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January 27, 2020

Charter School Board
Avondale Meadows Academy, Inc.
d/b/a/ United Schools of Indianapolis
3980 Meadows Dr.
Indianapolis, IN 46205

We have reviewed the audit report of Avondale Meadows Academy, Inc. d/b/a/ United Schools of Indianapolis, which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Avondale Meadows Academy, Inc. d/b/a/ United Schools of Indianapolis as of June 30, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

In addition to the report presented herein, a Supplemental Audit Report for Avondale Meadows Academy, Inc. d/b/a/ United Schools of Indianapolis, was prepared in accordance with the guidelines established by the State Board of Accounts.

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2019 AND 2018

GREENWALT^{CPAs}

We Deliver Peace of Mind

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Avondale Meadows Academy, Inc.
d/b/a United Schools of Indianapolis:

Report on the Financial Statements

We have audited the accompanying financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (a network of Indiana public charter schools, USI), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits 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 of America, *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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 USI's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USI as of June 30, 2019 and 2018, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2019 on our consideration of USI'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 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 USI'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 USI's internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

December 13, 2019

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>	<u>LIABILITIES AND NET ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	\$ 1,490,444	\$ 1,829,478	Accounts payable	\$ 25,116	\$ 67,669
Cash restricted for construction	<u>14,273</u>	<u>1,076,746</u>	Payroll and other accrued expenses	1,089,388	1,710,347
<i>Total cash</i>	1,504,717	2,906,224	Current portion of long-term debt	<u>308,467</u>	<u>100,708</u>
Investments	208,839	216,395	<i>Total current liabilities</i>	1,422,971	1,878,724
Accounts receivable:			LONG-TERM LIABILITIES, NET		
Grants	398,562	258,421	Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	<u>20,347,567</u>	<u>20,629,876</u>
Other	26,061	7,500	<i>Total liabilities</i>	<u>21,770,538</u>	<u>22,508,600</u>
Prepaid expenses and deposits	<u>156,459</u>	<u>130,121</u>			
<i>Total current assets</i>	<u>2,294,638</u>	<u>3,518,661</u>	COMMITMENT (NOTE 4)		
CASH RESTRICTED FOR BOND REDEMPTION	<u>2,300,381</u>	<u>2,014,554</u>	NET ASSETS		
PROPERTY AND EQUIPMENT			Without donor restrictions	538,303	931,244
Land	564,800	564,800	Without donor restrictions - board designated	<u>80,000</u>	<u>70,000</u>
Buildings and building improvements	18,826,201	13,407,082	<i>Total net assets without donor restrictions</i>	618,303	1,001,244
Furniture and equipment	1,390,934	1,288,322	With donor restrictions	<u>254,670</u>	<u>260,041</u>
Textbooks	446,487	397,777	<i>Total net assets</i>	<u>872,973</u>	<u>1,261,285</u>
Computers and software	642,541	515,451			
Vehicles	5,000	5,000			
Construction in progress	-	5,075,360			
Accumulated depreciation	<u>(3,827,471)</u>	<u>(3,017,122)</u>			
<i>Total property and equipment, net</i>	<u>18,048,492</u>	<u>18,236,670</u>			
<i>Total assets</i>	<u>\$ 22,643,511</u>	<u>\$ 23,769,885</u>	<i>Total liabilities and net assets</i>	<u>\$ 22,643,511</u>	<u>\$ 23,769,885</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE AND SUPPORT						
State education support	\$ 8,707,558	\$ -	\$ 8,707,558	\$ 7,971,801	\$ -	\$ 7,971,801
Federal funding	2,194,978	-	2,194,978	1,861,655	-	1,861,655
Student fees	43,551	-	43,551	45,527	-	45,527
Contributions and grants	209,685	236,913	446,598	69,211	65,789	135,000
Investment income	67,228	-	67,228	57,383	-	57,383
In-kind	7,258	-	7,258	-	-	-
Other	84,110	-	84,110	47,274	-	47,274
Net asset released from restriction	242,284	(242,284)	-	911,743	(911,743)	-
<i>Total revenue and support</i>	<u>11,556,652</u>	<u>(5,371)</u>	<u>11,551,281</u>	<u>10,964,594</u>	<u>(845,954)</u>	<u>10,118,640</u>
EXPENSES (NOTE 9)						
Salaries and wages	5,665,794	-	5,665,794	5,429,390	-	5,429,390
Employee benefits and development	1,578,681	-	1,578,681	1,422,288	-	1,422,288
Professional services	871,068	-	871,068	841,527	-	841,527
Transportation	4,116	-	4,116	105,498	-	105,498
Food cost	672,634	-	672,634	635,738	-	635,738
Repairs and maintenance	124,460	-	124,460	91,511	-	91,511
Classroom, kitchen and office supplies	354,487	-	354,487	357,239	-	357,239
Information technology	119,883	-	119,883	225,255	-	225,255
Occupancy	448,519	-	448,519	540,748	-	540,748
Depreciation	810,350	-	810,350	680,378	-	680,378
Interest	1,128,287	-	1,128,287	889,904	-	889,904
Insurance	46,863	-	46,863	37,134	-	37,134
Other	114,451	-	114,451	126,607	-	126,607
<i>Total expenses</i>	<u>11,939,593</u>	<u>-</u>	<u>11,939,593</u>	<u>11,383,217</u>	<u>-</u>	<u>11,383,217</u>
CHANGE IN NET ASSETS	(382,941)	(5,371)	(388,312)	(418,623)	(845,954)	(1,264,577)
NET ASSETS, BEGINNING OF YEAR	<u>1,001,244</u>	<u>260,041</u>	<u>1,261,285</u>	<u>1,419,867</u>	<u>1,105,995</u>	<u>2,525,862</u>
NET ASSETS, END OF YEAR	<u>\$ 618,303</u>	<u>\$ 254,670</u>	<u>\$ 872,973</u>	<u>\$ 1,001,244</u>	<u>\$ 260,041</u>	<u>\$ 1,261,285</u>

See accompanying notes to financial statements.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (388,312)	\$ (1,264,577)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES:		
Depreciation	810,350	680,378
Unrealized and realized loss on investments	5,133	32,194
<i>Increase (decrease) in operating assets:</i>		
Grants receivable	(140,141)	422,395
Other receivables	(18,561)	63,984
Prepaid expenses and deposits	(26,338)	29,209
<i>(Increase) decrease in operating liabilities:</i>		
Accounts payable	(42,553)	12,248
Payroll and other accrued expenses	(52,159)	676,925
<i>Net cash and cash equivalents provided by operating activities</i>	<u>147,419</u>	<u>652,756</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(28,070)	(64,800)
Proceeds from sale of investments	30,493	58,978
Purchases of property and equipment	(1,190,972)	(4,723,494)
<i>Net cash and cash equivalents used in investing activities</i>	<u>(1,188,549)</u>	<u>(4,729,316)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal repayment of long-term debt	(74,550)	(69,648)
Principal reduction of capital lease obligations	-	(8,077)
<i>Net cash and cash equivalents used in financing activities</i>	<u>(74,550)</u>	<u>(77,725)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,115,680)	(4,154,285)
CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, BEGINNING OF YEAR	<u>4,920,778</u>	<u>9,075,063</u>
CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, END OF YEAR	3,805,098	4,920,778
CASH RESTRICTED FOR BOND REDEMPTION	<u>(2,300,381)</u>	<u>(2,014,554)</u>
TOTAL CASH AND CASH EQUIVALENTS IN CURRENT ASSETS	<u>\$ 1,504,717</u>	<u>\$ 2,906,224</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest expense	\$ 567,123	\$ 280,570
NON-CASH OPERATING ACTIVITIES:		
In-kind contributions	\$ 7,258	\$ -
NON-CASH INVESTING ACTIVITIES:		
Property and equipment purchases included in other accrued expenses	\$ 68,308	\$ 637,108

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL

Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. USI (formerly named Challenge Foundation Academy, Inc.) is the organizer of three charter schools located in Indianapolis, Indiana. Each of the schools is a public charter school established under Indiana Code 20-24 and sponsored by the Mayor's Office of the City of Indianapolis. USI's main source of revenue and support is from state and federal education funding.

Avondale Meadows Academy (Avondale), which opened in 2006, is a K-5 tuition-free quality public charter school founded on the Core Knowledge curriculum. The core focus is to provide an outstanding education for children equipping them with the knowledge, wisdom, core values, and behaviors to be successful in life. The mission of Avondale is to provide a rigorous and relevant college-preparatory program, grounded in our belief in the ability of every child to succeed at high levels.

Vision Academy at Riverside (Vision), which opened in 2014, is K-8. Vision provides every scholar in its school a college-preparatory education. Vision couples a literacy-based, content-rich academic program with a unique Vision curriculum, focused on goal setting and individual passions. Vision also offers every scholar ample after-school and extra-curricular opportunities as well as a rich array of family involvement opportunities, designed to ensure every scholar has the skills and support to succeed in college and in life.

Avondale Meadows Middle School (AMMS), which opened in July 2017, is a free, public, neighborhood charter school serving grades 6 - 8. AMMS offers a strong Core Knowledge curriculum which complements Indiana's Academic Standards and Common Core Standards. This curriculum is integrated with and supported by enVision Mathematics and Reader's and Writer's Workshop, which is intended to prepare students for college.

There are certain transactions that occur during the normal course of business between Avondale, Vision, and AMMS. These transactions have been eliminated for reporting purposes

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on an accrual basis of accounting. 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 certain reported amounts and disclosures. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, USI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$1,395,435 and \$1,732,959 at June 30, 2019 and 2018, respectively.

At June 30, 2019 and 2018, USI maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 by approximately \$2.3 million and \$3.3 million, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS AND ACCOUNTS RECEIVABLE

Grants receivable relate to activities funded under private grants and federal and state programs. Management believes that USI is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. All grants and accounts receivable are due within one year.

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment income and gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions.

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at June 30 are as follows:

	<u>2019 Totals</u>	<u>Quoted Prices in Active Markets for Identical Assets [Level 1]</u>	<u>Significant Other Observable Inputs [Level 2]</u>	<u>Significant Other Observable Inputs [Level 3]</u>
<u>INVESTMENTS</u>				
Corporate and government bonds	\$ 208,839	\$ 208,839	\$ -	\$ -

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

	<u>2018 Totals</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Other Observable Inputs (Level 3)</u>
<u>INVESTMENTS</u>				
Corporate and government bonds	<u>\$ 216,395</u>	<u>\$ 216,395</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies used for assets measured at fair value. The methods for determining fair value have not changed in fiscal year 2019.

- Government and corporate bonds: Valued based on quoted market prices.

The cost of investments at June 30, 2019 and 2018 was \$207,501 and \$219,749, respectively.

PROPERTY AND EQUIPMENT

Purchases of property and equipment greater than \$1,000 that materially increase value or extend useful lives are capitalized and are recorded at cost. Computer purchases exceeding \$300 are recorded at cost and capitalized. Donated property and equipment is recorded at estimated fair market value on the date of contribution. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred.

Construction in progress as of June 30, 2018 was related to AMMS construction. Interest of \$286,963 was capitalized as a part of the construction project as of June 30, 2018.

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:

Buildings and improvements	40 years
Furniture, equipment, and vehicles	5 years
Textbooks	4 years
Computers and software	3 years

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS

USI maintains these classes of net assets:

- Net assets without donor restrictions – which represent assets that the Board of Directors has discretionary control to use in carrying on the operations of USI in accordance with its articles of incorporation and by-laws.
- Net assets with donor restrictions – which represent assets restricted by the donor, grantor, or other outside party for a specific purpose, time period, or in perpetuity.

REVENUE RECOGNITION

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

A portion of USI's revenue is the product of cost reimbursement grants. Accordingly, USI recognizes revenue under these grants as costs are incurred.

CONTRIBUTIONS AND GRANTS

Contributions and grants received are measured at their fair values and are reported as an increase in net assets in the period they are promised. USI reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

CONTRIBUTED SERVICES

Pursuant to the Not-for-Profit Organizations Revenue Recognition Accounting Standards, 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 USI.

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.

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 AND 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

CONTRIBUTED SERVICES, CONTINUED

In-kind contributions have been included in the statements of activities. They have been treated as non-cash activities for the purposes of the statements of cash flows. Total in-kind contributions received for the fiscal year ended June 30, 2019 were \$7,258 for contributed services. There were no in-kind contributions during fiscal year 2018. Volunteers provide program services throughout the year that do not meet the recognition criteria for contributed services. These services include volunteering at events, picking up donations, and various clerical tasks. The value of these services has not been reflected in the statements of activities.

ADVERTISING

Advertising expenses totaled \$10,481 and \$44,772 for fiscal years 2019 and 2018, respectively. USI's policy is to record advertising expenditures in the period in which they are incurred.

TAX STATUS

USI is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, however, USI would be subject to tax on income unrelated to its tax-exempt purpose. USI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

USI evaluated subsequent events through December 13, 2019, which is the date these financial statements were available to be issued.

NEW ACCOUNTING PRONOUNCEMENT

USI adopted the Financial Accounting Standards Board ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities* effective June 30, 2019. The update addressed the complexity and understandability of net asset classification by reducing the three categories of unrestricted, temporarily restricted, and permanently restricted to two, net assets with and without donor restrictions. In addition, the update requires a new disclosure regarding liquidity and the availability of resources, the presentation of expenses by natural classifications and function and the netting of investment expenses with revenue. USI has adjusted the presentation of these statements accordingly. With the exception of Notes 2 and 9, the update has been applied retrospectively to all periods presented.

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

2. AVAILABLE RESOURCES AND LIQUIDITY

USI regularly monitors liquidity required to meet its operations and other commitments. USI has various sources of liquid assets at its disposal. Per OEI guidelines, USI is required to have 45 days cash on hand.

For purposes of analyzing resources available to meet general expenditures over 12-month period, USI considers all expenditures related to ongoing activities as well as the supporting operations to be general expenditures.

Financial assets available for general expenditure, within one year, consist of the following at June 30, 2019:

Financial assets at year-end:	
Cash	\$ 1,490,444
Investments	208,839
Grants receivable	398,562
Accounts receivable	<u>26,061</u>
Total financial assets available for use within one year:	<u>2,123,906</u>
Board designated net assets	(80,000)
Net assets with donor restrictions	<u>(254,670)</u>
Total financial assets not available for use within one year	<u>(334,670)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,789,236</u>

3. LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
2017 Series Bonds	\$ 21,345,000	\$ 21,345,000
Equipment loan payable to IFF	<u>43,467</u>	<u>144,176</u>
Total debt	21,388,467	21,489,176
Less: current portion	(308,467)	(100,708)
Less: unamortized discount on 2017 series bonds	(463,598)	(480,155)
Less: deferred loan costs	<u>(268,835)</u>	<u>(278,437)</u>
Long-term, net	<u>\$ 20,347,567</u>	<u>\$ 20,629,876</u>

In June 2018, USI obtained financing for the purpose of refinancing the previously existing Series 2013 bonds, paying off a development lease arrangement (See Note 4), and constructing a new building for AMMS through the sale of Educational Facilities Multipurpose Revenue Bonds, Series 2017, issued by the Indiana Finance Authority. The Series 2017 bonds are payable in a series of escalating payments of principle and interest beginning in July 2019 and January 2018, respectively, with the final payment due in July 2047. The note carries an interest rate beginning at 5.0% and rising to 5.375% by July 2038. The loan is secured by land, building, and other business assets.

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 AND 2018

3. LONG-TERM DEBT, CONTINUED

Approximately \$5,000,000 of the bonds' balance was used in the construction of the AMMS building and grounds of which \$14,273 and \$1,076,746 was remaining at June 30, 2019 and 2018, respectively. The Series 2017 bonds require the establishment of a debt reserve fund of \$1,442,968 that will assist with final payment of the bonds. A bond escrow account with a balance of \$857,413 and \$571,586 at June 30, 2019 and 2018, respectively, was also established in conjunction with the Series 2017 bond agreement to secure against defeasance on the bonds. Both escrow accounts are reported as cash restricted for bond redemption in the statements of financial position.

The loan agreements contain certain covenants that limit USI's ability to incur indebtedness or guarantees, purchase or dispose of assets, or change the nature of the business. The agreement also contains financial maintenance covenants establishing a minimum debt service coverage ratio and days cash on hand requirement.

Costs associated with securing financing, have been deferred and are being amortized over the term of the bonds using the straight-line method.

The loan from Illinois Facilities Fund (IFF) is payable in monthly installments, including interest at 5.0% per annum, through November 2019. The loan is secured by a first position in all of USI's furniture, fixtures, and equipment.

Future maturities of long-term debt at June 30 are as follows:

2020	\$	308,467
2021		285,000
2022		325,000
2023		365,000
2024		385,000
Thereafter		<u>19,720,000</u>
	\$	<u>21,388,467</u>

4. CAPITAL AND OPERATING LEASES

USI had an agreement to lease its Vision building commencing September 1, 2014. The lease was accounted for as a capital lease. The lease required monthly escalating rental payments through the termination of the lease in 2043. USI was also responsible for all costs associated with the building, including insurance, taxes, repairs, maintenance, and utilities. This lease was paid in full as of June 30, 2018 in conjunction with the bond transaction described in Note 3.

USI also leases equipment under operating leases with various expiration dates through June 2022. Total expense under operating leases for fiscal years 2019 and 2018 was \$57,733 and \$144,883, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

4. CAPITAL AND OPERATING LEASES, CONTINUED

Future minimum rental payments required under operating leases for years ending June 30 are as follows:

2020	\$	57,348
2021		57,348
2022		<u>43,525</u>
	\$	<u>158,221</u>

5. BOARD DESIGNATED NET ASSETS

The Charters for Avondale, Vision, and AMMS require that each establish an account held in escrow of \$30,000 no later than December of the third year of operations. The escrow is designated for any potential dissolution costs of the school. Board designated net assets were as follows at June 30:

		<u>2019</u>	<u>2018</u>
Avondale	\$	30,000	\$ 30,000
Vision		30,000	30,000
AMMS		<u>20,000</u>	<u>10,000</u>
	\$	<u>80,000</u>	<u>\$ 70,000</u>

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources received from grantors and donors that were not expended for restricted purposes as of June 30, 2019 and 2018. Net assets with donor restrictions as of June 30 were available for the following purposes:

		<u>2019</u>	<u>2018</u>
Teacher awards and bonuses	\$	184,831	\$ 201,347
Implementation		-	2,010
Capacity building		10,624	-
Other programs		<u>59,215</u>	<u>56,684</u>
	\$	<u>254,670</u>	<u>\$ 260,041</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A
UNITED SCHOOLS OF INDIANAPOLIS
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 AND 2018

6. NET ASSETS WITH DONOR RESTRICTIONS, CONTINUED

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

	<u>2019</u>	<u>2018</u>
Teacher awards and bonuses	\$ 16,517	\$ 20,360
Implementation	-	548,646
Capacity building	149,376	270,000
Other programs	<u>76,391</u>	<u>72,737</u>
	<u>\$ 242,284</u>	<u>\$ 911,743</u>

7. RETIREMENT PLANS

USI provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by 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 2019 and 2018, USI contributed 7.5% of compensation for teaching faculty to TRF. Should USI elect to withdraw from TRF, USI could be subject to a withdrawal fee. USI's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2018 (the latest year reported), TRF was more than 84% funded. A copy of the complete annual report for the year ended June 30, 2018 can be obtained at:

https://www.in.gov/inprs/files/2018_INPRSCAFRBook.pdf

USI also offers a 403(b) defined contribution retirement plan. Non-teaching personnel and teachers who opt to not participate in TRF are eligible for benefits under the 403(b) plan. Under the 403(b) plan, USI contributes 7.5% of employee's compensation.

For 2019 and 2018, retirement plan expense under both plans was \$378,971 and \$325,225, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

8. RISKS AND UNCERTAINTIES

USI provides education services to families residing in Marion county and surrounding counties in Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

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

Financial instruments that potentially subject USI to concentrations of credit risk consist principally of revenues from the State of Indiana. For 2019 and 2018, the basic state tuition support was 63.9% and 61.6%, respectively. At June 30, 2019 and 2018, substantially all of the grants receivable balance was due from the State of Indiana.

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 and management and general, and fundraising for the years ended June 30, 2019:

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 4,788,615	\$ 2,402,031	\$ 53,829	\$ 7,244,475
Professional services	298,762	572,306	-	871,068
Food cost	672,634	-	-	672,634
Repairs, maintenance, and supplies	310,877	168,070	-	478,947
Occupancy	448,519	-	-	448,519
Interest	1,128,287	-	-	1,128,287
Depreciation	810,350	-	-	810,350
Other	280,616	-	4,697	285,313
	<u>\$ 8,738,660</u>	<u>\$ 3,142,407</u>	<u>\$ 58,526</u>	<u>\$ 11,939,593</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

10. 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	CFDA	Revenue	Expense	Funding Type
National School Lunch Program	Indiana Department of Education	10.555	\$756,553	\$672,634	Federal grant passed through state or local government
Title I, Part A Cluster	Indiana Department of Education	84.010	\$943,942	\$943,942	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B)	Indiana Department of Education	84.027	\$235,401	\$235,401	Federal grant passed through state or local government
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	\$83,213	\$83,213	Federal grant passed through state or local government
Student Support and Academic Enrichment	Indiana Department of Education	8.424A	\$68,108	\$68,108	Federal grant passed through state or local government
Public Charter Schools Quality Counts	Indiana Department of Education	84.282A	\$107,761	\$107,386	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	\$7,377,546	\$7,377,546	State or Local Government
State Special Education Grant	Indiana Department of Education	N/A	\$558,328	\$558,328	State or Local Government
Charter School Grant	Indiana Department of Education	N/A	\$526,500	\$526,500	State or Local Government
Medicaid Reimbursement	Indiana Department of Education	N/A	\$36,939	\$36,939	State or Local Government
State Lunch Match	Indiana Department of Education	N/A	\$1,963	\$1,963	State or Local Government

AVONDALE MEADOWS ACADEMY, INC. D/B/A
 UNITED SCHOOLS OF INDIANAPOLIS
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 AND 2018

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

Textbook Reimbursement	Indiana Department of Education	N/A	\$66,692	\$66,692	State or Local Government
Mediation Testing	Indiana Department of Education	N/A	\$13,686	\$13,686	State or Local Government
Non-English-Speaking Program	Indiana Department of Education	N/A	\$5,400	\$5,400	State or Local Government
Teacher Appreciation Grants	Indiana Department of Education	N/A	\$31,076	\$31,076	State or Local Government
School Connectivity	Indiana Department of Education	N/A	\$7,431	\$7,431	State or Local Government
Secured School Safety Program	Indiana Department of Homeland Security	N/A	\$75,058	\$75,058	State or Local Government
Early Intervention	Indiana Family and Social Services Administration	N/A	\$6,939	\$6,939	State or Local Government
		Total	\$10,902,536	\$10,818,242	

11. RECLASSIFICATION

Certain items in the fiscal year 2018 financial statements have been retroactively reclassified to conform to the fiscal year 2019 presentation. These reclassifications had no effect on net assets at June 30, 2018.



Greenwalt CPAs, Inc.
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Indianapolis, IN 46224
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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of Avondale Meadows Academy, Inc. d/b/a
United Schools of Indianapolis:

We have audited the financial statements of USI as of and for the years ended June 30, 2019 and 2018, and our report thereon dated December 13, 2019, which expressed an unmodified opinion on those financial statements, appears on page one. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for the purpose of additional analysis and is not a required part of the financial statements. Exhibits I and II are presented for purposes of additional analysis, rather than to present financial position and results of operations by school, and are not a required part of the financial statements. The schedule of expenditures of federal awards and Exhibits I and II are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards for the year ended June 30, 2019, and the statements of financial position and activities by school as of and for the years ended June 30, 2019 and 2018, are fairly stated, in all material respects, in relation to the financial statements as a whole.

Greenwalt CPAs, Inc.

December 13, 2019

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2019

Exhibit I
Page 1 of 2

ASSETS

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	\$ 593,091	\$ 569,404	\$ 263,972	\$ 63,977	\$ -	\$ 1,490,444
Cash restricted for construction	-	-	14,273	-	-	14,273
<i>Total cash</i>	593,091	569,404	278,245	63,977	-	1,504,717
Investments	-	-	-	208,839	-	208,839
Accounts receivable:						
Grants	95,637	134,306	168,619	-	-	398,562
Other	415	8,110	7,536	10,000	-	26,061
Prepaid expenses and deposits	56,284	48,650	27,612	23,913	-	156,459
<i>Total current assets</i>	745,427	760,470	482,012	306,729	-	2,294,638
CASH RESTRICTED FOR BOND REDEMPTION	1,700,065	405,708	194,608	-	-	2,300,381
PROPERTY AND EQUIPMENT						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	4,827,412	8,678,703	5,320,086	-	-	18,826,201
Furniture and equipment	630,249	516,205	242,203	2,277	-	1,390,934
Textbooks	178,075	224,520	43,892	-	-	446,487
Computers and software	304,094	155,093	181,314	2,040	-	642,541
Vehicles	3,500	1,500	-	-	-	5,000
Accumulated depreciation	(1,750,002)	(1,820,172)	(255,933)	(1,364)	-	(3,827,471)
<i>Total property and equipment, net</i>	4,758,128	7,755,849	5,531,562	2,953	-	18,048,492
<i>Total assets</i>	<u>\$ 7,203,620</u>	<u>\$ 8,922,027</u>	<u>\$ 6,208,182</u>	<u>\$ 309,682</u>	<u>\$ -</u>	<u>\$ 22,643,511</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts payable	\$ 93	\$ 2,907	\$ 17,443	\$ 4,673	\$ -	\$ 25,116
Payroll and other accrued expenses	324,036	436,851	253,594	74,907	-	1,089,388
Current portion of long-term debt	72,080	173,847	62,540	-	-	308,467
<i>Total current liabilities</i>	396,209	613,605	333,577	79,580	-	1,422,971
LONG-TERM LIABILITIES, NET						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	5,534,930	10,015,831	4,796,806	-	-	20,347,567
<i>Total liabilities</i>	5,931,139	10,629,436	5,130,383	79,580	-	21,770,538
NET ASSETS (ACCUMULATED DEFICIT)						
Without donor restrictions	1,193,818	(1,738,302)	1,048,140	34,647	-	538,303
Without donor restrictions - board designated	30,000	30,000	20,000	-	-	80,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	1,223,818	(1,708,302)	1,068,140	34,647	-	618,303
With donor restrictions	48,663	893	9,659	195,455	-	254,670
<i>Total net assets (accumulated deficit)</i>	1,272,481	(1,707,409)	1,077,799	230,102	-	872,973
<i>Total liabilities and net assets</i>	<u>\$ 7,203,620</u>	<u>\$ 8,922,027</u>	<u>\$ 6,208,182</u>	<u>\$ 309,682</u>	<u>\$ -</u>	<u>\$ 22,643,511</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2019

Exhibit I
 Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
State education support	\$ 3,520,955	\$ 3,657,020	\$ 1,529,583	\$ -	\$ -	\$ 8,707,558
Federal funding	839,145	958,940	396,893	-	-	2,194,978
Student fees	14,722	9,295	19,534	-	-	43,551
Contributions and grants	80,602	51,071	130	314,795	-	446,598
Investment income	33,750	-	7,213	26,265	-	67,228
In-kind	-	-	-	7,258	-	7,258
Other	18,666	13,396	23,131	589,613	(560,696)	84,110
<i>Total revenue and support</i>	<u>4,507,840</u>	<u>4,689,722</u>	<u>1,976,484</u>	<u>937,931</u>	<u>(560,696)</u>	<u>11,551,281</u>
EXPENSES						
Salaries and wages	2,189,393	2,117,913	819,906	538,582	-	5,665,794
Employee benefits and development	636,502	578,215	226,576	137,388	-	1,578,681
Professional services	493,182	485,669	251,712	201,201	(560,696)	871,068
Transportation	652	1,894	1,570	-	-	4,116
Food cost	263,959	304,872	103,803	-	-	672,634
Repairs and maintenance	37,306	36,001	51,153	-	-	124,460
Classroom, kitchen and office supplies	137,012	111,480	71,886	34,109	-	354,487
Information technology	2,572	3,256	2,815	111,240	-	119,883
Occupancy	170,241	176,532	101,633	113	-	448,519
Depreciation	208,097	398,323	203,021	909	-	810,350
Interest	311,494	568,502	248,291	-	-	1,128,287
Insurance	-	-	-	46,863	-	46,863
Other	46,287	29,057	23,041	16,066	-	114,451
<i>Total expenses</i>	<u>4,496,697</u>	<u>4,811,714</u>	<u>2,105,407</u>	<u>1,086,471</u>	<u>(560,696)</u>	<u>11,939,593</u>
CHANGE IN NET ASSETS	11,143	(121,992)	(128,923)	(148,540)	-	(388,312)
TRANSFER OF NET ASSETS	141,642	34,519	176,148	(352,309)	-	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>1,119,696</u>	<u>(1,619,936)</u>	<u>1,030,574</u>	<u>730,951</u>	<u>-</u>	<u>1,261,285</u>
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 1,272,481</u>	<u>\$ (1,707,409)</u>	<u>\$ 1,077,799</u>	<u>\$ 230,102</u>	<u>\$ -</u>	<u>\$ 872,973</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2018

Exhibit II
Page 1 of 2

ASSETS

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
CURRENT ASSETS						
Cash and cash equivalents	\$ 540,618	\$ 577,529	\$ 204,626	\$ 506,705	\$ -	\$ 1,829,478
Cash restricted for construction	-	-	1,076,746	-	-	1,076,746
<i>Total cash</i>	540,618	577,529	1,281,372	506,705	-	2,906,224
Investments	-	-	-	216,395	-	216,395
Accounts receivable:						
Grants	67,414	153,509	27,498	10,000	-	258,421
Other	-	7,500	-	-	-	7,500
Prepaid expenses and deposits	27,191	3,731	11,649	87,550	-	130,121
<i>Total current assets</i>	635,223	742,269	1,320,519	820,650	-	3,518,661
CASH RESTRICTED FOR BOND REDEMPTION	1,607,146	275,411	131,997	-	-	2,014,554
PROPERTY AND EQUIPMENT						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	4,747,065	8,652,691	7,326	-	-	13,407,082
Furniture and equipment	620,325	510,309	155,411	2,277	-	1,288,322
Textbooks	155,421	205,620	36,736	-	-	397,777
Computers and software	275,607	137,130	102,714	-	-	515,451
Vehicles	3,500	1,500	-	-	-	5,000
Construction in progress	-	-	5,075,360	-	-	5,075,360
Accumulated depreciation	(1,541,906)	(1,421,849)	(52,912)	(455)	-	(3,017,122)
<i>Total property and equipment, net</i>	4,824,812	8,085,401	5,324,635	1,822	-	18,236,670
<i>Total assets</i>	\$ 7,067,181	\$ 9,103,081	\$ 6,777,151	\$ 822,472	\$ -	\$ 23,769,885

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES						
Accounts payable	\$ 18,157	\$ 8,164	\$ 33,792	\$ 7,556	\$ -	\$ 67,669
Payroll and other accrued expenses	329,385	437,390	859,607	83,965	-	1,710,347
Current portion of long-term debt	-	100,708	-	-	-	100,708
<i>Total current liabilities</i>	347,542	546,262	893,399	91,521	-	1,878,724
LONG-TERM LIABILITIES, NET						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	5,599,943	10,176,755	4,853,178	-	-	20,629,876
<i>Total liabilities</i>	5,947,485	10,723,017	5,746,577	91,521	-	22,508,600
NET ASSETS (ACCUMULATED DEFICIT)						
Without donor restrictions	1,055,234	(1,649,936)	1,006,342	519,604	-	931,244
Without donor restrictions - board designated	30,000	30,000	10,000	-	-	70,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	1,085,234	(1,619,936)	1,016,342	519,604	-	1,001,244
With donor restrictions	34,462	-	14,232	211,347	-	260,041
<i>Total net assets (accumulated deficit)</i>	1,119,696	(1,619,936)	1,030,574	730,951	-	1,261,285
<i>Total liabilities and net assets</i>	\$ 7,067,181	\$ 9,103,081	\$ 6,777,151	\$ 822,472	\$ -	\$ 23,769,885

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2018

Exhibit II
 Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
State education support	\$ 3,544,175	\$ 3,686,855	\$ 740,771	\$ -	\$ -	\$ 7,971,801
Federal funding	829,739	924,866	107,050	-	-	1,861,655
Student fees	26,623	8,857	10,047	-	-	45,527
Contributions and grants	86,950	317,737	350,250	10,063	(630,000)	135,000
Investment income	13,623	-	32,972	10,788	-	57,383
In-kind	-	-	-	-	-	-
Other	15,559	38,231	410	441,054	(447,980)	47,274
<i>Total revenue and support</i>	<u>4,516,669</u>	<u>4,976,546</u>	<u>1,241,500</u>	<u>461,905</u>	<u>(1,077,980)</u>	<u>10,118,640</u>
EXPENSES						
Salaries and wages	2,193,071	2,160,119	600,312	475,888	-	5,429,390
Employee benefits and development	596,505	572,546	135,744	117,493	-	1,422,288
Professional services	474,183	467,303	155,356	192,665	(447,980)	841,527
Transportation	88	237	105,173	-	-	105,498
Food cost	266,135	312,703	56,900	-	-	635,738
Repairs and maintenance	28,080	42,972	20,459	-	-	91,511
Classroom, kitchen and office supplies	131,608	121,134	74,649	29,848	-	357,239
Information technology	6,554	12,899	12,194	193,608	-	225,255
Occupancy	215,581	175,813	149,354	-	-	540,748
Depreciation	213,091	405,709	61,123	455	-	680,378
Interest	313,821	576,083	-	-	-	889,904
Insurance	16,217	16,217	4,700	-	-	37,134
Other	42,955	43,917	25,563	644,172	(630,000)	126,607
<i>Total expenses</i>	<u>4,497,889</u>	<u>4,907,652</u>	<u>1,401,527</u>	<u>1,654,129</u>	<u>(1,077,980)</u>	<u>11,383,217</u>
CHANGE IN NET ASSETS	18,780	68,894	(160,027)	(1,192,224)	-	(1,264,577)
TRANSFER OF NET ASSETS	(2,196,980)	195,930	347,875	1,653,175	-	-
NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR	<u>3,297,896</u>	<u>(1,884,760)</u>	<u>842,726</u>	<u>270,000</u>	<u>-</u>	<u>2,525,862</u>
NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR	<u>\$ 1,119,696</u>	<u>\$ (1,619,936)</u>	<u>\$ 1,030,574</u>	<u>\$ 730,951</u>	<u>\$ -</u>	<u>\$ 1,261,285</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA 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	2018-2019-9645	\$ 263,959
		2018-2019-9040	103,803
		2018-2019-9935	<u>304,872</u>
<i>Total National Child Nutrition Cluster, School Lunch Program, and U.S. Department of Agriculture</i>			<u>672,634</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.01	18-9645	4,148
		19-9645	376,511
		18-9040	8,236
		19-9040	105,658
		18-9935	54,437
		19-9935	<u>394,952</u>
<i>Total Title I, Part A</i>			<u>943,942</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027	19611-533-PN01	89,795
		19619-533-PN01	3,082
		18611-609-DN01	10,321
		19611-609-DN01	25,771
		18611-577-PN01	5,859
		19611-577-PN01	<u>100,573</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>235,401</u>
Supporting Effective Instruction State Grants			
	84.367A	S367A170013-9645	4,400
		S367A180013-9645	32,044
		S367A170013-9040	216
		S367A180013-9040	6,116
		S367A170013-9935	10,000
		S367A180013-9935	<u>30,437</u>
<i>Total Supporting Effective Instruction State Grants</i>			<u>83,213</u>
Student Support and Academic Enrichment			
	84.424A	2018-424-328	29,072
		2018-424-297	10,000
		2018-424-357	<u>29,036</u>
<i>Total Student Support and Academic Enrichment</i>			<u>68,108</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION, CONTINUED			
Public Charter Schools Quality Counts	84.282A	A58-9-190T-5656	107,386
<i>Total Public Charter Schools Quality Counts</i>			<u>107,386</u>
<i>Total Indiana Department of Education and U.S. Department of Education</i>			<u>1,438,050</u>
<i>Total expenditures of federal awards</i>			<u>\$ 2,110,684</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 USI under programs of the federal government for the year ended June 30, 2019. 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 USI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of USI.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

USI has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except for federal awards granted by the US Department of Education. The US Department of Education requires a de minimis indirect cost rate of 8-percent.



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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
Avondale Meadows Academy, Inc. d/b/a
United Schools of Indianapolis:

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, the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2019.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether USI'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 USI's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USI's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greenwald CPAs, Inc.

December 13, 2019



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Avondale Meadows Academy, Inc. d/b/a
United Schools of Indianapolis:

Report on Compliance for Each Major Federal Program

We have audited Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis' (USI) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of USI's major federal programs for the year ended June 30, 2019. USI'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of USI'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 of America; 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). Those standards and the Uniform Guidance require that we 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 USI's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that 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 USI's compliance.

Opinion on Each Major Federal Program

In our opinion, USI 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, 2019.

Report on Internal Control Over Compliance

Management of USI 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 USI's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are 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 USI'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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that 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.

Greenwald CPAs, Inc.

December 13, 2019

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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? | _____yes | ___X___no |
| Significant deficiency(ies) identified? | _____yes | ___X___none reported |
| 3. Noncompliance material to financial statements noted? | _____yes | ___X___no |

Federal Awards

- | | | |
|---|-------------------------------|--|
| 4. Internal control over major federal programs: | | |
| Material weakness(es) identified? | _____yes | ___X___no |
| Significant deficiency(ies) identified? | _____yes | ___X___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)? | _____yes | ___X___no |
| 7. Identification of major program: | <u>CFDA Numbers</u>
84.010 | <u>Name of Federal Program or Cluster</u>
Title I, Part A
Title I Grants to Local Educational Agencies |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$ 750,000 | |
| 9. Auditee qualified as low-risk auditee? | _____yes | ___X___no |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

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

None

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS
OTHER REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2019

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

Supplemental Audit Report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis