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March 11, 2024

Charter School Board
Purdue Polytechnic High School
Marion County, Indiana

We have reviewed the audit report of Purdue Polytechnic High School which was opined upon by Greenwalt CPAs, Inc., 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 Purdue Polytechnic High School 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 in the report on pages 33 and 34. Management's Corrective Action Plan can be found on pages 36 through 38.

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

In addition to the report presented herein, a Supplemental Audit Report for Purdue Polytechnic High School, was prepared in accordance with the guidelines established by the 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

PURDUE POLYTECHNIC HIGH SCHOOL

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

JUNE 30, 2023 AND 2022

GREENWALT^{CPAs}

We Deliver Peace of Mind

PURDUE POLYTECHNIC HIGH SCHOOL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Purdue Polytechnic High School (a network of Indiana public charter schools, "PPHS"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PPHS as of June 30, 2023 and 2022, and the changes in its net assets and its 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 audit 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* (Government Auditing Standards), issued by the Comptroller General of the United States of America, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources and Guidelines for Audits for Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. 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 PPHS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that 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 PPHS' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, Government Auditing Standards, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources and Guidelines for Audits for Charter Schools performed by Private Examiners*, 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 PPHS' 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 PPHS' 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 15, 2024 on our consideration of PPHS' 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 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 PPHS' 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 PPHS' internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

February 15, 2024

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	\$ 3,095,154	\$ 892,444
Grants receivable, current portion	2,127,655	514,995
Prepaid expenses	<u>111,971</u>	<u>199,293</u>
<i>Total current assets</i>	<u>5,334,780</u>	<u>1,606,732</u>
NON-CURRENT GRANTS RECEIVABLE	<u>845,711</u>	<u>1,170,751</u>
PROPERTY AND EQUIPMENT		
Furniture	1,635,245	1,519,738
Equipment	953,334	865,828
Computer equipment	406,335	481,897
Textbooks	96,301	20,739
Leasehold improvements	404,300	404,300
Vehicles	319,221	202,621
Accumulated depreciation	<u>(2,585,488)</u>	<u>(1,935,781)</u>
<i>Total property and equipment, net</i>	<u>1,229,248</u>	<u>1,559,342</u>
RIGHT-OF-USE ASSETS OPERATING LEASES	<u>8,271,301</u>	<u>-</u>
<i>Total assets</i>	<u>\$ 15,681,040</u>	<u>\$ 4,336,825</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 263,897	\$ 70,565
Payroll and other accrued expenses	750,774	531,772
Operating lease liabilities, current portion	918,072	-
Finance lease liabilities, current portion	3,251	-
Refundable advance	<u>250,000</u>	<u>-</u>
<i>Total current liabilities</i>	<u>2,185,994</u>	<u>602,337</u>
LONG TERM LIABILITIES		
Operating lease liabilities, net of current portion	7,679,101	-
Finance lease liabilities, net of current portion	<u>10,633</u>	<u>-</u>
<i>Total long-term liabilities</i>	<u>7,689,734</u>	<u>-</u>
<i>Total liabilities</i>	<u>9,875,728</u>	<u>602,337</u>
CONTINGENCY (NOTE 10)		
NET ASSETS		
Without donor restrictions	1,947,717	1,233,530
Without donor restrictions - board designated	<u>90,000</u>	<u>80,000</u>
<i>Total net assets without donor restrictions</i>	2,037,717	1,313,530
With donor restrictions	<u>3,767,595</u>	<u>2,420,958</u>
<i>Total net assets</i>	<u>5,805,312</u>	<u>3,734,488</u>
<i>Total liabilities and net assets</i>	<u>\$ 15,681,040</u>	<u>\$ 4,336,825</u>

PURDUE POLYTECHNIC HIGH SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT				
Private funding	\$ 407,183	\$ 3,279,280	\$ 3,686,463	\$ 1,290,619
In-kind contributions	968,357	-	968,357	121,000
State funding	9,949,451	-	9,949,451	8,398,027
Federal funding	3,343,706	-	3,343,706	1,354,628
Other income	330,898	-	330,898	53,864
Net assets released from restrictions	1,932,643	(1,932,643)	-	-
<i>Total revenue and support</i>	<u>16,932,238</u>	<u>1,346,637</u>	<u>18,278,875</u>	<u>11,218,138</u>
EXPENSES				
Salaries and wages	6,551,206	-	6,551,206	5,726,158
Employee benefits	1,711,382	-	1,711,382	1,535,898
Staff development and recruitment	79,349	-	79,349	42,351
Professional services	1,413,302	-	1,413,302	1,170,230
Transportation	93,712	-	93,712	123,090
Food cost	591,745	-	591,745	361,191
Repairs and maintenance	245,031	-	245,031	442,202
Classroom, kitchen and office supplies	1,229,718	-	1,229,718	784,075
Information technology	175,804	-	175,804	152,755
Occupancy	2,468,723	-	2,468,723	1,193,151
Depreciation	649,709	-	649,709	620,424
Insurance	78,216	-	78,216	53,815
Other	920,154	-	920,154	396,864
<i>Total expenses</i>	<u>16,208,051</u>	<u>-</u>	<u>16,208,051</u>	<u>12,602,204</u>
CHANGE IN NET ASSETS	724,187	1,346,637	2,070,824	(1,384,066)
NET ASSETS, BEGINNING OF YEAR	<u>1,313,530</u>	<u>2,420,958</u>	<u>3,734,488</u>	<u>5,118,554</u>
NET ASSETS, END OF YEAR	<u>\$ 2,037,717</u>	<u>\$ 3,767,595</u>	<u>\$ 5,805,312</u>	<u>\$ 3,734,488</u>

PURDUE POLYTECHNIC HIGH SCHOOL

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2022
REVENUE AND SUPPORT			
Private funding	\$ 656,744	\$ 633,875	\$ 1,290,619
In-kind contributions	121,000		121,000
State funding	8,398,027	-	8,398,027
Federal funding	1,354,628	-	1,354,628
Other income	53,864	-	53,864
Net assets released from restrictions	957,145	(957,145)	-
	<u>11,541,408</u>	<u>(323,270)</u>	<u>11,218,138</u>
<i>Total revenue and support</i>			
EXPENSES			
Salaries and wages	5,726,158	-	5,726,158
Employee benefits	1,535,898	-	1,535,898
Staff development and recruitment	42,351	-	42,351
Professional services	1,170,230	-	1,170,230
Transportation	123,090	-	123,090
Food cost	361,191	-	361,191
Repairs and maintenance	442,202	-	442,202
Classroom, kitchen and office supplies	784,075	-	784,075
Information technology	152,755	-	152,755
Occupancy	1,193,151	-	1,193,151
Depreciation	620,424	-	620,424
Insurance	53,815	-	53,815
Other	396,864	-	396,864
	<u>12,602,204</u>	<u>-</u>	<u>12,602,204</u>
<i>Total expenses</i>			
CHANGE IN NET ASSETS	(1,060,796)	(323,270)	(1,384,066)
NET ASSETS, BEGINNING OF YEAR	<u>2,374,326</u>	<u>2,744,228</u>	<u>5,118,554</u>
NET ASSETS, END OF YEAR	<u>\$ 1,313,530</u>	<u>\$ 2,420,958</u>	<u>\$ 3,734,488</u>

NET CHANGE IN CASH

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from private funding	\$ 2,718,106	\$ 1,290,619
Cash received from state and federal funding	12,005,537	10,388,970
Cash received from other income sources	330,898	53,864
Cash paid to suppliers and employees	<u>(12,532,216)</u>	<u>(11,784,205)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>2,522,325</u>	<u>(50,752)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(316,207)</u>	<u>(250,265)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on finance lease arrangement	<u>(3,408)</u>	<u>-</u>
NET CHANGE IN CASH	2,202,710	(301,017)
CASH, BEGINNING OF YEAR	<u>892,444</u>	<u>1,193,461</u>
CASH, END OF YEAR	<u><u>\$ 3,095,154</u></u>	<u><u>\$ 892,444</u></u>
NON-CASH OPERATING ACTIVITIES		
In-kind rent	\$ 968,357	\$ -
In-kind services	\$ -	\$ 121,000
Operating lease ROU assets obtained in exchange for new operating lease liabilities	\$ 9,279,636	\$ -
NON-CASH FINANCING ACTIVITIES		
Finance lease ROU assets obtained in exchange for new operating lease liabilities	\$ 17,043	\$ -

RECONCILIATION OF CHANGE IN NET ASSETS TO
 NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<u>2023</u>	<u>2022</u>
CHANGE IN NET ASSETS	\$ 2,070,824	\$ (1,384,066)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	649,709	620,424
<i>{Increase} decrease in operating assets</i>		
Grants receivable	(1,287,620)	636,315
Prepaid expenses	87,322	9,624
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	193,332	(84,735)
Payroll and other accrued expenses	219,002	151,686
Refundable advance	250,000	-
Operating lease liabilities, net	339,756	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 2,522,325</u>	<u>\$ (50,752)</u>

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Purdue Polytechnic High School ("PPHS") is an Indiana public charter high school that was created through the vision of leaders at Purdue University and the City of Indianapolis. PPHS opened with the mission to offer the most beneficial educational experience for students who want to pursue high-tech and STEM-related careers. The school's mission is to create an environment of academic excellence characterized by industry-focused experiential learning; mentors who nurture, guide and trust; and students who develop a natural thirst to learn in preparation for their lifelong journeys. PPHS' main sources of revenue and support are from state and federal education funding and private grants.

PPHS operates three charter high schools. PPHS Schweitzer Center at Englewood Campus and PPHS North Campus are both authorized by the Office of Education Innovation of the Office of the Mayor of the City of Indianapolis (OEI). PPHS South Bend Campus is authorized by the Indiana Charter School Board.

In January 2023, PPHS received a new charter through Trine University to open a high school on the west side of Indianapolis.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes on the statements of cash flows, PPHS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2023 and 2022.

At June 30, 2023 and 2022, PPHS maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of approximately \$3,352,500 and \$999,000 respectively.

GRANTS RECEIVABLE AND PRIVATE FUNDING

Contributions and grants are recognized when the donor makes an unconditional promise to give to PPHS and are recorded at their fair values as revenues and assets in the period the promise is received. Contributions and grants with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. A portion of PPHS' revenue is the product of cost reimbursement grants. Accordingly, PPHS recognizes revenue under these grants as costs are incurred. Conditional promises to give are recognized as revenue when the conditions are met.

A discount rate commensurate with the risks involved in holding the grants receivable due in future years was used in calculating the present value of future cash flows.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS RECEIVABLE AND PRIVATE FUNDING, CONTINUED

Grants receivable were due as follows at June 30:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 2,127,655	\$ 514,995
One to five years	800,000	940,000
Thereafter	320,000	480,000
Present value discount at 5.9%	<u>(274,289)</u>	<u>(249,249)</u>
	<u>\$ 2,973,366</u>	<u>\$ 1,685,746</u>

There was no allowance for doubtful accounts at June 30, 2023 or 2022.

PROPERTY AND EQUIPMENT

Property and equipment purchases are recorded at cost. Donated property and equipment are reported at fair value at the date of donation. Depreciation is computed on the straight-line method over estimated useful lives ranging from 3 to 15 years once property and equipment are placed in service. Routine maintenance and repairs are charged to expense as incurred.

REFUNDABLE ADVANCE

Conditional grants and contributions that are received before the conditions have been met are reported in the statement of financial position as refundable advances.

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the Preparation of Financial Statements of Not-for-Profit Organizations. These standards require the financial statements to report information regarding its assets, liabilities, and net assets and its revenue, expenses, and other changes in net assets according to net asset class. The PPHS maintains the following classifications of net assets:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objections of PPHS. These include revenues and expenses which may be used at the discretion of the management and Board of Directors to support PPHS' purpose and operations.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Net Assets Without Donor Restrictions, Continued

Board-designated net assets consist of escrow amounts designated for any potential dissolution of PPHS. PPHS' charters requires that each school establish an account held in escrow of \$30,000 no later than December of the third year of operations. At June 30, PPHS held the following amounts in escrow which have been presented as board designated net assets without donor restrictions in the statements of financial position:

	<u>2023</u>	<u>2022</u>
Englewood campus	\$ 30,000	\$ 30,000
North campus	30,000	30,000
South Bend campus	30,000	20,000
	<u>\$ 90,000</u>	<u>\$ 80,000</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature whereby the donor has stipulated a specific purpose or time period. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted promises to give, contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported as net assets released from restrictions in statements of activities.

At June 30, net assets were restricted for the following purposes:

	<u>2023</u>	<u>2022</u>
Startup cost	\$ -	\$ 367,882
Training and technology	-	146,932
Makers Lab	11,353	11,353
College and career pathways	581,059	633,595
Learning mentors and coaches	440,693	762,656
School and partnership expansion	2,227,007	-
Capacity building	471,200	-
Ab7G Program	-	494,757
Other	36,283	3,783
	<u>\$ 3,767,595</u>	<u>\$ 2,420,958</u>

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

STATE AND FEDERAL FUNDING REVENUE RECOGNITION

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, PPHS 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.

LEASES

Management determines if an arrangement is a lease at inception. The operating leases are included as right of use (ROU) assets, operating lease liabilities – current portion, and operating lease liabilities, net of current portion on the statements of financial position. Finance leases are included in equipment, finance lease liabilities – current portion, and finance lease liabilities, net of current portion on the statements of financial position.

The ROU asset represents PPHS's right to use an underlying asset for the lease term and the lease liabilities represent its obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. The lease ROU assets also include any lease payments made and exclude lease incentives. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the PPHS will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PPHS's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

PPHS elected the available practical expedients to use a risk-free rate when discounting future lease payments to measure leases at present value on the statement of financial position when the implicit rate is unknown and to account for lease and non-lease components as a single lease component.

In addition, PPHS elected to not apply the recognition requirements in the lease standard to short-term leases (a lease that at commencement date has a lease term of 12 months or less and does not contain a purchase option that the lessee is reasonably certain to exercise).

NEW ACCOUNTING PRONOUNCEMENT

In July 2022, the PPHS adopted ASU 2016-02, *Leases* (Topic 842), which among other things, requires the recognition of right-of-use assets and lease liabilities on the statement of financial position of lessees for operating leases, along with the disclosure of key information about leasing arrangements.

PPHS adopted the standard effective July 1, 2022 and recognized and measured leases existing at, or entered into after, July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in Topic 840.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NEW ACCOUNTING PRONOUNCEMENT, CONTINUED

The School elected the available practical expedients to account for existing operating leases and capital leases as operating and finance leases, respectively under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of operating or finance leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, PPHS recognized on July 1, 2022, lease ROU assets and corresponding operating and finance lease liabilities of \$9,296,678 which represents the present value of the remaining lease payments of \$10,501,178, discounted using risk-free rates ranging from 2.60% to 2.92%.

The standard had a material impact on the PPHS's statement of financial position but did not have an impact on the statements of activities and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for the operating leases.

CONCENTRATION OF CREDIT RISK

The majority of state funding relates to legislation enacted by the State of Indiana and grants awarded under state programs. Changes in state legislation could significantly affect PPHS. State funding (including federal funding passed through the Indiana Department of Education) represented 73% and 87% of PPHS total revenue during 2023 and 2022, respectively.

TAX STATUS

PPHS is an Indiana not-for-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. PPHS is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

Subsequent events have been considered through February 15, 2024, which was the date the financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

The majority of PPHS revenue is derived from state funding. PPHS also receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions as well as support without donor restrictions including contributions from individuals, organizations and government agencies.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

The following table reflects the PPHS's financial assets as of June 30, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or board designations.

	<u>2023</u>	<u>2022</u>
Financial assets at year-end		
Cash	\$ 3,095,154	\$ 892,444
Grants receivable	<u>2,973,366</u>	<u>1,685,746</u>
Total financial assets available for use within one year	<u>6,068,520</u>	<u>2,578,190</u>
Board designated net assets	(90,000)	(80,000)
Net assets with donor restrictions	<u>(3,767,595)</u>	<u>(2,420,958)</u>
Total financial assets not available for use:	<u>(3,857,595)</u>	<u>(2,500,958)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,210,925</u>	<u>\$ 77,232</u>

3. IN-KIND CONTRIBUTIONS

Pursuant to the Not-for-Profit Organizations Revenue Recognition Accounting Standards for contributed services, contributions of services are recognized if the services received (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 PPHS. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

PPHS received \$121,000 of in-kind contributions during 2022 for staffing at the school. PPHS received \$968,357 of in-kind contributions during 2023 for use of facilities. In-kind contributions were utilized as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Program	\$ 968,357	\$ 11,000
Management and general	<u>-</u>	<u>110,000</u>
Total financial assets	<u>\$ 968,357</u>	<u>\$ 121,000</u>

In-kind contributions have been reported separately in the statements of activities. They have been treated as non-cash activities for the purposes of the statements of cash flows.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

4. LINE OF CREDIT

PPHS has a line of credit which expires in March 2028. The line allows for maximum borrowings of \$400,000 and a variable interest rate per annum equal to the current yield of the Purdue Investment Pool Cash Loan Fund as of June 30th each year, plus one hundred (100) basis points (1%). There was no balance outstanding on the line of credit at June 30, 2023 and 2022.

5. OPERATING LEASES UNDER 842

PPHS leases school facilities and office equipment over various periods through June 30, 2029. One lease has a renewal option which, if exercised, would extend an equipment lease up to five years. Management is not reasonably certain the option will be exercised as such has not included future payments related to that option in the calculations used to measure the lease liability in the statement of financial position. For all building property leased, PPHS pays its share of common area maintenance and operating costs, which are excluded from the minimum future obligations presented in the chart below.

The components of lease expense were as follows at June 30, 2023:

Operating lease cost	\$ 1,256,950
Finance lease cost	
Amortization of ROU asset	3,409
Interest on lease liabilities	441
Total lease cost	<u>\$ 1,260,800</u>

Weighted average lease term and discount rate as of June 30, 2023 were as follows:

Weighted average remaining lease term - operating leases	7.97 years
Weighted average discount rate – operating leases	2.73%
Weighted average remaining lease term - finance leases	4.08 years
Weighted average discount rate – finance leases	2.88%

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

5. OPERATING LEASES UNDER 842, CONTINUED

Future minimum lease payments under all operating lease as of June 30, 2023 were as follows:

	<u>Operating</u>	<u>Finance</u>
2024	\$ 1,138,831	\$ 3,600
2025	1,270,815	3,600
2026	1,303,083	3,600
2027	1,326,676	3,600
2028	1,343,251	300
Thereafter	<u>3,214,146</u>	<u>-</u>
Total undiscounted cash flows	9,596,802	14,700
Less: present value discount	<u>(999,629)</u>	<u>(816)</u>
Total lease liability	8,597,173	13,884
Less: current liability	<u>(918,072)</u>	<u>(3,251)</u>
Long term lease liability	<u>\$ 7,679,101</u>	<u>\$ 10,633</u>

6. OPERATING LEASES UNDER 840

In July 2020, PPHS entered into an eight-year leasing agreement for its Englewood campus with annual lease payments of \$684,158. In January 2021, PPHS expanded its Englewood campus with an additional eight-year lease requiring annual lease payments of \$75,000 through December 31, 2025 and annual lease payments of \$95,000 through December 31, 2028. Both leases require PPHS to pay annual common area maintenance (CAM) charges. Rent expense, including CAM charges, for the fiscal year 2022 was \$778,934.

PPHS also leases equipment under operating leases with various expiration dates through July 2025. Lease expense for equipment was \$25,690 for fiscal year 2022.

Effective July 2019, PPHS entered into a ten-year lease agreement for its North campus that includes annual minimum lease payments beginning in fiscal year 2020. Lease payments are equal to 15% of the per-student state revenue, multiplied by the number of students enrolled, with minimum students equal to no less than 100 for year one and 250 thereafter. Rent expense for the fiscal year 2022 was \$299,090.

Effective June 2020, PPHS entered into a one-year lease agreement for its South Bend campus that includes annual minimum lease payments totaling \$68,000 beginning in fiscal year 2021. The lease was extended through July 31, 2022 requiring monthly rent payments of \$5,667. In August of 2022, PPHS entered into a ten-year lease for its South Bend campus, requiring annual escalating payments ranging from \$187,549 to \$663,340. Rent expense for the fiscal year 2022 was \$115,127.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

6. OPERATING LEASES UNDER 840, CONTINUED

Future minimum payments for operating leases are as follows for the years ending June 30:

2023	\$	1,202,071
2024		1,402,819
2025		1,527,113
2026		1,550,275
2027		1,590,370
Thereafter		<u>5,028,745</u>
Total	\$	<u>12,301,393</u>

7. INNOVATION CHARTER SCHOOL NETWORK AGREEMENT

PPHS has an agreement with The Board of School Commissioners of the City of Indianapolis to operate its Downtown and North locations as Innovation Network Charter School through June 2025. As part of the agreement, PPHS has authorized its Basic Tuition Support from the State of Indiana to flow through Indianapolis Public Schools (IPS). IPS retains a portion of the Basic Tuition Support for services it provides under the agreement. During the year ended June 30, 2023, IPS retained \$268,461. For the year ending June 30, 2024, PPHS has agreed that IPS will retain \$333,572.

8. RETIREMENT PLANS

PPHS provides retirement benefits for teaching personnel by participating in the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan 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. In 2023 and 2022, PPHS contributed 5.5% of compensation for teaching faculty to TRF. Should PPHS elect to withdraw from TRF, PPHS could be subject to a withdrawal fee. PPHS' contributions represent an insignificant percentage of the total contributions received by TRF.

Should PPHS elect to withdraw from TRF, the School could be subject to a withdrawal fee. PPHS's contributions represent an insignificant percentage of the contributions received by TRF. As of June 30, 2022 (the latest year reported), TRF was 89.6% funded. A copy of the complete annual report for the year ended June 30, 2022 can be obtained at:

https://www.in.gov/inprs/files/INPRSAnnualReportBook_FY22.pdf

In fiscal years 2023 and 2022, the retirement plan expense under the TRF was \$195,618 and \$92,719, respectively.

PPHS provides a 403(b) defined contribution plan to employees who are 18 years of age or older and who were not eligible for TRF. PPHS provided a discretionary contribution for participating employees of \$426,975 and \$341,831 during fiscal years 2023 and 2022, respectively.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

9. FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a natural classification basis in the statement of activities. Following is a summary of expenses comprising program services, management and general, and fundraising for the years ended June 30:

<u>2023</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 4,001,619	\$ 4,260,969	\$ -	\$ 8,262,588
Professional services	532,155	881,147	-	1,413,302
Food cost	577,447	14,298	-	591,745
Classroom, kitchen and office supplies	1,136,161	93,557	-	1,229,718
Information technology	84,861	90,943	-	175,804
Occupancy	2,468,301	422	-	2,468,723
Depreciation	639,740	9,969	-	649,709
Other	1,029,674	386,788	-	1,416,462
	<u>\$ 10,469,958</u>	<u>\$ 5,738,093</u>	<u>\$ -</u>	<u>\$ 16,208,051</u>

<u>2022</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 3,727,840	\$ 3,534,216	\$ -	\$ 7,262,056
Professional services	253,236	916,994	-	1,170,230
Food cost	344,962	16,229	-	361,191
Classroom, kitchen and office supplies	695,014	89,061	-	784,075
Information technology	127,734	25,021	-	152,755
Occupancy	1,189,812	3,339	-	1,193,151
Depreciation	610,743	9,681	-	620,424
Other	741,244	317,078	-	1,058,322
	<u>\$ 7,690,585</u>	<u>\$ 4,911,619</u>	<u>\$ -</u>	<u>\$ 12,602,204</u>

Expenses have been allocated based on time and effort.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

10. CONTINGENCY

PPHS entered into a lease agreement in 2019 for a school building for a term of ten years at an annual minimum rent of 15% of PPHS' per-student state revenue received (\$242,288 for the year ended June 30, 2023). The agreement required the landlord to expand the leased space in year two of the lease to accommodate the growing school. PPHS determined that the landlord failed to uphold its portion of the agreement and notified the landlord in writing of PPHS' intent to terminate the lease. At June 30, 2023, PPHS had vacated the building. Subsequent to year-end, the landlord has continued to bill PPHS monthly for rent. While PPHS contends that it is no longer liable under the agreement, the potential loss under the agreement could reach approximately \$1,200,000.

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Financial Report (AFR).

Program Name	Grantor Name	Assistance Listing Number	Revenue	Expense	Funding Type
National School Lunch Program	Indiana Department of Education	10.555	\$ 484,436	\$ 358,574	Federal grant passed through state or local government
Title I, Part A Grants to Local Education Agencies	Indiana Department of Education	84.010	459,839	459,839	Federal grant passed through state or local government
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	19,072	19,072	Federal grant passed through state or local government
Student Support and Academic Enrichment	Indiana Department of Education	84.424A	40,160	40,160	Federal grant passed through state or local government
Special Education Grants to States (IDEA, Part B)	Indiana Department of Education	84.027A	166,748	166,748	Federal grant passed through state or local government
Elementary and Secondary School Emergency Relief (ESSER) Fund	Indiana Department of Education	84.425D	1,405,059	1,405,059	Federal grant passed through state or local government
Charter Schools Program	Indiana Department of Education	84.282	519,770	519,770	Federal grant passed through state or local government

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

11. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Credit Enhancement for Charter Schools Facilities	Indiana Department of Education	84.354	14,899	14,899	Federal grant passed through state or local government
American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP-ESSER)	Indiana Department of Education	84.425U	14,024	14,024	Federal grant passed through state or local government
Coronavirus State and Local Fiscal Recovery Funds	Indiana Department of Education	21.027	164,766	164,766	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	7,021,388	7,021,388	State or local government
State Special Education Grant	Indiana Department of Education	N/A	718,932	718,932	State or local government
Vocational Education	Indiana Department of Education	N/A	437,798	437,798	State or local government
State Lunch Match	Indiana Department of Education	N/A	2,187	2,187	State or local government
High Ability Grant	Indiana Department of Education	N/A	36,077	36,077	State or local government
Textbook Reimbursement	Indiana Department of Education	N/A	41,320	41,320	State or local government
Non-English Speaking Program	Indiana Department of Education	N/A	20,129	20,129	State or local government
Teacher Appreciation Grant	Indiana Department of Education	N/A	36,948	36,948	State or local government
State Connectivity	Indiana Department of Education	N/A	1,898	1,898	State or local government
Charter School Grant	Indiana Department of Education	N/A	1,236,250	1,236,250	State or local government
Secured Schools Safety Grant	Indiana Department of Education	N/A	93,396	93,396	State or local government
Total		Total	\$ 12,935,096	\$ 12,809,234	



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

We have audited the financial statements of Purdue Polytechnic High School (PPHS) as of and for the years ended June 30, 2023 and 2022, and our report thereon dated February 15, 2024, which expressed an unmodified opinion on those financial statements, appears on page two. 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 for the year ended June 30, 2023, as required by the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. The statements of financial position and activities by school as of and for the years ended June 30, 2023 and 2022, in Exhibits I through IV, are presented for purposes of additional analysis rather than to present financial position and results of operations of the schools, and are 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 audits of 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 for the year ended June 30, 2023 and the information in Exhibits I through IV are fairly stated, in all material respects, in relation to financial statements as a whole.

Greenwalt CPAs, Inc.

February 15, 2024

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF FINANCIAL POSITION BY SCHOOL
 JUNE 30, 2023

Exhibit I

	DWTN	SCH2	SOUTH BEND	NETWORK	PARTNERSHIP	ELIMINATIONS	TOTAL
ASSETS							
CURRENT ASSETS							
Cash	\$ 817,022	\$ 506,377	\$ 334,791	\$ 626,964	\$ 810,000	\$ -	\$ 3,095,154
Grants receivable	568,375	163,317	277,173	178,790	940,000	-	2,127,655
Prepaid expenses	2,474	1,554	56,033	51,910	-	-	111,971
<i>Total current assets</i>	<u>1,387,871</u>	<u>671,248</u>	<u>667,997</u>	<u>857,664</u>	<u>1,750,000</u>	<u>-</u>	<u>5,334,780</u>
NON-CURRENT GRANT RECEIVABLE	<u>845,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>845,711</u>
PROPERTY AND EQUIPMENT							
Furniture	1,065,128	245,488	302,480	22,149	-	-	1,635,245
Equipment	579,032	213,210	133,396	27,696	-	-	953,334
Computer equipment	357,160	25,969	23,206	-	-	-	406,335
Textbooks	4,593	91,708	-	-	-	-	96,301
Leasehold improvements	391,400	-	12,900	-	-	-	404,300
Vehicles	93,121	109,500	116,600	-	-	-	319,221
Accumulated depreciation	(1,870,561)	(486,102)	(197,623)	(31,202)	-	-	(2,585,488)
<i>Total property and equipment, net</i>	<u>619,873</u>	<u>199,773</u>	<u>390,959</u>	<u>18,643</u>	<u>-</u>	<u>-</u>	<u>1,229,248</u>
RIGHT-OF-USE ASSETS OPERATING LEASES	<u>3,601,703</u>	<u>-</u>	<u>4,669,598</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,271,301</u>
<i>Total assets</i>	<u>\$ 6,455,158</u>	<u>\$ 871,021</u>	<u>\$ 5,728,554</u>	<u>\$ 876,307</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 15,681,040</u>
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Accounts payable	\$ 120,173	\$ 65,537	\$ 482	\$ 77,705	\$ -	\$ -	\$ 263,897
Payroll and other accrued expenses	323,702	171,990	85,548	169,534	-	-	750,774
Operating lease liabilities, current portion	664,480	-	253,592	-	-	-	918,072
Finance lease liabilities, current portion	3,251	-	-	-	-	-	3,251
Refundable advance	-	-	-	250,000	-	-	250,000
<i>Total current liabilities</i>	<u>1,111,606</u>	<u>237,527</u>	<u>339,622</u>	<u>497,239</u>	<u>-</u>	<u>-</u>	<u>2,185,994</u>
LONG TERM LIABILITIES							
Operating lease liabilities, net of current portion	2,944,146	-	4,734,955	-	-	-	7,679,101
Finance lease liabilities, net of current portion	10,633	-	-	-	-	-	10,633
<i>Total long-term liabilities</i>	<u>2,954,779</u>	<u>-</u>	<u>4,734,955</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,689,734</u>
<i>Total liabilities</i>	<u>4,066,385</u>	<u>237,527</u>	<u>5,074,577</u>	<u>497,239</u>	<u>-</u>	<u>-</u>	<u>9,875,728</u>
NET ASSETS (DEFICIT)							
Without donor restrictions	1,262,530	595,794	623,977	(534,584)	-	-	1,947,717
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	-	90,000
<i>Total net assets (deficit) without donor restrictions</i>	<u>1,292,530</u>	<u>625,794</u>	<u>653,977</u>	<u>(534,584)</u>	<u>-</u>	<u>-</u>	<u>2,037,717</u>
With donor restrictions	1,096,243	7,700	-	913,652	1,750,000	-	3,767,595
<i>Total net assets (deficit)</i>	<u>2,388,773</u>	<u>633,494</u>	<u>653,977</u>	<u>379,068</u>	<u>1,750,000</u>	<u>-</u>	<u>5,805,312</u>
<i>Total liabilities and net assets (deficit)</i>	<u>\$ 6,455,158</u>	<u>\$ 871,021</u>	<u>\$ 5,728,554</u>	<u>\$ 876,307</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 15,681,040</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2023

Exhibit II

	DWTN	SCH2	SOUTH BEND	NETWORK	PARTNERSHIP	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT							
Private funding	\$ 144,063	\$ 33,550	\$ 111,250	\$ 1,647,600	\$ 1,750,000	\$ -	\$ 3,686,463
In-kind contributions	-	968,357	-	-	-	-	968,357
State funding	5,897,667	2,687,517	1,364,267	-	-	-	9,949,451
Federal funding	1,752,427	520,921	891,568	178,790	-	-	3,343,706
Other income	128,949	54,481	25,525	1,198,584	-	(1,076,641)	330,898
<i>Total revenue and support</i>	<u>7,923,106</u>	<u>4,264,826</u>	<u>2,392,610</u>	<u>3,024,974</u>	<u>1,750,000</u>	<u>(1,076,641)</u>	<u>18,278,875</u>
EXPENSES							
Salaries and wages	2,449,867	1,393,849	807,249	1,900,241	-	-	6,551,206
Employee benefits	700,789	358,265	223,427	428,901	-	-	1,711,382
Staff development and recruitment	27,534	328	13,510	37,977	-	-	79,349
Professional services	950,136	575,099	301,229	663,479	-	(1,076,641)	1,413,302
Transportation	50,590	37,205	5,676	241	-	-	93,712
Food cost	272,707	98,328	197,455	23,255	-	-	591,745
Repairs and maintenance	203,691	32,719	1,010	7,611	-	-	245,031
Classroom, kitchen and office supplies	585,090	264,032	263,452	117,144	-	-	1,229,718
Information technology	66,575	4,756	13,530	90,943	-	-	175,804
Occupancy	731,539	1,217,107	519,655	422	-	-	2,468,723
Depreciation	398,080	136,852	104,808	9,969	-	-	649,709
Insurance	-	-	-	78,216	-	-	78,216
Other	808,856	72,077	6,749	32,472	-	-	920,154
<i>Total expenses</i>	<u>7,245,454</u>	<u>4,190,617</u>	<u>2,457,750</u>	<u>3,390,871</u>	<u>-</u>	<u>(1,076,641)</u>	<u>16,208,051</u>
CHANGE IN NET ASSETS	677,652	74,209	(65,140)	(365,897)	1,750,000	-	2,070,824
NET ASSET TRANSFERS	(4,672,625)	211,710	1,335,922	3,124,993	-	-	-
NET ASSETS (DEFICIT), BEGINNING OF YEAR	6,383,746	347,575	(616,805)	(2,380,028)	-	-	3,734,488
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 2,388,773</u>	<u>\$ 633,494</u>	<u>\$ 653,977</u>	<u>\$ 379,068</u>	<u>\$ 1,750,000</u>	<u>\$ -</u>	<u>\$ 5,805,312</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF FINANCIAL POSITION BY SCHOOL
 JUNE 30, 2022

Exhibit III

	ENGLEWOOD	NORTH	SOUTH BEND	NETWORK	ELIMINATIONS	TOTAL
ASSETS						
CURRENT ASSETS						
Cash	\$ 3,928,578	\$ 28,784	\$ (761,432)	\$ (2,303,486)	\$ -	\$ 892,444
Grants receivable	463,890	46,819	4,286	-	-	514,995
Prepaid expenses	44,686	17,597	11,939	125,071	-	199,293
<i>Total current assets</i>	<u>4,437,154</u>	<u>93,200</u>	<u>(745,207)</u>	<u>(2,178,415)</u>	<u>-</u>	<u>1,606,732</u>
NON-CURRENT GRANT RECEIVABLE	<u>1,170,751</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,170,751</u>
PROPERTY AND EQUIPMENT						
Furniture	1,065,128	245,488	186,973	22,149	-	1,519,738
Equipment	565,398	213,210	59,524	27,696	-	865,828
Computer equipment	357,160	101,531	23,206	-	-	481,897
Textbooks	4,593	16,146	-	-	-	20,739
Leasehold improvements	391,400	-	12,900	-	-	404,300
Vehicles	93,121	109,500	-	-	-	202,621
Accumulated depreciation	(1,472,483)	(349,250)	(92,816)	(21,232)	-	(1,935,781)
<i>Total property and equipment, net</i>	<u>1,004,317</u>	<u>336,625</u>	<u>189,787</u>	<u>28,613</u>	<u>-</u>	<u>1,559,342</u>
<i>Total assets</i>	<u>\$ 6,612,222</u>	<u>\$ 429,825</u>	<u>\$ (555,420)</u>	<u>\$ (2,149,802)</u>	<u>\$ -</u>	<u>\$ 4,336,825</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 44,133	\$ 3,933	\$ (2,005)	\$ 24,504	\$ -	\$ 70,565
Payroll and other accrued expenses	184,343	78,317	63,390	205,722	-	531,772
<i>Total current liabilities</i>	<u>228,476</u>	<u>82,250</u>	<u>61,385</u>	<u>230,226</u>	<u>-</u>	<u>602,337</u>
NET ASSETS (DEFICIT)						
Without donor restrictions	4,419,243	(94,592)	(707,843)	(2,383,278)	-	1,233,530
Without donor restrictions - board designated	30,000	30,000	20,000	-	-	80,000
<i>Total net assets (deficit) without donor restrictions</i>	<u>4,449,243</u>	<u>(64,592)</u>	<u>(687,843)</u>	<u>(2,383,278)</u>	<u>-</u>	<u>1,313,530</u>
With donor restrictions	1,934,503	412,167	71,038	3,250	-	2,420,958
<i>Total net assets (deficit)</i>	<u>6,383,746</u>	<u>347,575</u>	<u>(616,805)</u>	<u>(2,380,028)</u>	<u>-</u>	<u>3,734,488</u>
<i>Total liabilities and net assets (deficit)</i>	<u>\$ 6,612,222</u>	<u>\$ 429,825</u>	<u>\$ (555,420)</u>	<u>\$ (2,149,802)</u>	<u>\$ -</u>	<u>\$ 4,336,825</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit IV

	ENGLEWOOD	NORTH	SOUTH BEND	NETWORK	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
Private funding	\$ 541,656	\$ 183,636	\$ 372,295	\$ 193,032	\$ -	\$ 1,290,619
In-kind contributions	11,000	-	-	110,000	-	121,000
State funding	5,646,958	1,822,511	928,558	-	-	8,398,027
Federal funding	1,070,607	233,412	50,609	-	-	1,354,628
Other income	42,587	3,672	1,241	824,999	(818,635)	53,864
<i>Total revenue and support</i>	<u>7,312,808</u>	<u>2,243,231</u>	<u>1,352,703</u>	<u>1,128,031</u>	<u>(818,635)</u>	<u>11,218,138</u>
EXPENSES						
Salaries and wages	2,423,948	1,136,099	732,643	1,433,468	-	5,726,158
Employee benefits	638,815	292,021	209,903	395,159	-	1,535,898
Staff development and recruitment	13,506	7,922	14,742	6,181	-	42,351
Professional services	809,103	398,480	140,181	641,101	(818,635)	1,170,230
Transportation	90,742	29,461	2,887	-	-	123,090
Food cost	159,502	79,517	105,943	16,229	-	361,191
Repairs and maintenance	140,469	131,947	159,063	10,723	-	442,202
Classroom, kitchen and office supplies	291,690	273,939	144,665	73,781	-	784,075
Information technology	95,919	29,463	2,352	25,021	-	152,755
Occupancy	775,595	299,090	115,127	3,339	-	1,193,151
Depreciation	409,133	148,100	53,510	9,681	-	620,424
Insurance	-	-	-	53,815	-	53,815
Other	260,201	61,904	17,754	57,005	-	396,864
<i>Total expenses</i>	<u>6,108,623</u>	<u>2,887,943</u>	<u>1,698,770</u>	<u>2,725,503</u>	<u>(818,635)</u>	<u>12,602,204</u>
CHANGE IN NET ASSETS	1,204,185	(644,712)	(346,067)	(1,597,472)	-	(1,384,066)
NET ASSET TRANSFERS	141,244	322	6	(141,572)	-	-
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>5,038,317</u>	<u>991,965</u>	<u>(270,744)</u>	<u>(640,984)</u>	<u>-</u>	<u>5,118,554</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 6,383,746</u>	<u>\$ 347,575</u>	<u>\$ (616,805)</u>	<u>\$ (2,380,028)</u>	<u>\$ -</u>	<u>\$ 3,734,488</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	FY2022-2023 DWTN	\$ 260,738
		FY2022-2023 North	83,306
		FY2022-2023 SBend	<u>14,530</u>
<i>Total National Child Nutrition Cluster, School Lunch Program, and U.S. Department of Agriculture</i>			<u>358,574</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education			
Title I Grants to Local Educational Agencies	84.010	S010A200014	<u>459,839</u>
Special Education Cluster (IDEA)			
Special Education Grants to States (IDEA, Part B)	84.027A	FY2022-2023 DWTN	106,045
		FY2022-2023 North	39,891
		FY2022-2023 SBend	<u>20,812</u>
<i>Total Special Education Grants to States (IDEA, Part B)</i>			<u>166,748</u>
Charter Schools Program	84.282	FY2022-2023 SBend	<u>519,770</u>
Supporting Effective Instruction State Grants, Title II, Part A			
	84.367	S367A190013	15,000
		S367A200013	<u>4,072</u>
<i>Total Supporting Effective Instruction State Grants, Title II, Part A</i>			<u>19,072</u>
Student Support and Academic Enrichment Program			
	84.424A	FY2022-2023 DWTN	20,160
		FY2022-2023 North	10,000
		FY2022-2023 SBend	<u>10,000</u>
<i>Total Student Support and Academic Enrichment Program</i>			<u>40,160</u>
Credit Enhancement for Charter School Facilities	84.354	FY2022-2023 SBend	<u>14,899</u>
Education Stabilization Fund Cluster			
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	S425D200013	1,405,059
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U		<u>14,024</u>
<i>Total Education Stabilization Fund</i>			<u>1,419,083</u>
<i>Total Indiana Department of Education and U.S. Department of Education</i>			<u>2,639,571</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed through the Indiana Department of Health			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>164,766</u>
<i>Total Indiana Department of Health and U.S. Department of the Treasury</i>			<u>164,766</u>
<i>Total expenditures of federal awards</i>			<u>\$ 3,162,911</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Purdue Polytechnic High School (PPHS) 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of PPHS, it is not intended to and does not present the financial position, changes in net assets, or cash flows of PPHS.

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.

3. INDIRECT COST RATE

The School has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except from federal awards by the U.S. Department of Education. The U.S. Department of Education requires a de minimis cost rate of 8-percent.



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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

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 of America (Government Auditing Standards), the financial statements of Purdue Polytechnic High School (PPHS), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated February 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered PPHS's internal control over financial reporting (internal control) as a basis for designing 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 PPHS' internal control. Accordingly, we do not express an opinion on the effectiveness of PPHS' internal control.

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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 PPHS' financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-003 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether PPHS' 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 financial statements. 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*.

School's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on PPHS' response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. PPHS' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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

Greenwall CPAs, Inc.

February 15, 2024



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Purdue Polytechnic High School's (PPHS) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of PPHS' major federal programs for the year ended June 30, 2023. PPHS' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, PPHS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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 of America (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 PPHS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have 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 PPHS' 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 PPHS' 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 PPHS' compliance based on our audit. 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, 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 that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about PPHS' 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 PPHS' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of PPHS' internal control over compliance relevant to the audit in order to design audit procedures that are 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 PPHS' 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 a deficiency that we consider to be a material weakness.

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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that 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 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 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.

Greenwald CPAs, Inc.

February 15, 2024

A. SUMMARY OF AUDIT RESULTS

Financial Statements

- | | | |
|---|---|--|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| Material weakness(es) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> none reported |
| 3. Noncompliance material to financial statements noted? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

Federal Awards

- | | | |
|---|--|---|
| 4. Internal control over major federal programs: | | |
| Material weakness(es) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> none reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Unmodified | |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| 7. Identification of major program: | <u>Assistance Listing Numbers</u>
84.425D and 84.425U | <u>Name of Federal Program or Cluster</u>
Education Stabilization Fund |
| 8. Dollar threshold used to distinguish between type A and type B programs: | | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2023-001 A similar finding was reported in the prior year audit as finding 2022-001.

Criteria: According to FASB ASC 958-310-25-1, unconditional promises to give should be recognized as revenue in the period promised. According to FASB ASC 958-605-25-5F conditional contributions shall be accounted for as a refundable advance until all conditions have been substantially met.

Condition: Conditional and unconditional grants were not always recognized in accordance with the requirements in the criteria paragraph.

Context: During the audit, we noted a grant to be paid in installments that that met the criteria for revenue recognition, but management had not recorded the entire grant as contribution revenue in the period promised. In addition, we also noted a conditional award that had been recognized as revenue, but the award did not meet the criteria for revenue recognition.

Cause: PPHS had turnover in school leadership and key accounting personnel during the school year.

Effect: Two audit adjustments were made. One increased grants receivable and private funding by \$940,000. The other adjustment increased refundable advance and reduced private funding by \$250,000.

Recommendation: We recommend that PPHS carefully review each grant agreement to determine whether the criteria for revenue recognition has been met. PPHS' accounting department may need to consult with PPHS fundraising or program personnel to determine if award conditions have been met.

Finding 2023-002

Criteria: In accordance with FASB ASC 842-20-35-12, leasehold improvements are amortized over the shorter of the useful life of those leasehold improvements and the remaining lease term.

Condition: Leasehold improvements were being depreciated over a 15 year term, but the lease associated with the leasehold improvements had an 8 year term.

Cause: PPHS followed federal tax guidelines for depreciable lives of leasehold improvements, rather than GAAP.

Effect: An adjustment was made to increase depreciation expense and accumulated depreciation by \$82,791.

Recommendation: PPHS should consult the related lease term when establishing depreciable lives for leasehold improvements.

Views of responsible officials: See attached corrective action plan.

B. FINDINGS - FINANCIAL STATEMENT AUDIT. CONTINUED

Finding 2023-003 A similar finding was reported in the prior year audit as finding 2022-002.

Criteria: According to 2 CFR Subpart F Section 200.510b, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period that includes all amounts spent on federal programs during the reporting period.

Condition: The initial SEFA provided for audit did not agree to the accounting system general ledger expenditures for certain awards. In addition, not all federal awards were appropriately identified and included on the SEFA.

Cause: PPHS had significant turnover in finance personnel during the 22-23 school year. In addition, the SEFA was prepared utilizing federal award revenue. Lastly, one award was incorrectly identified as other revenue instead of federal award revenue.

Effect: The total federal award expenditures reported on the initial SEFA were reduced by \$198,208. The following awards were reduced on the SEFA to agree to award expenditures by the following amounts: National School Lunch Program 10.555 \$125,864, Charter Schools Program 84.282A \$32,555, Elementary and Secondary School Emergency Relief 84.425D \$92,405, and Emergency Connectivity Fund 32.009 \$109,450. The following award was added to the SEFA Coronavirus State and Local Fiscal Recovery Funds 21.027 \$164,766.

Recommendation: PPHS should prepare the SEFA based on federal award expenditures, rather than revenue. In addition, PPHS should implement a review process for the SEFA whereby key members of management review the SEFA for completeness.

Views of responsible officials: See attached corrective action plan.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Finding 2023-003 Material Weakness. A similar finding was reported in the prior year audit as finding 2002-002.

Identification of federal program: U.S. DEPARTMENT OF AGRICULTURE 10.555 Child Nutrition Cluster, U.S. DEPARTMENT OF EDUCATION 84.282A Charter Schools Program, 84.425D Education Stabilization Fund, FEDERAL COMMUNICATIONS COMMISSION 32.009 Emergency Connectivity Fund Program and U.S. DEPARTMENT OF THE TREASURY 21.027 Coronavirus State and Local Fiscal Recover Fund. *See section B above for finding details.*

D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDIT

See attached summary schedule of prior year findings and questioned costs.

PURDUE POLYTECHNIC HIGH SCHOOL

OTHER REPORT

JUNE 30, 2023

The reports presented herein were prepared in addition to another report prepared for Purdue Polytechnic High School as listed below:

Supplemental Audit Report of Purdue Polytechnic High School

Purdue Polytechnic High School
Corrective Action Plan
SY 2022-2023
February 14, 2024

Greenwalt CPAs, Inc.
5342 West Vermont St.
Indianapolis, IN 46224

The findings from the July 1, 2022 – June 30, 2023 audit and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2023-001

Criteria: According to FASB ASC 958-310-25-1, unconditional promises to give should be recognized as revenue in the period promised. According to FASB ASC 958-605-25-5F conditional contributions shall be accounted for as a refundable advance until all conditions have been substantially met.

Condition: Conditional and unconditional grants were not always recognized in accordance with the requirements in the criteria paragraph.

Context: During the audit, we noted a grant to be paid in installments that met the criteria for revenue recognition, but management had not recorded the entire grant as contribution revenue in the period promised. In addition, we also noted a conditional award that had been recognized as revenue, but the award did not meet the criteria for revenue recognition.

Cause: PPHS had turnover in school leadership and key accounting personnel during the school year.

Effect: Two audit adjustments were made. One increased grants receivable and private funding by \$940,000. The other adjustment increased refundable advance and reduced private funding by \$250,000.

Corrective Action Plan – PPHS had significant turnover in finance personnel during the 22-23 school year. For FY24, we contracted with accounting consultants to assist with improving grant tracking and reporting. We posted a Staff Accountant position in January 2023 to assist with internal grant management and are hoping to fill this position in FY24 Q3.

Contact Person(s) Responsible for CAP – Todd Burleson, Financial Controller.

Anticipated completion date – Processes were improved in FY24 through assistance from accounting consultants. We anticipate hiring a Staff Accountant before 3/31/24.

2023-002

Criteria: In accordance with FASB ASC 842-20-35-12, leasehold improvements are amortized over the shorter of the useful life of those leasehold improvements and the remaining lease term.

Condition: Leasehold improvements were being depreciated over a 15 year term, but the lease associated with the leasehold improvements had an 8 year term.

Cause: PPHS followed federal guidelines for depreciable lives of leasehold improvements, rather than GAAP.

Effect: An adjustment was made to increase depreciation expense and accumulated depreciation by \$82,791.

Corrective Action Plan – PPHS had significant turnover in finance personnel during the 22-23 school year. PPHS hired a full-time Financial Controller on July 31st, 2023 and has been working with accounting consultants to improve processes and procedures throughout FY24. We will implement a review process for the leases to ensure they are appropriately recorded and amortized.

Responsible for CAP – Todd Burlison, Financial Controller.

Anticipated completion date – Policies and procedure updates will be implemented in FY24 Q4 prior to issuing fiscal year-end financials.

2023-003

Criteria: According to 2 CFR Subpart F Section 200.510b, the auditee must prepare a Schedule of Expenditures of Federal Awards (SEFA) for the period that includes all amounts spent on federal programs during the reporting period.

Condition: The initial SEFA provided for audit did not agree to the accounting system general ledger expenditures for certain awards. In addition, not all federal awards were appropriately identified and included on the SEFA.

Cause: PPHS had significant turnover in finance personnel during the 22-23 school year. In addition, the SEFA was prepared utilizing federal award revenue. Lastly, one award was incorrectly identified as other revenue instead of federal award revenue.

Effect: The total federal award expenditures reported on the initial SEFA were reduced by \$198,208. The following awards were reduced on the SEFA to agree to award expenditures by the following amounts: National School Lunch Program 10.555 \$125,864, Charter Schools Program 84.282A \$32,555, Elementary and Secondary School Emergency Relief 84.425D \$92,405, and Emergency Connectivity Fund 32.009 \$109,450. The following award was added to the SEFA Coronavirus State and Local Fiscal Recovery Funds 21.027 \$164,766.

Corrective Action Plan – PPHS had significant turnover in finance personnel during the 22-23 school year. For FY24, we contracted with accounting consultants to assist with improving grant tracking and reporting. We posted a Staff Accountant position in January 2023 to assist with internal grant management and are hoping to fill this position in FY24 Q3.

Contact Person(s) Responsible for CAP – Todd Burlison, Financial Controller.

Anticipated completion date – Processes were improved in FY24 through assistance from accounting consultants. We anticipate hiring a Staff Accountant before 3/31/24.

Sincerely,



Todd Burlison, Financial Controller



Polytechnic High School

3029 E.
Washington Street
Indianapolis, IN 46221
317-832-4811
<http://www.pphs.purdue.edu>

A handwritten signature in black ink that reads 'Shatoya Ward'.

[Shatoya Ward \(Feb 15, 2024 10:47 EST\)](#)

Shatoya Ward, Chief Schools Officer

A handwritten signature in black ink that reads 'Keeanna Warren'.

Keeanna Warren, CEO

**Purdue Polytechnic High School
Summary Schedule of Prior
Year Audit Findings
Year Ended June 30, 2022**

FINDINGS—FINANCIAL STATEMENT AUDIT

2022-001

Condition – During the audit, the auditors noted a sizable grant that met the requirements for recognition in 2021, however, management did not record the gift.

Recommendation – The auditors recommended that grant agreements be stored in a central location accessible to key members of management. The auditors also recommended that management consider establishing a checklist or standardized agenda to be covered in regular financial meetings that would include a discussion regarding any new grants.

Current Status – For FY23, we contracted with accounting consultants to assist with financial management and reporting and with improving processes and procedures, including grant management. For FY24, we have updated our electronic documentation process and now have grant agreements stored in a location that is accessible to key members of management. We have also implemented a standardized process for grants management, including regular check-ins for discussing new grants.

2022-002

Condition – The SEFA excluded the Emergency Connectivity Fund Program and was materially understated by \$81,750.

Recommendation – The auditors recommended that a review process be implemented for the SEFA whereby key members of management review the SEFA for completeness.

Current Status – Processes were improved in FY23 through assistance from accounting consultants, including a more thorough review of the SEFA for completeness.

2022-003

Condition – Personnel costs allocated to the award did not agree to time and effort reports maintained for those employees charged to the award.

Recommendation – The auditors recommended that a process be implemented to reconcile personnel costs allocated to federal awards with time and effort reports (as part of semimonthly payroll process).

Current Status – For FY23, we contracted with accounting consultants to assist with financial management and reporting and with improving processes and procedures, including reconciling personnel costs with grant claims. We will continue to improve our process for reconciling personnel costs allocated to federal awards with time and effort reports.

Sincerely,

Todd Burleson

Todd Burleson, Financial Controller

Shatoya Ward

[Shatoya Ward \(Dec 13, 2023 10:21 EST\)](#)

Shatoya Ward, Chief Schools Officer

Keeanna Warren

Keeanna Warren, CEO