		190,000
Thereafter		<u>7,905,000</u>
Total	\$	<u>9,314,470</u>

NOTE 6 - NOTES PAYABLE

Notes payable consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Common School Loan payable in semi-annual installments, including interest computed at 1.00%, through maturity in January 2027	\$ 317,450	\$ 408,150
Less: current portion	<u>(90,700)</u>	<u>(90,700)</u>
Long-term portion	<u>\$ 226,750</u>	<u>\$ 317,450</u>

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

2024	\$	90,700
2025		90,700
2026		90,700
2027		<u>45,350</u>
Total	\$	<u>317,450</u>

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 7 - LEASES

As of June 30, 2023, the School leased various equipment under agreements accounted for as operating leases. Because the leases had 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 \$47,221 and \$43,519 of expense related to the leases during the years ended June 30, 2023 and 2022, respectively. The future minimum rental payments required under the operating leases for the year ending June 30, 2025 are \$45,171.

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, 2023 and 2022.

NOTE 8 - 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 during the year ended June 30, 2023 (5.5% and 11.2% for the year ended June 30, 2022). 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, 2022 (the latest year reported), TRF was over 92% funded and PERF was over 82% funded.

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 \$345,763 and \$321,463 for the years ended June 30, 2023 and 2022, respectively.

NOTE 9 - 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 fee was \$58,266 and \$71,377 for the years ended June 30, 2023 and 2022, respectively.

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 10 - 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, 2023 and 2022, all of the grant receivable balance was due from the State of Indiana. In addition, deposits maintained at Huntington and Horizon Banks 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, 2023 and 2022.

NOTE 11 - 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:

	<u>2023</u>	<u>2022</u>
Financial assets	\$ 3,722,059	\$ 3,976,831
Less: deposits with bond trustee unavailable for general expenditures within one year	<u>(633,374)</u>	<u>(601,847)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,088,685</u>	<u>\$ 3,374,984</u>

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 12 - 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, 2023

<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		\$ 32,103
National School Lunch Program	10.555		<u>303,602</u>
<i>Total U.S. Department of Agriculture</i>			<u>335,705</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Grants to Local Educational Agencies	84.010	S010A210014	70,990
Title I, Grants to Local Educational Agencies	84.010	S010A220014	380,166
Title II, Supporting Effective Instruction State Grants	84.367	S367A210013	3,497
Title II, Supporting Effective Instruction State Grants	84.367	S367A220013	45,925
Title IV, Student Support and Academic Enrichment	84.424A	S424A220015	21,341
Special Education Cluster			
Special Education - Grants to States	84.027A	23611-506-PN01	188,730
Special Education - Grants to States	84.027A	23619-506-PN01	3,516
Special Education - Grants to States	84.027A	22611-506-ARP	63,407
Special Education - Grants to States	84.027A	22619-506-ARP	4,510
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	1,418,071
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	<u>852,761</u>
<i>Total U.S. Department of Education</i>			<u>3,052,914</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-through Indiana Department of Homeland Security			
Secured School Safety Grant	97.008		6,700
Secured School Safety Grant	97.008		<u>17,767</u>
<i>Total U.S. Department of Homeland Security</i>			<u>24,467</u>
<i>Total federal awards expended</i>			<u><u>\$ 3,413,086</u></u>

See independent auditors' report and accompanying notes to this schedule

IRVINGTON COMMUNITY SCHOOLS, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

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, 2023. 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 AUDITORS' 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.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Irvington Community Schools, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2023, 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 have issued our report thereon dated April 23, 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 that are 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 that 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 that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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. 2023-001. 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 that are required to be reported under *Government Auditing Standards*.

Irvington Community Schools, Inc.'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 27. 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



Indianapolis, Indiana
April 23, 2024



Donovan CPAs

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

The Board of Directors
Irvington Community Schools, Inc.

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, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2023.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding No. 2023-002 and Finding No. 2023-003. Our opinion on the major federal programs is not modified with respect to these matters.

The School's responses to the noncompliance findings identified in our audit is described in the Corrective Action Plan on page 27. 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").

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

We are required to be independent of 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.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a material weakness

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. 2023-002 to be 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



Indianapolis, Indiana
April 23, 2024

IRVINGTON COMMUNITY SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' 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?	Yes
• Significant deficiency identified?	Yes
Type of auditors' 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, 2023

II. Financial Statement Findings

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. Those adjustments resulted in the following changes to the financial statements:

Assets	\$ 130,535
Liabilities	(8,821)
Revenue	(114,532)
Expenses	(253,888)

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 27.

IRVINGTON COMMUNITY SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

III. Federal Award Findings and Questioned Costs

**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.

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 pages 27.

IRVINGTON COMMUNITY SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

III. Federal Award Findings and Questioned Costs, Continued

FINDING 2023-003 CASH MANAGEMENT (REPEAT FINDING)
MATERIAL WEAKNESS

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2022-001.

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.

Cause

The School has not properly monitored the balance of these funds to make sure funds were expended in a manner to allow for compliance with federal guidelines.

Effect

This material weakness in internal control resulted in the School having an excessive cash balance in its meal program funds and not being in compliance with 7 CFR 210.14(b) and 7 CFR 220.7(e)(1)(iv).

Recommendation

We recommend the School develop internal controls to allow for closer monitoring of the balance of these funds. We also recommend the School proactively communicate the cash management finding to the Indiana Department of Education to discuss a remedial plan of action.

Views of Responsible Officials

The School’s Corrective Action Plan is included on pages 27.

IRVINGTON COMMUNITY SCHOOLS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2023

FINDING 2022-001 CASH MANAGEMENT (REPEAT FINDING)
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 \$96,000. The School was carrying a balance in excess of the three months average of expenditures in all twelve months, including a balance of approximately \$329,000 as of June 30, 2022, after subtracting prepaid balances.

Current Status

Repeat finding issued (Finding 2023-003).

FINDING 2022-002 DOCUMENT RETENTION (REPEAT FINDING)
SIGNIFICANT DEFICIENCY

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

Criteria

Per 7 CFR 200.334, “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

Condition

Three claims for meal reimbursement were selected for testing. The School was unable to provide records of meals served that directly reconciled with those claims. A reconciliation was provided showing total meals served during the year compared to total meals claimed. A variance was noted, but this variance was below the \$25,000 threshold for reporting questioned costs.

Current Status

Corrective action was taken.



Irvington Community Schools

2022-23 Audit Findings Management Corrective Action Plan

Irvington Community School's 2022-23 audit found three items requiring Management's corrective action.

1. Finding 2023-001 Material Weakness

Management Corrective Action: *The school's grant management struggled due to staff turnover and a large volume of new grants. This brought about a number of significant changes late in the year to assure all grant funds were properly accounted for and utilized. Grant management is now consolidated under the purview of the staff accountant. This will assure a cohesive utilization and accounting of the funds throughout the year.*

Responsible Person/Position: *Linda Heidrich/Staff Accountant*

2. Finding 2023-002. Inventory

Management Corrective Action: *Due to staff turnover at the school, this task was not completed. Management will undertake the inventory of fixed assets.*

Responsible Person/Position: *Rod Iberg/COO*

3. Finding 2023-003. Fund Balance

Management Corrective Action: *Previous audit year expenses were classified as "General" funds when they should have classified as "Food Service". This, in aggregate, has led to an excess fund balance. Management, will work with the state on how to transfer the large arrear fund balances between accounts. Management will also endeavor to assure that all ongoing expenses are allocated to the correct fund.*

Responsible Person/Position: *Rod Iberg/COO and Linda Heidrich/Staff Accountant*

IRVINGTON COMMUNITY SCHOOLS, INC.
OTHER REPORT
For the Year Ended June 30, 2023

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*.