



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

March 8, 2024

Charter School Board
Andrew J. Brown Charter School, Inc.
Marion County, Indiana

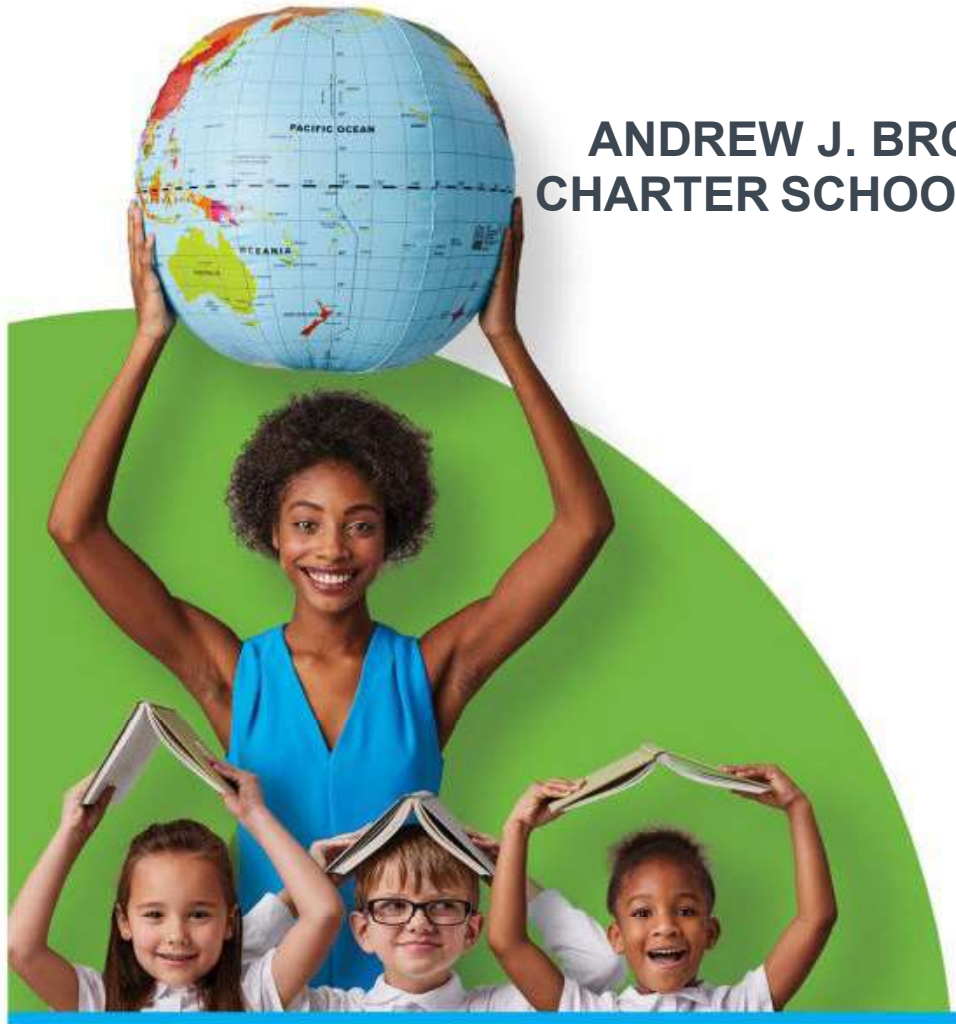
We have reviewed the audit report of Andrew J. Brown Charter School, Inc. which was opined upon by Plante & Moran, PLLC, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of Andrew J. Brown Charter School, 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.

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

**ANDREW J. BROWN
CHARTER SCHOOL, INC.**



Financial Statements, Additional Information, and
Federal Awards Supplementary Information as of and
for the Years Ended June 30, 2023 and 2022,
and Independent Auditor's Reports

**NATIONAL
HERITAGE
ACADEMIES** 

ANDREW J. BROWN CHARTER SCHOOL, INC.
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022:	
Statement of Financial Position	3
Statement of Activities and Change in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6-11
SUPPLEMENTARY INFORMATION	12
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENTAL AUDITING STANDARDS</i>	13-14
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH <i>THE UNIFORM GUIDANCE</i>	15-17
Schedule of Expenditures of Federal Awards	18
Notes to the Schedule of Expenditures of Federal Awards	19
Schedule of Findings and Questioned Costs	20

Independent Auditor's Report

To the Board of Directors
Andrew J. Brown Charter School, Inc.

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Andrew J. Brown Charter School, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2023 and 2022 and the related statements of activities and change in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the School 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the School and to meet our 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 the School's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits 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.

To the Board of Directors
Andrew J. Brown Charter School, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Andrew J. Brown Charter School, Inc.'s financial statements. The 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* (the "Uniform Guidance"), is presented for the purpose of additional analysis and is not a required part of the financial statements.

The schedule of expenditures of federal awards 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. Such 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 December 18, 2023 on our consideration of Andrew J. Brown Charter School, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Andrew J. Brown Charter School, 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 Andrew J. Brown Charter School, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 18, 2023

ANDREW J. BROWN CHARTER SCHOOL, INC.

STATEMENT OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	\$ 1,355,012	\$ 1,957,559
Due from governmental revenue sources	<u>557,839</u>	<u>405,373</u>
Total current assets	<u>1,912,851</u>	<u>2,362,932</u>
NON-CURRENT ASSETS:		
Capital assets	291,172	291,172
Less accumulated depreciation	<u>(109,005)</u>	<u>(98,048)</u>
Total capital assets, net of accumulated depreciation	<u>182,167</u>	<u>193,124</u>
TOTAL	<u>\$ 2,095,018</u>	<u>\$ 2,556,056</u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Deferred revenue	\$ 165,443	\$ 87,367
Accounts payable	52	52
Contracted service fee payable	<u>1,627,001</u>	<u>2,112,551</u>
Total liabilities	<u>1,792,496</u>	<u>2,199,970</u>
NET ASSETS - Net Assets without Donor Restriction	<u>302,522</u>	<u>356,086</u>
TOTAL	<u>\$ 2,095,018</u>	<u>\$ 2,556,056</u>

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

ANDREW J. BROWN CHARTER SCHOOL, INC.

**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
REVENUES AND OTHER SUPPORT:		
State aid	\$ 5,336,384	\$ 5,279,001
Other state sources	234,327	287,942
Federal sources	2,117,956	1,789,328
Private sources	62,300	38,737
Contribution of nonfinancial assets	<u>1,006,143</u>	<u>894,261</u>
 Total revenues and other support	 8,757,110	 8,289,269
EXPENSES:		
Contracted service fee	8,761,505	8,143,044
Board expenses	38,212	35,287
Depreciation	<u>10,957</u>	<u>10,957</u>
 Total expenses	 <u>8,810,674</u>	 <u>8,189,288</u>
 CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION	 (53,564)	 99,981
NET ASSETS		
Beginning of year	<u>356,086</u>	<u>256,105</u>
 End of year	 <u>\$ 302,522</u>	 <u>\$ 356,086</u>

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

ANDREW J. BROWN CHARTER SCHOOL, INC.

STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
State aid	\$ 5,336,384	\$ 5,279,001
Other state sources	321,674	371,310
Federal sources	1,975,226	1,820,960
Private sources	43,293	9,932
Payments for services rendered	<u>(8,279,124)</u>	<u>(7,772,883)</u>
NET DECREASE IN CASH	(602,547)	(291,680)
Cash - Beginning of year	<u>1,957,559</u>	<u>2,249,239</u>
Cash - End of year	<u>\$ 1,355,012</u>	<u>\$ 1,957,559</u>
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION TO NET CASH USED IN OPERATING ACTIVITIES		
Change in net assets	\$ (53,564)	\$ 99,981
Depreciation	10,957	10,957
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	(152,466)	31,632
Change in accounts payable	-	52
Change in deferred revenue	78,076	54,563
Change in contracted service fee payable	<u>(485,550)</u>	<u>(488,865)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ (602,547)</u>	<u>\$ (291,680)</u>
NON-CASH ACTIVITY — Contribution of nonfinancial assets	<u>\$ 1,006,143</u>	<u>\$ 894,261</u>

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

ANDREW J. BROWN CHARTER SCHOOL, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

1. NATURE OF OPERATIONS AND REPORTING ENTITY

Andrew J. Brown Charter School, Inc. (the “School”) is a public benefit not-for-profit organization established under the laws of the State of Indiana that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The School provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation.

The School operates a public charter school established under Indiana Code 20-24-3-1 and is sponsored by the Mayor of the Consolidated City of Indianapolis, which is responsible for oversight of the School’s operations. Under this Charter, the School has agreed to pay to the Mayor of the Consolidated City of Indianapolis an annual fee equal to 1% of the state tuition support, which is included in the expenses assumed by NHA as described above. This amounted to \$53,364 and \$52,790 for the fiscal years 2023 and 2022, respectively. The charter expires on June 30, 2024 and is subject to renewal. The School is exempt from taxation as a governmental entity pursuant to Internal Revenue Code Section 115. The School qualifies for public charity status by meeting the requirements of Internal Revenue Code Sections 509(1) and 170(b)(1)(A)(ii).

The Board of Directors of the School entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (“NHA”) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the School operates. The agreement will continue until the termination or expiration of the charter contract, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the School or NHA.

Under the terms of the agreement, NHA receives all School revenue from all sources as their contracted service fee. NHA is entitled to any difference between the gross management fee and the operating costs of the School as compensation for management services rendered. Revenues – Contribution of nonfinancial assets represents a contribution granted by NHA for the excess of the School’s expenditures over revenue available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported

amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

Cash — Cash represents bank deposits with a carrying amount and bank balance of \$1,355,012 and \$1,957,559 as of June 30, 2023 and 2022, respectively, of which \$1,105,012 and \$1,707,559 was uninsured and uncollateralized by federal depository insurance as of June 30, 2023 and 2022, respectively. The School does not have a deposit policy for custodial credit risk, as it typically does not anticipate holding uninsured deposits based on the nature of its management agreement with NHA. The School believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the School evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Deferred Revenue – Deferred revenue as of June 30, 2023 and 2022 consists of grant funds received in advance of eligible expenses incurred.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2023 and 2022 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

Capital Assets — Capital assets, which include other equipment, are reported in the financial statements at historical cost. Capital assets are defined by the School as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Leasehold improvements are depreciated using the straight-line method over useful life of 30 years. Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations. Net assets in this category may be expended for any purpose in performing the primary objectives of the School. All net assets as of June 30, 2023 and 2022 are considered to be without donor restrictions.
- *Net Assets with Donor Restriction* – Net assets subject to stipulations imposed by donors and grantors. As of June 30, 2023 and 2022, no net assets are considered to be with donor restrictions.

Revenues and contributions are reported as follows:

- Revenues and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed or governmental restrictions. Expenses are reported as decreases in net assets without donor restrictions. Other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or governmental restriction. Expiration of temporary

restrictions on net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the stipulated time has elapsed) are reported as reclassifications between the applicable classes of net assets. For the years ended June 30, 2023 and 2022, all revenue sources were without donor restrictions.

- Revenue is recorded when earned, regardless of the timing of related cash flows. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Income Taxes — The School operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The School has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code. Accordingly, no provision for federal income taxes has been made.

Contribution of Nonfinancial Assets — Included as revenue and other support in the Statement of Activities are contributions of nonfinancial assets also known as gifts in-kind. Contributed professional services are recognized if the services received a) create or enhance non-financial assets or b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. These services are recognized as program revenue and expense and are valued at the estimated fair market value for the services as provided by the donor.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The School's accounts receivable balance consists of \$557,839 and \$405,373 in federal grants receivable and state special education as of June 30, 2023 and 2022, respectively. The School considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts were recorded.

4. LIQUIDITY

The School has \$1,912,851 and \$2,362,932 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures as of June 30, 2023 and 2022, respectively, consisting of cash of \$1,355,012 and \$1,957,559 and amounts due from governmental revenue sources of \$557,839 and \$405,373 at June 30, 2023 and 2022, respectively. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The School has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,440,000 and \$1,339,000 at June 30, 2023 and 2022, respectively.

While the School will not always carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required make contributions to the School if the School's expenditures exceed the school's revenue during the year.

5. FUNCTIONAL EXPENSES

The School provides educational services to its students. Expenses related to providing these services are as follows for the years ended June 30, 2023 and 2022, respectively:

	2023	2022
Program services		
Contracted service fee	\$8,029,796	\$7,401,444
Board expenses	38,212	35,287
Depreciation	<u>10,957</u>	<u>10,957</u>
Total program services	8,078,965	7,447,688
Management and general		
Contracted service fee	<u>731,709</u>	<u>741,600</u>
Total	<u>\$8,810,674</u>	<u>\$8,189,288</u>

The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function and require an allocation, which is based on estimates determined by management, is consistently applied. Management and general expenses consist of expenditures incurred by the School based on their usage of management company services. Usage of management company services are calculated on a variety of different allocation methods based on various cost centers, including number of classrooms, number of students, and services provided. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different allocations.

6. RISK MANAGEMENT

The School is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2023, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

7. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Other equipment	\$ 26,674	\$ -	\$ -	\$ 26,674
Leasehold improvements	<u>264,498</u>	<u>-</u>	<u>-</u>	<u>264,498</u>
Total capital assets at historical cost	<u>291,172</u>	<u>-</u>	<u>-</u>	<u>291,172</u>
Less accumulated depreciation — equipment	(23,105)	(2,140)	-	(25,245)
Leasehold improvements	<u>(74,943)</u>	<u>(8,817)</u>	<u>-</u>	<u>(83,760)</u>
Total accumulated depreciation	<u>(98,048)</u>	<u>(10,957)</u>	<u>-</u>	<u>(109,005)</u>
Total capital asset activity, net	<u>\$193,124</u>	<u>\$ (10,957)</u>	<u>\$ -</u>	<u>\$182,167</u>

Capital asset activity for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Other equipment	\$ 26,674	\$ -	\$ -	\$ 26,674
Leasehold improvements	<u>264,498</u>	<u>-</u>	<u>-</u>	<u>264,498</u>
Total capital assets at historical cost	<u>291,172</u>	<u>-</u>	<u>-</u>	<u>291,172</u>
Less accumulated depreciation — equipment	(20,965)	(2,140)	-	(23,105)
Leasehold improvements	<u>(66,126)</u>	<u>(8,817)</u>	<u>-</u>	<u>(74,943)</u>
Total accumulated depreciation	<u>(87,091)</u>	<u>(10,957)</u>	<u>-</u>	<u>(98,048)</u>
Total capital asset activity, net	<u>\$204,081</u>	<u>\$ (10,957)</u>	<u>\$ -</u>	<u>\$193,124</u>

8. CONTINGENCIES

The School has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be

immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

9. LEASE

The School has entered into a sublease agreement with NHA for a facility to house the School. The lease term is from July 1, 2022 through June 30, 2023. Annual rental payments required by the lease are \$817,120 payable in twelve monthly payments of \$68,093. The lease agreement can be cancelled upon termination of the NHA services agreement. The lease is automatically renewed on a year-to-year basis unless a notice of non-renewal is provided by either the School or NHA.

The School is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under FASB ASU No. 2016-02, *Leases* based on the noncancellable period being less than twelve months and applicability of the short-term lease exception for the facility lease agreement.

The School subsequently renewed the sublease with NHA for the period of July 1, 2023 through June 30, 2024 at the same rental rate.

10. CONTRIBUTION OF NONFINANCIAL ASSETS

Contributions of nonfinancial assets recognized by the School for the year ended June 30, 2023 and 2022 were \$1,006,143 and \$894,261, respectively, for professional and other services. Professional and other services are determined based on the actual expenses provided to the School for the years ended June 30, 2023 and 2022.

11. SUBSEQUENT EVENTS

Events or transactions for the year ended June 30, 2023 have been evaluated through December 18, 2023, the date the financial statements were available to be issued. The financial statements and the notes thereto do not reflect events or transactions after this date.

SUPPLEMENTARY INFORMATION

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 Auditor's Report

To Management and the Board of Directors
Andrew J. Brown Charter School, Inc.

We have audited, in accordance with 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 basic financial statements of Andrew J. Brown Charter School, 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 and cash flows for the year then ended, and the related notes to the basic financial statements and have issued our report thereon dated December 18, 2023.

Report on 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) 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 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 School'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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 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*.

To Management and the Board of Directors
Andrew J. Brown Charter School, Inc.

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.

Plante & Moran, PLLC

December 18, 2023

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required
by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Andrew J. Brown Charter School, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Andrew J. Brown Charter School, Inc.'s (the "School") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the School's major federal program for the year ended June 30, 2023. The School's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program 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; 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* (the "Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe 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 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 program.

To the Board of Directors
Andrew J. Brown Charter School, Inc.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee 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 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 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 the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

To the Board of Directors
Andrew J. Brown Charter School, Inc.

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.

Plante & Moran, PLLC

December 18, 2023

ANDREW J. BROWN CHARTER SCHOOL, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2023

Program Title/Project Number/Subrecipient Name	Grant/Project Number	Assistance Listing Number	Expenditures	Current Year Cash Transferred to Subrecipient
Clusters:				
Child Nutrition Cluster - U.S. Department of Agriculture - Passed through the Indiana Department of Education:				
Cash Assistance:				
National School Lunch Program 2022-23	N/A	10.555	309,113	-
National School Supply Chain Program 2022-23	N/A	10.555	24,769	-
National School Lunch Program Subtotal		10.555	413,882	-
National School Breakfast Program 2022-23	N/A	10.553	129,968	-
Total Child Nutrition Cluster			543,850	-
U.S. Department of Agriculture - Passed through the Indiana Department of Education:				
COVID-19 Pandemic EBT Local Level Costs	N/A	10.649	628	-
Total Department of Agriculture			544,478	-
Special Education Cluster - U.S. Department of Education - Passed through the Indian Department of Education:				
IDEA Flowthrough:				
IDEA Flowthrough 2022	220450	84.027	40,239	-
IDEA Flowthrough 2023	230450	84.027	117,316	-
Total IDEA Flowthrough		84.027	157,555	-
IDEA Preschool:				
IDEA Preschool 2022	220460	84.173	2,540	-
IDEA Preschool 2023	230460	84.173	2,542	-
ARRP IDEA Preschool 2022	221280	84.173X	3,195	-
Total IDEA Flowthrough		84.173	8,277	-
Total Special Education Cluster			165,832	-
U.S. Department of Education - Passed through the Indiana Department of Education:				
Title I Part A:				
Title I Part A 21-22	S010A210014	84.010	5,346	-
Title I Part A 22-23	S010A220014	84.010	440,945	-
Total Title I Part A		84.010	446,291	-
Title II Part A - Improving Teacher Quality:				
Title II Part A 21-22	S367A210013	84.367	8,412	-
Title II Part A 22-23	S367A220013	84.367	31,595	-
Total Title II Part A		84.367	40,007	-
Title III - English Language Acquisition:				
Title III 20-21	01121-095	84.365	(1,239)	-
Title III 21-22	01122-095	84.365	16,192	-
Title III 22-23	01123-095	84.365	6,965	-
Total Title III		84.365	21,918	-
Education Stabilization Fund Program				
COVID-19 ESSER Formula Fund I	203710	84.425D	105,950	-
COVID-19 ESSER Formula Fund II	213712	84.425D	610,578	-
COVID-19 ESSER Formula Fund III ARP	213713	84.425U	182,902	-
Total Education Stabilization Fund Program		84.425	899,430	-
Total noncluster programs passed through the Indiana Department of Education			1,408,274	-
Total federal awards			\$ 2,117,956	\$ -

ANDREW J. BROWN CHARTER SCHOOL, INC.

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Andrew J. Brown Charter School, Inc. (the "School") under programs of the federal government for the year ended June 30, 2023. The information in the 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* (the "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, changes in net assets, or cash flows of the School.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the same basis of accounting as the basic financial statements. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

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

Note 3 - Grant Auditor Report

Management has utilized the Cash Management System (CMS) Grant Auditor Report in preparing the schedule of expenditures of federal awards. Unreconciled differences, if any, have been disclosed to the auditor.

ANDREW J. BROWN CHARTER SCHOOL, INC.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes None reported

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? Yes No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
84.425	Education Stabilization Fund	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

Current Year None

Section III - Federal Program Audit Findings

Current Year None