



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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June 26, 2024

Charter School Board
Ignite Achievement Academy, Inc.
d/b/a The Genius School
Marion County, Indiana

We have reviewed the audit report of Ignite Achievement Academy, Inc. d/b/a The Genius School, which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Ignite Achievement Academy, Inc. d/b/a The Genius 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 Substantial Doubt About the Schools's Ability to Continue as a Going Concern paragraph included in the Independent Auditors' Report and further detailed in Note 3.

In our opinion, Donovan CPAs 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 Ignite Achievement Academy, Inc. d/b/a The Genius 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

IGNITE ACHIEVEMENT ACADEMY, INC.
d/b/a THE GENIUS SCHOOL

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities and Change in Net Assets	5
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	7
Notes to the Financial Statements.....	8 - 12
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	13
Notes to the Schedule of Expenditures of Federal Awards.....	14
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	15 - 16
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE <i>UNIFORM GUIDANCE</i>	17 - 18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	19
OTHER REPORT	20



Donovan CPAs

Independent Auditors' Report

The Board of Directors
Ignite Achievement Academy, Inc.

Opinion

We audited the financial statements of Ignite Achievement Academy, Inc. d/b/a The Genius School (the "School"), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Substantial Doubt About the School's Ability to Continue as a Going Concern

As discussed in Note 3 to the financial statements, the School experienced negative financial results during the year ended June 30, 2023. The School's charter also expires July 7, 2024 and will not be renewed nor has it been replaced by another charter sponsor. These factors generate substantial doubt about its ability to continue as a going concern as a public charter school.

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Responsibilities of Management for the Financial Statements

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the 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 appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. 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* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also issued our report dated April 23, 2024 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana
April 23, 2024

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL

STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 467,113	\$ 1,012,451
Grants receivable	48,366	89,324
Prepaid expenses	<u>14,000</u>	<u>14,000</u>
<i>Total current assets</i>	<u>529,479</u>	<u>1,115,775</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	1,167,827	1,167,827
Leasehold improvements	55,107	55,107
Vehicles	114,749	49,599
Less: accumulated depreciation	<u>(702,350)</u>	<u>(518,184)</u>
<i>Property and equipment, net</i>	<u>635,333</u>	<u>754,349</u>
TOTAL ASSETS	<u><u>\$ 1,164,812</u></u>	<u><u>\$ 1,870,124</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 127,027	\$ 125,144
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>1,037,785</u>	<u>1,744,980</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,164,812</u></u>	<u><u>\$ 1,870,124</u></u>

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

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
Student-based allocation funding from Indianapolis Public Schools	\$ 756,957	\$ 3,319,216
Grants	1,129,216	3,122,031
In-kind contributions from Indianapolis Public Schools	-	1,399,941
Contributions	-	450
Interest	1,617	637
Other	44,084	10,790
	<u>1,931,874</u>	<u>7,853,065</u>
 <i>Total revenue and support</i>		
EXPENSES		
Program services	2,412,059	6,418,630
Management and general	575,674	1,426,928
	<u>2,987,733</u>	<u>7,845,558</u>
 <i>Total expenses</i>		
CHANGE IN NET ASSETS FROM OPERATIONS	(1,055,859)	7,507
OTHER INCOME		
Employee Retention Credit income	348,664	-
	<u>348,664</u>	<u>-</u>
CHANGE IN NET ASSETS	(707,195)	7,507
NET ASSETS, BEGINNING OF YEAR	<u>1,744,980</u>	<u>1,737,473</u>
NET ASSETS, END OF YEAR	<u>\$ 1,037,785</u>	<u>\$ 1,744,980</u>

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

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2023 and 2022

	2023			2022		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
In-kind expenses:						
Occupancy	\$ -	\$ -	\$ -	\$ 1,011,776	\$ 53,251	\$ 1,065,027
Student transportation	-	-	-	269,729	-	269,729
Student supports	-	-	-	12,120	-	12,120
Security services	-	-	-	26,533	26,532	53,065
<i>Total in-kind expenses</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,320,158</u>	<u>79,783</u>	<u>1,399,941</u>
Direct expenses:						
Salaries and wages	880,525	155,387	1,035,912	2,043,525	360,622	2,404,147
Student support services	349,261	-	349,261	888,156	-	888,156
Professional services	127,903	298,442	426,345	314,988	734,974	1,049,962
Employee benefits	171,339	23,365	194,704	493,859	67,345	561,204
Depreciation	147,333	36,833	184,166	150,938	37,734	188,672
Occupancy	158,175	8,325	166,500	36,328	1,912	38,240
Student transportation	137,123	-	137,123	4,211	-	4,211
Information technology	111,880	12,431	124,311	246,782	27,420	274,202
Food costs	106,741	-	106,741	244,718	-	244,718
Classroom and office supplies	74,142	13,084	87,226	233,192	41,151	274,343
Insurance	34,289	6,051	40,340	48,495	8,558	57,053
Repairs and maintenance	32,185	-	32,185	158,825	-	158,825
Staff development	17,893	3,158	21,051	163,055	28,775	191,830
Travel and meetings	6,951	6,951	13,902	30,972	30,972	61,944
Equipment rental	9,732	-	9,732	9,700	-	9,700
Other	46,587	11,647	58,234	30,728	7,682	38,410
<i>Total direct expenses</i>	<u>2,412,059</u>	<u>575,674</u>	<u>2,987,733</u>	<u>5,098,472</u>	<u>1,347,145</u>	<u>6,445,617</u>
<i>Total functional expenses</i>	<u>\$ 2,412,059</u>	<u>\$ 575,674</u>	<u>\$ 2,987,733</u>	<u>\$ 6,418,630</u>	<u>\$ 1,426,928</u>	<u>\$ 7,845,558</u>

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

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (707,195)	\$ 7,507
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	184,166	188,672
Changes in certain assets and liabilities:		
Grants receivable	40,958	182,014
Prepaid expenses	-	14,559
Accounts payable and accrued expenses	1,883	(31,946)
	<hr/>	<hr/>
<i>Net cash provided by (used in) operating activities</i>	(480,188)	360,806
 INVESTING ACTIVITIES		
Purchases of property and equipment	(65,150)	(15,458)
	<hr/>	<hr/>
NET CHANGE IN CASH	(545,338)	345,348
 CASH, BEGINNING OF YEAR	<hr/>	<hr/>
	1,012,451	667,103
 CASH, END OF YEAR	<hr/>	<hr/>
	\$ 467,113	\$ 1,012,451

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

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Ignite Achievement Academy, Inc. d/b/a The Genius School (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates as a public charter school established under Indiana Code 20-24, and is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The charter is effective through July 7, 2024. The School communicated to OEI its intent not to renew the charter. As of the date of the audit report, no new charter agreement has been procured. The School provided educational instruction to approximately 100 students in grades kindergarten through six during the 2022-2023 school year as The Genius School. The School served approximately 580 students in grades kindergarten through six during the 2021-2022 school year as Ignite Achievement Academy.

During the 2021-2022 school year, the School operated under an Innovation Network Charter School Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), to operate a charter school within an IPS building. The agreement was for a term of five years, ending June 30, 2022. The agreement with IPS was not renewed at the conclusion of its initial term. The School rebranded under the name The Genius School and continued operations without the Innovation Network Charter School Agreement.

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

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

As of June 30, 2023 and 2022, the School had only net assets without donor restrictions.

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

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2023 and 2022.

Grants Receivable – Grants receivable relate primarily to activities funded under federal programs and legislation enacted by the State of Indiana. The School believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Furniture and equipment	5 - 10 years
Leasehold improvements	15 years
Vehicles	5 years

Taxes on Income – The School received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2019 are open to audit for both federal and state purposes.

Subsequent Events – The School evaluated subsequent events through April 23, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 - REVENUE RECOGNITION

Revenue Recognition – During the 2022-2023 school year, revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

During the 2021-2022 school year, revenues primarily came from IPS as part of the Innovation Network Charter School Agreement. Funding from IPS was received monthly. Revenue was recognized in the year in which educational services were rendered.

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 2 - REVENUE RECOGNITION, Continued

A significant portion of the School's revenue was the product of cost reimbursement grants. Accordingly, the School recognized revenue under these grants in the amount of costs and expenses at the time they were incurred. Incurring approved costs under the grant is considered satisfaction of the performance obligations.

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

NOTE 3 - GOING CONCERN

During the year ended June 30, 2023, the School experienced a negative change in net assets of \$707,195, which included one-time income under the Employee Retention Credit ("ERC") program of \$348,664. Without this ERC income, the School would have experienced a negative change in net assets of \$1,055,859. Additionally, as discussed in Note 1, the School's charter with OEI expires July 7, 2024 and will not be renewed. As of the date of the audit report, no new charter has been procured. Without an active charter, the School is unable to operate as a public charter school under Indiana Code 20-24, which eliminates virtually all public sources of revenue for the School. These factors generate substantial doubt about the School's ability to continue as a going concern as a public charter school.

While the School's charter expires on July 7, 2024, the School chose not to renew with OEI or any other authorizer. The School will operate as a private school in the future.

NOTE 4 - VALUATION OF IN-KIND SERVICES

During the year ended June 30, 2022, the School received in-kind contributions and offsetting expenses from IPS totaling \$1,399,941. These in-kind transactions represented approximately 18% of the School's operating budget for the year ended June 30, 2022. The only in-kind contributions received by the School are from IPS and are disaggregated on the statements of activities and change in net assets and there are no restrictions set on these amounts. No in-kind contributions were received during the year ended June 30, 2023.

NOTE 5 - EMPLOYEE RETENTION CREDITS

The Employee Retention Credit ("ERC") is a refundable tax credit for employers equal to 50 percent of qualified wages paid after March 12, 2020 and before June 30, 2021. The School engaged an independent third party to assist with calculating and applying for these credits. During the year ended June 30, 2023, the School received \$348,664 in credits. The School also incurred fees to the independent third party equal to \$45,500.

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 6 - LEASES

The School leases its building and certain office equipment under operating leases each with terms under twelve months. Total lease expense was \$176,232 and \$47,940 for the years ended June 30, 2023 and 2022, respectively. Minimum lease obligations for the building for the year ending June 30, 2024 are \$150,000. Minimum lease obligations for the office equipment are inconsequential.

NOTE 7 - RETIREMENT PLANS

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. For the years ended June 30, 2023 and 2022, the School contributed 6.0% and 5.5%, respectively, of defined compensation to each employee's retirement plan account of choice. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2023, TRF was approximately 88% funded.

Retirement plan expense was \$4,900 and \$17,008 during the years ended June 30, 2023 and 2022, respectively.

NOTE 8 - COMMITMENT

As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI assessed a fee equal to 1% of the student-based allocation funding from IPS received by the School totaling \$5,269 and \$21,592 during the years ended June 30, 2023 and 2022, respectively.

The charter agreement with OEI requires the School to establish an escrow account of no less than \$30,000 should a dissolution occur. This escrow account is established and fully-funded. The balance of the escrow account is included in the cash balance on the statements of financial position.

NOTE 9 - RISKS AND UNCERTAINTIES

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

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

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

NOTE 9 - RISKS AND UNCERTAINTIES, Continued

Financial instruments which potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2023, all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at First Financial Bank and are insured up to the FDIC insurance limit. As of and throughout the years ended June 30, 2023 and 2022, cash exceeded the insured limit.

NOTE 10 - FUNCTIONAL EXPENSE REPORTING

The costs of providing educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Student support services, student transportation, food costs, repairs and maintenance, and equipment rental are entirely program service related. Other expense categories are allocated based on management’s estimates as follows for both years ended June 30, 2023 and 2022:

	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages	85%	15%
Professional services	30	70
Employee benefits	88	12
Depreciation	80	20
Occupancy	95	5
Information technology	90	10
Classroom and office supplies	85	15
Insurance	85	15
Staff development	85	15
Travel and meetings	50	50
Other	80	20

NOTE 11 - LIQUIDITY

Financial assets held by the School include cash and grants receivable totaling \$515,479 and \$1,101,775 as of June 30, 2023 and 2022, respectively. Included in the financial assets as of June 30, 2023 and 2022 is an escrow account with a balance of \$30,000 to be used in the event of a dissolution of the School. With the exception of the escrow account, all financial assets are available to meet cash needs for general expenditures within the next year.

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

SUPPLEMENTARY INFORMATION

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 29,706
National School Lunch Program	10.555		<u>58,686</u>
<i>Total for U.S. Department of Agriculture</i>			<u>88,392</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A; Grants to Local Educational Agencies	84.010	S010A220014	58,906
Special Education Cluster			
Special Education - Grants to States	84.027	23611-653-DY01	30,479
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	7000S425U210013	<u>808,097</u>
<i>Total for U.S. Department of Education</i>			<u>897,482</u>
<i>Total federal awards expended</i>			<u>\$ 985,874</u>

See independent auditors' report and accompanying notes to this schedule

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Ignite Achievement Academy, Inc. d/b/a The Genius School (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* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, change in net assets, functional expenses, or cash flows of the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

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



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Directors
Ignite Achievement Academy, Inc.

We audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ignite Achievement Academy, Inc. d/b/a The Genius School (the "School"), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 23, 2024.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana
April 23, 2024



Donovan CPAs

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

The Board of Directors
Ignite Achievement Academy, Inc.

Report on Compliance for Each Major Federal Program

We audited Ignite Achievement Academy, Inc. d/b/a The Genius School's (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* which could have a direct and material effect on the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require us to plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

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Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements which could have a direct and material effect on each major federal program as a basis for designing auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's 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 combination of deficiencies in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program which 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance which might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN



Indianapolis, Indiana
April 23, 2024

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.

IGNITE ACHIEVEMENT ACADEMY, INC. d/b/a THE GENIUS SCHOOL
OTHER REPORT
For the Year Ended June 30, 2023

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

Supplemental Audit Report of Ignite Achievement Academy, Inc. d/b/a The Genius School

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