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January 27, 2020


Charter School Board
Tindley Accelerated Schools, Inc.
3960 Meadows Dr.
Indianapolis, IN 46205

We have reviewed the audit report of Tindley Accelerated Schools, Inc., which was opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Tindley Accelerated Schools, Inc. 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, Crowe LLP 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 Tindley Accelerated Schools, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

TINDLEY ACCELERATED SCHOOLS, INC.

FINANCIAL STATEMENTS

June 30, 2019 and 2018

TINDLEY ACCELERATED SCHOOLS, INC.
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Tindley Accelerated Schools, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Tindley Accelerated Schools, Inc. ("Organization"), 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditor's 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 the entity'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.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tindley Accelerated Schools, Inc. 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has adopted ASU 2016-14 - *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities* for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedules of financial position - school level, and schedules of activities - school level are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain other 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2019, on our consideration of the Organization'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 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 Organization's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 18, 2019

TINDLEY ACCELERATED SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,886,430	\$ 2,600,806
Grants receivable	461,551	253,243
Contributions receivable, net (Note 2)	72,301	223,781
Prepaid expenses	13,505	121,230
Land, buildings, and equipment, net (Note 3)	<u>6,192,677</u>	<u>7,063,154</u>
Total assets	<u>\$ 8,626,464</u>	<u>\$ 10,262,214</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 289,405	\$ 295,652
Due to grantor	-	200,000
Capital leases payable (Note 5)	65,206	157,237
Bonds and note payable, net (Note 6)	<u>11,195,570</u>	<u>11,716,304</u>
Total liabilities	11,550,181	12,369,193
Net assets		
Without donor restrictions	(3,072,832)	(2,460,311)
With donor restrictions (Note 7)	<u>149,115</u>	<u>353,332</u>
Total net assets	<u>(2,923,717)</u>	<u>(2,106,979)</u>
Total liabilities and net assets	<u>\$ 8,626,464</u>	<u>\$ 10,262,214</u>

See accompanying notes to financial statements.

TINDLEY ACCELERATED SCHOOLS, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Federal and state grants	\$ 13,366,731	\$ -	\$ 13,366,731
Contributions	639,097	89,000	728,097
Program service fees	177,299	-	177,299
Investment income	27,878	-	27,878
Gain on loan forgiveness (Note 1)	200,000	-	200,000
Net assets released from restrictions (Note 7)	<u>293,217</u>	<u>(293,217)</u>	<u>-</u>
Total public support and revenues	<u>14,704,222</u>	<u>(204,217)</u>	<u>14,500,005</u>
 Expenses			
Elementary school	6,513,170	-	6,513,170
Middle school	1,991,706	-	1,991,706
High school	2,782,088	-	2,782,088
General and administrative	3,924,282	-	3,924,282
Fundraising	<u>105,497</u>	<u>-</u>	<u>105,497</u>
Total expenses	<u>15,316,743</u>	<u>-</u>	<u>15,316,743</u>
 Change in net assets	 (612,521)	 (204,217)	 (816,738)
Net assets, beginning of year	<u>(2,460,311)</u>	<u>353,332</u>	<u>(2,106,979)</u>
 Net assets, end of year	 <u>\$ (3,072,832)</u>	 <u>\$ 149,115</u>	 <u>\$ (2,923,717)</u>

See accompanying notes to financial statements.

TINDLEY ACCELERATED SCHOOLS, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Federal and state grants	\$ 16,374,185	\$ -	\$ 16,374,185
Contributions	688,465	170,662	859,127
Program service fees	297,528	-	297,528
Investment income	13,140	-	13,140
Gain on disposal of property and equipment	13,000	-	13,000
Net assets released from restrictions (Note 7)	<u>447,500</u>	<u>(447,500)</u>	<u>-</u>
Total public support and revenues	<u>17,833,818</u>	<u>(276,838)</u>	<u>17,556,980</u>
 Expenses			
Elementary school	7,302,403	-	7,302,403
Middle school	3,778,904	-	3,778,904
High school	2,612,341	-	2,612,341
General and administrative	5,416,762	-	5,416,762
Fundraising	<u>90,954</u>	<u>-</u>	<u>90,954</u>
Total expenses	<u>19,201,364</u>	<u>-</u>	<u>19,201,364</u>
 Change in net assets	 (1,367,546)	 (276,838)	 (1,644,384)
Net assets, beginning of year	<u>(1,092,765)</u>	<u>630,170</u>	<u>(462,595)</u>
 Net assets, end of year	 <u>\$ (2,460,311)</u>	 <u>\$ 353,332</u>	 <u>\$ (2,106,979)</u>

See accompanying notes to financial statements.

TINDLEY ACCELERATED SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ (816,738)	\$ (1,644,384)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	791,138	1,067,353
Bad debt expense	-	294,051
Gain on disposal of property and equipment	-	(13,000)
Gain on loan forgiveness	(200,000)	-
Change in assets and liabilities		
Grants receivable	(208,308)	148,936
Contributions receivable	151,480	70,663
Prepaid expenses	107,725	790
Accounts payable and accrued expenses	<u>(6,247)</u>	<u>(185,884)</u>
Net cash from operating activities	<u>(180,950)</u>	<u>(261,475)</u>
Cash flows from investing activities		
Purchases of property and equipment	(214,748)	(312,371)
Refund on leasehold improvement	<u>300,000</u>	<u>-</u>
Net cash from investing activities	<u>85,252</u>	<u>(312,371)</u>
Cash flows from financing activities		
Repayment on capital lease obligation	(92,031)	(135,582)
Repayment on bonds payable	(163,190)	(123,264)
Repayment on notes payable	<u>(363,457)</u>	<u>(865,111)</u>
Net cash from financing activities	<u>(618,678)</u>	<u>(1,123,957)</u>
Net change in cash and cash equivalents	(714,376)	(1,697,803)
Cash and cash equivalents, beginning of year	<u>2,600,806</u>	<u>4,298,609</u>
Cash and cash equivalents, end of year	<u>\$ 1,886,430</u>	<u>\$ 2,600,806</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	\$ 236,486	\$ 245,545
Capital lease obligation	-	71,962

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization: Tindley Accelerated Schools, Inc. ("Organization") began operations in 2002 as the Charter For Accelerated Learning, Inc. to provide educational services including charter school management, turnaround school services, and education consulting. During fiscal year 2014, the Organization changed its name to Tindley Accelerated Schools, Inc.

In 2004, Tindley Accelerated Schools, Inc. launched the Charles A. Tindley Accelerated School as an open-enrollment charter school serving grades 6-12. From the beginning, the Organization's vision has been to ensure 100 percent of its students gain acceptance to a fully-accredited four-year college or university. With this in mind, every student is required to complete a rigorous high school program culminating in authentic courses.

In August 2012, the Organization opened the Tindley Preparatory Academy, which is an extension of the Charles A. Tindley Accelerated School, serving as an all-male middle school designed to spark higher levels of academic achievement in males. The Organization was also chosen by the Indiana State Board of Education as the Turnaround School Operator for Arlington High School, a college preparatory Indianapolis Public School educating students in grades 7-12, beginning with the 2012-2013 school year.

In August 2013, the Organization opened the Tindley Renaissance Elementary School, an open enrollment charter elementary school, and Tindley Collegiate Academy, serving as an all-female middle school designed to help young girls become successful scholars regardless of their past academic performance.

In August 2014, the Organization opened a new school, Tindley Summit Elementary School, which is an extension of the Charles A. Tindley Accelerated School. The Tindley Summit Elementary School is serving as an open enrollment charter elementary school designed for children in kindergarten through third grade.

In August 2015, the Organization opened a new school, Tindley Genesis Elementary School, which is an extension of the Charles A. Tindley Accelerated School. The Tindley Genesis Elementary School is serving as an open enrollment charter elementary school designed for children in kindergarten through third grade. Students at Genesis engage in concentrated music instruction throughout the school day which includes classes in instrumental music, singing, piano, and general music.

At June 30, 2018, the local education agency (LEA) license for Tindley Preparatory Academy expired and was not renewed. The operations and students of Tindley Preparatory Academy were transferred to Tindley Collegiate Academy for the 2018 – 2019 school year.

The financial statements include the activity of the six schools. All material inter-organizational accounts and transactions have been eliminated.

The Organization was established under the laws of the State of Indiana and operates under a Board of School Trustees.

Discontinued Operations: In September 2014, the Organization made the decision to terminate the contract with the Indiana State Board of Education to serve as the Turnaround School Operator for Arlington High School at the conclusion of the 2014-2015 school year. There are no assets held for sale at June 30, 2019 or 2018 related to Arlington High School. The winding down of Arlington High School operations was completed during fiscal year 2018.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Method of Accounting: The Organization maintains its accounts on the accrual basis of accounting and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Taxes: The Organization is exempt from income taxes on income from related activities under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes.

The Organization has adopted applicable guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit will be recorded.

The Organization does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The Organization recognizes interest and/or penalties related to income tax matters in income tax expense. The Organization did not have any amounts accrued for interest and penalties at June 30, 2019 and 2018.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments, if any, purchased with a maturity of three months or less to be cash equivalent.

Grants Receivable: Grants receivable balances consist of amounts billed or billable for services provided or contracted. The Organization does not accrue interest on any of its grants receivables. At June 30, 2019 and 2018, the grants receivable balance relates to federal support due within one year totaling \$461,551 and \$253,243, respectively.

Contributions Receivable: Contributions receivables that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using a discount rate commensurate with the risks involved. Amortization of discounts is included in contribution revenue. Past due amounts are reviewed regularly by management. Any allowance is determined by management based upon the Organization’s prior history, specific circumstances, and general economic conditions.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Expenditures for property and equipment and items in excess of \$1,000 which substantially increase the useful lives of existing assets are capitalized at cost or at fair value at date of gift. Repairs and maintenance costs are expensed as incurred. Depreciation has been computed on straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Buildings and improvements	40 years
Machinery and equipment	3-5 years
Textbooks	3-5 years

Impairment of Long-Lived Assets: In accordance with GAAP, the Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2019 and 2018, management believes that no impairment exists.

Due to Grantor: During fiscal year 2014, the Organization received a \$250,000 grant for the startup costs of an additional school the Organization planned to open. During fiscal year 2017, the Organization cancelled the opening of the school. As a result, the grantor requested these funds be repaid resulting in a due to grantor liability of \$200,000 for the year ending June 30, 2018. Annual payments were required to be made until fully paid in 2020. In September 2018, the Grantor agreed to forgive the remaining \$200,000 due to grantor liability. The gain on loan forgiveness has been recorded on the statement activities for the year ended June 30, 2019.

Basis of Presentation: The Organization follows GAAP and reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – The net asset without donor restrictions class includes general assets and liabilities of the Organization. The net asset without donor restrictions of the Organization may be used at the discretion of management to support the Organization's purposes and operations.

Net Assets With Donor Restrictions – The net asset class with donor restrictions includes assets of the Organization related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. Net assets with donor restrictions class also includes assets of the Organization for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restriction limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. The Organization had no net assets with donor restrictions required to be kept in perpetuity as of June 30, 2019 and 2018.

Federal and State Grants: Support funded by grants is recognized as the Organization performs the contracted services under various grant agreements. Grant revenue is typically recognized as earned as the eligible expenses are incurred. Some of the Organization's grant agreements are not on a cost reimbursement basis, and support is recognized when earned. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Contributions: Contributions are recognized in the period that the promise to give is received. Unless specifically restricted by the donor, all contributions are considered available for use. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions of a temporary nature support.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional and Allocated Expenses: Expenses are charged directly to activities when specifically identifiable. All other costs are allocated to the activities based upon various actual statistical bases. Salaries and related expenses are charged based on the relative amount of time historically spent by personnel.

Recently Adopted Accounting Guidance: In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*, which revises the not-for profit financial reporting model. ASU 2016-14 provides for additional disclosure requirements and modifies net asset reporting. The standard requires the Organization to reclassify its net assets (i.e., unrestricted, temporarily restricted, and permanently restricted) into two categories; net assets without donor-imposed restrictions and net assets with donor-imposed restrictions, among other requirements. The Organization adopted ASU 2016-14 for its fiscal year ending June 30, 2019 and has adjusted the presentation of these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, except for the functional expenses and liquidity and availability disclosures as permitted. The implementation of this ASU did not have a material effect on amounts previously presented.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net assets or total net assets.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2019, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2019. Management has performed their analysis through December 18, 2019, the date the financial statements were available to be issued.

Subsequent to June 30, 2019, the Organization consolidated its five campuses to three campuses for the 2019-2020 school year to optimize enrollment and staffing and streamline non-program operating costs. The Organization operates two K-6 schools, Tindley Summit Elementary School and Tindley Genesis Elementary School, and a Grade 7-12 school, Charles A. Tindley Accelerated School.

In September 2019, the Organization reached an agreement with a third party, CIES Tindley I, LLC (CIES Tindley), to refinance the bond and note payable disclosed in Note 6 through the issuance of Educational Facilities Revenue Bonds, Series 2019A, with the Indiana Finance Authority. Under the arrangement, CIES Tindley became the obligator of bonds and used the \$11,725,000 bond proceeds for the following items: i.) for the acquisition and renovation of the Charles A. Tindley Accelerated School facility which was previously financed with the 2013 Bonds; ii.) to pay off the term loan payable disclosed in Note 6; iii.) exercise the purchase option on the lease agreement for Tindley Summit Elementary School; iv.) to fund the purchase of Tindley Genesis Elementary School building from the lessor for \$4.5 million. The Organization entered into a lease agreement with CIES Tindley effective September 30, 2019, to lease the three premises. See Note 4 and Note 6 for further disclosure.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 and 2018

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable totaled \$72,301 and \$223,781, respectively, as of June 30, 2019 and 2018. Management performed an analysis of specific receivables and recognized bad debt expense of \$294,051 for the year ended June 30, 2018. There was no bad debt expense recognized for the year ended June 30, 2019. Management believes all remaining contributions receivable are collectible and therefore no further allowance for doubtful accounts is deemed necessary as June 30, 2019 and 2018, respectively.

	<u>2019</u>	<u>2018</u>
Amounts due in:		
Past due	\$ 72,301	\$ 193,781
Less than one year	<u>-</u>	<u>30,000</u>
	<u>\$ 72,301</u>	<u>\$ 223,781</u>

For the years ended June 30, 2019 and 2018, management deemed the present value discount of contributions receivable due between one and five years to be immaterial.

NOTE 3 - LAND, BUILDINGS AND EQUIPMENT

At June 30, the carrying value of land, buildings and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Land	\$ 125,000	\$ 125,000
Buildings and improvements	7,570,864	7,827,150
Machinery and equipment	5,801,325	5,732,857
Textbooks	<u>1,129,817</u>	<u>1,027,251</u>
	14,627,006	14,712,258
Less: accumulated depreciation	<u>(8,434,329)</u>	<u>(7,649,104)</u>
	<u>\$ 6,192,677</u>	<u>\$ 7,063,154</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$785,225 and \$1,061,440, respectively.

NOTE 4 - OPERATING LEASES

The Organization leases buildings and certain equipment under various non-cancelable operating leases which expire at various dates through 2049.

In 2013, the Organization entered into a building leases for the Tindley Preparatory Academy, Tindley Renaissance Elementary School, and Tindley Collegiate Academy with one lessor which includes an option to purchase the buildings by June 30, 2019. During 2018, management entered into an agreement effective May 9, 2018 with the lessor to terminate the building lease agreement for Tindley Collegiate Academy. The terms of the agreement included a lease termination fee of \$400,000 plus property taxes due at the termination of the lease. As part of the agreement, monthly lease payments related to the Tindley Preparatory Academy and Tindley Renaissance Elementary School building leases were reduced and the purchase option date was extended to April 30, 2020. If the purchase options are not exercised, the leases may be continued for an additional 22 years for a total amount of \$32,482,746.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 4 - OPERATING LEASES (Continued)

Effective August 1, 2018, the Organization entered into a building lease agreement for Tindley Summit Elementary School. The lease term is for 15 years expiring August 1, 2032. Rent expense for fiscal year 2019 is \$122,798 and subject to 1% annual increases thereafter. The Organization has the option to purchase the building any time during the lease term for a purchase price of \$1,183,352. The purchase option was exercised in fiscal year 2020.

Subsequent to June 30, 2019, the purchase option on the Tindley Summit school facility was exercised and the previously leased Tindley Collegiate facility was purchased by a third-party entity for \$4.5 million through the bond transaction disclosed in Note 1. Effective September 30, 2019, the Organization entered into a lease agreement with CIES Tindley I, LLC (landlord) to lease the three-campus properties which the landlord purchased through the bond issuance. The lease agreement requires monthly payments necessary to meet the debt service requirements of the landlord. The lease matures on October 1, 2049 and includes a purchase option which may not be exercised prior to December 1, 2024 at the price equal the remaining principal balance on the bonds including any related premium.

The future maturities lease payments under operating leases, adjusted for the subsequent lease arrangement, are as follows:

2020		\$ 949,453
2021		872,315
2022		878,592
2023		908,525
2024		906,948
Thereafter		<u>22,592,863</u>
		<u>\$ 27,108,696</u>

Operating lease expenses for the year ended June 30, 2019 and 2018 was approximately \$1,269,524 and \$2,561,702.

NOTE 5 - CAPITAL LEASE PAYABLE

The Organization has entered into various capital lease agreements for security systems and furniture which expire at various dates through December 2022. Principal and interest payments are due monthly. The gross amount of equipment and related amortization recorded under the capital lease is as follows:

	<u>2019</u>	<u>2018</u>
Furniture	\$ 1,871,552	\$ 1,871,552
Accumulated amortization	<u>(1,643,652)</u>	<u>(1,369,375)</u>
	<u>\$ 227,900</u>	<u>\$ 502,177</u>

Amortization of assets held under capital leases is included with depreciation expense. Future minimum lease payments under the capital lease at June 30, 2019, are as follows:

2020		\$ 34,315
2021		25,512
2022		<u>16,710</u>
Total		76,537
Interest due		<u>(11,331)</u>
		<u>\$ 65,206</u>

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 - BONDS AND NOTES PAYABLE

Bonds and notes payable consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
In 2013, the Indiana Finance Authority issued \$4,400,000 of Educational Facilities Revenue Bonds Series 2013. The funds were loaned to the Organization for the purpose of refunding the Economic Development Bonds series 2004 issued by the Indiana Finance Authority and to partially fund the purchase of the building in which the Organization is located. The bonds are payable in monthly installments, including variable interest at the prime rate minus 0.50% (5.00% and 4.50% at June 30, 2019 and 2018), maturing in July 2033.	\$ 3,493,851	\$ 3,627,904
In 2013, the School secured a five year term loan on a 20 year amortization. The loan is payable in monthly installments, including variable interest at the prime rate (5.50% and 5.00% at June 30, 2019 and 2018), maturing in July 2018. Secured by third party pledge and assets held in a capital management account.	800,434	829,571
Note payable to State of Indiana to support charter school operations of Tindley Preparatory Academy, payable in semi-annual installments of \$69,097, plus interest computed at 1.00%, through maturity in July 2026.*	1,174,654	1,174,654
Note payable to State of Indiana to support charter school operations of Tindley Collegiate Academy, payable in semi-annual installments of \$98,533, plus interest computed at 1.00%, through maturity in July 2026.*	1,576,534	1,675,068
Note payable to State of Indiana to support charter school operations of Tindley Renaissance Academy, payable in semi-annual installments of \$125,181, plus interest computed at 1.00%, through maturity in July 2026.*	2,002,893	2,128,073
Note payable to State of Indiana to support charter school operations of Tindley Summit Academy, payable in semi-annual installments of \$98,162, plus interest computed at 1.00%, through maturity in July 2026.*	1,472,424	1,564,450
Note payable to State of Indiana to support charter school operations of Tindley Genesis Academy, payable in semi-annual installments of \$50,899, plus interest computed at 1.00%, through maturity in July 2026.*	<u>763,479</u>	<u>811,196</u>
Total outstanding bonds and notes payable	11,284,269	11,810,916
Bond issuance cost, net	<u>(88,699)</u>	<u>(94,612)</u>
	<u>\$11,195,570</u>	<u>\$11,716,304</u>

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2019 and 2018

NOTE 6 - BONDS AND NOTES PAYABLE (Continued)

* Note: Beginning in January 2017, the Indiana Department of Education (IDOE) began withholding payments due on the notes payable to the State of Indiana from basic grant monthly distributions made to the schools. During fiscal year 2019, the Organization received a deferment from the IDOE which halted payments related to the notes payable from January 2019 through June 2019.

The bond issue is secured by loan agreements with the Indiana Finance Authority. The bond issue was a direct purchase from the National Bank of Indianapolis and does not require a letter of credit. Under the direct purchase agreement, the Organization is subject to certain covenants, primarily financial coverage ratios. At June 30, 2018, the Organization was not in compliance with certain covenants. On February 8, 2018, the Organization entered into a forbearance agreement with the lender relating to the bonds payable and five-year term loan disclosed above. As part of the agreement, principal payments were halted beginning March 1, 2018. Interest-only payments were due monthly at the prime rate minus 50 basis points through September 1, 2018 when principal and interest payments began again. The forbearance agreement waived the covenant calculation until June 30, 2019 while also requiring the Organization to maintain a \$2,500,000 cash deposit balance and meet additional reporting requirements. The forbearance period ended in September 2019. The related bonds were subsequently refinanced in September 2019 by a third party as described below.

As of June 30, 2019, estimated future principal payments are due on long term debt as follows:

2020	\$ 1,824,748
2021	1,029,725
2022	1,035,994
2023	1,042,158
2024	1,048,544
Thereafter	<u>5,303,100</u>
	<u>\$ 11,284,269</u>

In September 2019, the outstanding balance on the bond payable and term note payable was refinanced as disclosed in Note 1 by a separate, third party entity who became of the obligator in the new financing arrangement. The Organization entered into a lease agreement as disclosed in Note 4 with the third party to the lease the three campus properties purchased with the bond proceeds and has no debt obligation or covenant requirements under the arrangement. Estimated future principal payments adjusted for the subsequent event transaction are as follows:

2020	\$ 347,160
2021	298,120
2022	298,120
2023	298,120
2024	298,120
Thereafter	<u>5,499,382</u>
	<u>\$ 7,039,022</u>

As a result of the restructuring of the Organization to three schools as disclosed Note 1, repayment on the notes payable to the State of Indiana for Tindley Preparatory Academy, Tindley Renaissance Academy, and Tindley Collegiate Academy have been halted until further clarification is provided through state legislation. The outstanding balances as of June 30, 2019 for these notes are included with thereafter in the schedule above.

Interest expense for the years ended June 30, 2019 and 2018 was \$236,486 and \$289,170, respectively.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of a temporary nature are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Exact Target	\$ -	\$ 1,354
High school science laboratories	33,687	99,374
Scholarships	3,000	-
STEM activities	10,034	-
Capital campaign – time restriction	71,964	223,444
Other	<u>30,430</u>	<u>29,160</u>
	<u>\$ 149,115</u>	<u>\$ 353,332</u>

Net assets are released from donor restrictions by incurring expenditures satisfying the restricted purpose or by occurrence of other events specified by donors. Net assets released from restrictions during the years ended June 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Capital campaign – time restriction	\$ 151,480	\$ 115,051
Exact Target	1,354	6,280
College Dual Credit	-	17,870
High school science laboratories	65,687	-
Physics and chemistry laboratories	-	250,000
Scholarship	21,000	-
STEM activities	4,966	-
Other	<u>48,730</u>	<u>58,299</u>
	<u>\$ 293,217</u>	<u>\$ 447,500</u>

NOTE 8 - PENSION PLAN

The Organization elected to become a participating employer in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teacher's Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The Organization employees are required to contribute three percent of their annual covered salary. The Organization is required to contribute an actuarially determined rate determined annually for PERF and TRF. Retirement plan expense related to PERF and TRF for the years ended June 30, 2019 and 2018 was \$74,869 and \$66,305, respectively.

Full-time employees may also elect to participate in a 403(b) retirement plan. The Organization will match employee contributions up to 5% of salary and employees are fully vested after 4 years. Plan expense was \$74,764 and \$77,918, respectively, for the years ended June 30, 2019 and 2018.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9 – FUNCTIONAL EXPENSES BY NATURAL CLASSIFICATION

The statements of activities report certain categories of expenses attributable to the programs and supporting functions of the Organization. Activities include elementary school, middle school, high school, administration, and fundraising. The table below presents these functional expenses by their natural classification for the year ended June 30, 2019.

	Elementary School	Middle School	High School	General and Administration	Fund Raising	2019 Total	2018 Total
Salaries and benefits	\$ 3,937,303	\$ 1,252,602	\$ 2,016,141	\$ 2,628,866	\$ 18,086	\$ 9,852,998	\$11,214,189
Occupancy and maintenance	1,487,185	456,582	97,469	558,846	6,050	2,606,132	4,100,320
Depreciation and amortization	363,610	92,917	250,182	84,429	-	791,138	1,067,353
Interest	21,182	976	190,680	23,656	-	236,494	289,170
Insurance	48,394	37,915	36,131	31,104	-	153,544	222,913
Professional and contract services	108,923	54,952	59,053	357,292	11,539	591,759	771,861
Food service	528,511	90,717	97,864	3,489	39,677	760,258	886,660
Network services	14,879	4,645	5,698	190,478	18,796	234,496	282,759
Other	3,183	400	28,870	46,122	11,349	89,924	366,139
Total Expense	<u>\$ 6,513,170</u>	<u>\$ 1,991,706</u>	<u>\$ 2,782,088</u>	<u>\$ 3,924,282</u>	<u>\$ 105,497</u>	<u>\$15,316,743</u>	<u>\$19,201,364</u>

NOTE 10 - LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as services undertaken to support those activities to be general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Financial assets at year-end:	<u>2019</u>
Cash and cash equivalents	\$ 1,886,430
Grants receivable	461,551
Contributions receivable	<u>72,301</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,420,282</u>

As part of the Organization's liquidity management, the Organization invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SUPPLEMENTARY INFORMATION

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF FINANCIAL POSITION- SCHOOL LEVEL
June 30, 2019

	Charles A. Tindley Accelerated School	Arlington High School	Tindley Preparatory Academy	Tindley Collegiate Academy	Tindley Renaissance Academy	Tindley Summit Academy	Tindley Genesis Academy	Eliminations	Total
ASSETS									
Cash and cash equivalents	\$ 1,878,042	\$ -	\$ 35,655	\$ (12,733)	\$ (46,162)	\$ 45,731	\$ (14,103)	\$ -	\$ 1,886,430
Grants receivable	177,789	-	1,149	42,960	111,979	65,840	61,834	-	461,551
Contributions receivable, net	72,301	-	-	-	-	-	-	-	72,301
Due from related parties	8,872,238	-	901,431	2,484,840	2,498,102	1,892,255	1,231,967	(17,880,833)	-
Prepaid expenses	-	-	36	1,506	5,979	4,576	1,408	-	13,505
Land, buildings, and equipment, net	<u>4,707,585</u>	<u>-</u>	<u>-</u>	<u>125,100</u>	<u>71,557</u>	<u>1,181,481</u>	<u>106,954</u>	<u>-</u>	<u>6,192,677</u>
Total assets	<u>\$ 15,707,955</u>	<u>\$ -</u>	<u>\$ 938,271</u>	<u>\$ 2,641,673</u>	<u>\$ 2,641,455</u>	<u>\$ 3,189,883</u>	<u>\$ 1,388,060</u>	<u>\$ (17,880,833)</u>	<u>\$ 8,626,464</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	\$ 70,225	\$ -	\$ 5,548	\$ 74,461	\$ 73,552	\$ 45,185	\$ 20,434	\$ -	\$ 289,405
Due to related parties	6,851,989	-	1,141,438	2,954,275	3,043,099	1,943,847	1,946,185	(17,880,833)	-
Due to grantor	-	-	-	-	-	-	-	-	-
Capital leases payable	-	-	-	-	-	65,206	-	-	65,206
Bonds and notes payable, net	<u>4,205,586</u>	<u>-</u>	<u>1,174,654</u>	<u>1,576,534</u>	<u>2,002,893</u>	<u>1,472,424</u>	<u>763,479</u>	<u>-</u>	<u>11,195,570</u>
Total liabilities	11,127,800	-	2,321,640	4,605,270	5,119,544	3,526,662	2,730,098	(17,880,833)	11,550,181
Net Assets									
Without donor restrictions	4,442,829	-	(1,383,369)	(1,963,597)	(2,478,089)	(348,568)	(1,342,038)	-	(3,072,832)
With donor restrictions	<u>137,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,789</u>	<u>-</u>	<u>-</u>	<u>149,115</u>
Total net assets	<u>4,580,155</u>	<u>-</u>	<u>(1,383,369)</u>	<u>(1,963,597)</u>	<u>(2,478,089)</u>	<u>(336,779)</u>	<u>(1,342,038)</u>	<u>-</u>	<u>(2,923,717)</u>
Total liabilities and net assets	<u>\$ 15,707,955</u>	<u>\$ -</u>	<u>\$ 938,271</u>	<u>\$ 2,641,673</u>	<u>\$ 2,641,455</u>	<u>\$ 3,189,883</u>	<u>\$ 1,388,060</u>	<u>\$ (17,880,833)</u>	<u>\$ 8,626,464</u>

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF FINANCIAL POSITION- SCHOOL LEVEL
June 30, 2018

	Charles A. Tindley Accelerated School	Arlington High School	Tindley Preparatory Academy	Tindley Collegiate Academy	Tindley Renaissance Academy	Tindley Summit Academy	Tindley Genesis Academy	Eliminations	Total
ASSETS									
Cash and cash equivalents	\$ 2,547,605	\$ -	\$ 8,358	\$ 9,965	\$ 20,274	\$ 10,806	\$ 3,798	\$ -	\$ 2,600,806
Grants receivable	39,956	-	54,088	23,635	80,866	23,951	30,747	-	253,243
Contributions receivable, net	223,781	-	-	-	-	-	-	-	223,781
Due from related parties	1,992,865	-	-	-	-	-	-	(1,992,865)	-
Prepaid expenses	-	-	4,344	56,556	50,330	-	10,000	-	121,230
Land, buildings, and equipment, net	<u>4,941,202</u>	<u>-</u>	<u>18,132</u>	<u>143,150</u>	<u>165,559</u>	<u>1,637,685</u>	<u>157,426</u>	<u>-</u>	<u>7,063,154</u>
Total assets	<u>\$ 9,745,409</u>	<u>\$ -</u>	<u>\$ 84,922</u>	<u>\$ 233,306</u>	<u>\$ 317,029</u>	<u>\$ 1,672,442</u>	<u>\$ 201,971</u>	<u>\$ (1,992,865)</u>	<u>\$ 10,262,214</u>
LIABILITIES AND NET ASSETS									
Liabilities									
Accounts payable and accrued expenses	\$ 94,479	\$ -	\$ 27,875	\$ 58,778	\$ 52,295	\$ 30,293	\$ 31,932	\$ -	\$ 295,652
Due to related parties	-	-	273,135	406,089	628,392	360,224	325,025	(1,992,865)	-
Due to grantor	200,000	-	-	-	-	-	-	-	200,000
Capital leases payable	18,559	-	-	27,007	18,034	93,637	-	-	157,237
Bonds and notes payable, net	<u>4,362,863</u>	<u>-</u>	<u>1,174,654</u>	<u>1,675,068</u>	<u>2,128,073</u>	<u>1,564,450</u>	<u>811,196</u>	<u>-</u>	<u>11,716,304</u>
Total liabilities	4,675,901	-	1,475,664	2,166,942	2,826,794	2,048,604	1,168,153	(1,992,865)	12,369,193
Net Assets									
Unrestricted	4,730,711	-	(1,386,397)	(1,939,966)	(2,513,765)	(381,712)	(969,182)	-	(2,460,311)
Temporarily restricted	<u>338,797</u>	<u>-</u>	<u>(4,345)</u>	<u>6,330</u>	<u>4,000</u>	<u>5,550</u>	<u>3,000</u>	<u>-</u>	<u>353,332</u>
Total net assets	<u>5,069,508</u>	<u>-</u>	<u>(1,390,742)</u>	<u>(1,933,636)</u>	<u>(2,509,765)</u>	<u>(376,162)</u>	<u>(966,182)</u>	<u>-</u>	<u>(2,106,979)</u>
Total liabilities and net assets	<u>\$ 9,745,409</u>	<u>\$ -</u>	<u>\$ 84,922</u>	<u>\$ 233,306</u>	<u>\$ 317,029</u>	<u>\$ 1,672,442</u>	<u>\$ 201,971</u>	<u>\$ (1,992,865)</u>	<u>\$ 10,262,214</u>

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF ACTIVITIES - SCHOOL LEVEL
Year ended June 30, 2019

	Charles A. Tindley Accelerated School	Arlington High School	Tindley Preparatory Academy	Tindley Collegiate Academy	Tindley Renaissance Academy	Tindley Summit Academy	Tindley Genesis Academy	Eliminations	Total
Public support and revenues									
Federal and state grants	\$ 2,335,241	\$ -	\$ 3,140	\$ 2,633,756	\$ 3,760,707	\$ 2,569,293	\$ 2,064,594	\$ -	\$ 13,366,731
Contributions	495,590	-	6,095	58,195	60,356	62,470	45,391	-	728,097
Program service fees	97,417	-	-	26,228	27,136	11,324	15,194	-	177,299
Investment income	26,999	-	53	169	255	256	146	-	27,878
Gain on loan forgiveness	200,000	-	-	-	-	-	-	-	200,000
Total public support and revenues	<u>3,155,247</u>	<u>-</u>	<u>9,288</u>	<u>2,718,348</u>	<u>3,848,454</u>	<u>2,643,343</u>	<u>2,125,325</u>	<u>-</u>	<u>14,500,005</u>
Expenses									
Elementary school	-	-	-	-	2,861,650	1,879,674	1,771,846	-	6,513,170
Middle school	-	-	1,935	1,989,771	-	-	-	-	1,992,381
High school	2,782,088	-	-	-	-	-	-	-	2,782,088
General and administrative	836,510	-	(38)	739,935	928,382	706,718	712,775	-	3,923,607
Fundraising	26,002	-	18	18,603	26,746	17,568	16,560	-	105,497
Total expenses	<u>3,644,600</u>	<u>-</u>	<u>1,915</u>	<u>2,748,309</u>	<u>3,816,778</u>	<u>2,603,960</u>	<u>2,501,181</u>	<u>-</u>	<u>15,316,743</u>
Change in net assets	(489,353)	-	7,373	(29,961)	31,676	39,383	(375,856)	-	(816,738)
Net assets, beginning of year	<u>5,069,508</u>	<u>-</u>	<u>(1,390,742)</u>	<u>(1,933,636)</u>	<u>(2,509,765)</u>	<u>(376,162)</u>	<u>(966,182)</u>	<u>-</u>	<u>(2,106,979)</u>
Net assets, end of year	<u>\$ 4,580,155</u>	<u>\$ -</u>	<u>\$ (1,383,369)</u>	<u>\$ (1,963,597)</u>	<u>\$ (2,478,089)</u>	<u>\$ (336,779)</u>	<u>\$ (1,342,038)</u>	<u>\$ -</u>	<u>\$ (2,923,717)</u>

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF ACTIVITIES - SCHOOL LEVEL
Year ended June 30, 2018

	Charles A. Tindley Accelerated School	Arlington High School	Tindley Preparatory Academy	Tindley Collegiate Academy	Tindley Renaissance Academy	Tindley Summit Academy	Tindley Genesis Academy	Eliminations	Total
Public support and revenues									
Federal and state grants	\$ 3,055,989	\$ -	\$ 1,485,398	\$ 1,946,942	\$ 4,775,595	\$ 2,705,285	\$ 2,404,976	\$ -	\$ 16,374,185
Contributions	541,240	-	82,047	63,049	65,491	56,274	51,026	-	859,127
Program service fees	137,602	-	21,529	29,048	37,949	48,167	23,233	-	297,528
Investment income	12,563	-	57	89	220	116	95	-	13,140
Gain (loss) on intercompany loan forgiveness	2,133,676	(14,261)	926,412	(717,458)	(2,302,174)	151,388	(177,583)	-	-
Gain on disposal of fixed assets	-	-	-	-	-	13,000	-	-	13,000
Total public support and revenues	<u>5,881,070</u>	<u>(14,261)</u>	<u>2,515,443</u>	<u>1,321,670</u>	<u>2,577,081</u>	<u>2,974,230</u>	<u>2,301,747</u>	<u>-</u>	<u>17,556,980</u>
Expenses									
Elementary school	2,081	-	-	2	3,490,711	2,002,648	1,806,961	-	7,302,403
Middle school	-	-	1,518,478	2,257,625	2,801	-	-	-	3,778,904
High school	2,612,341	-	-	-	-	-	-	-	2,612,341
General and administrative	1,249,647	-	683,847	868,934	1,162,321	715,602	736,411	-	5,416,762
Fundraising	40,068	-	6,974	10,369	16,046	9,198	8,299	-	90,954
Total expenses	<u>3,904,137</u>	<u>-</u>	<u>2,209,299</u>	<u>3,136,930</u>	<u>4,671,879</u>	<u>2,727,448</u>	<u>2,551,671</u>	<u>-</u>	<u>19,201,364</u>
Change in net assets	1,976,933	(14,261)	306,144	(1,815,260)	(2,094,798)	246,782	(249,924)	-	(1,644,384)
Net assets, beginning of year	<u>3,092,575</u>	<u>14,261</u>	<u>(1,696,886)</u>	<u>(118,376)</u>	<u>(414,967)</u>	<u>(622,944)</u>	<u>(716,258)</u>	<u>-</u>	<u>(462,595)</u>
Net assets, end of year	<u>\$ 5,069,508</u>	<u>\$ -</u>	<u>\$ (1,390,742)</u>	<u>\$ (1,933,636)</u>	<u>\$ (2,509,765)</u>	<u>\$ (376,162)</u>	<u>\$ (966,182)</u>	<u>\$ -</u>	<u>\$ (2,106,979)</u>

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

Federal Grantor/Pass-through Grantor/ Program Title	CFDA Number	Pass-through Number	Amount
<u>U.S. Department of Agriculture</u>			
Pass-Through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	K376	\$ 152,516
National School Lunch Program	10.555	K376	<u>564,138</u>
Total Child Nutrition Cluster U.S. Department of Agriculture			716,654
<u>U.S. Department of Education</u>			
Pass-Through Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A150014	1,339,132
Special Education Cluster			
Special Education - Grants to States	84.027	14217	28,761
Special Education - Grants to States	84.027	18611	78,936
Special Education - Grants to States	84.027	18619	929
Special Education - Grants to States	84.027	19611	<u>255,849</u>
Total Special Education Cluster			364,475
Supporting Effective Instruction State Grants	84.367	S367A160013	54,219
Supporting Effective Instruction State Grants	84.367	S367A170013	41,972
Supporting Effective Instruction State Grants	84.367	S367A180013	<u>18,321</u>
			114,512
Direct Award:			
Charter School Program			
Replication and Expansion	84.282M	PRU282M160038	340,522
Student Support and Academic Enrichment	84.424A	S424180015	<u>75,721</u>
Total U.S. Department of Education			<u>2,234,362</u>
Total expenditures of federal awards			<u>\$ 2,951,016</u>

See accompanying note to the Schedule of Expenditures of Federal Awards

TINDLEY ACCELERATED SCHOOLS, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

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

Expenditures reported on the Schedule are reported on the accrual basis of accounting. The Organization has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Such expenditures are recognized following, the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

Board of Trustees
Tindley Accelerated Schools, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tindley Accelerated Schools, Inc. ("Organization"), 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 18, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the Organization's financial statements are free of 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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
December 18, 2019

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Trustees
Tindley Accelerated Schools, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited the Tindley Accelerated Schools, Inc.'s ("Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditor's 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Tindley Accelerated Schools Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 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 Organization'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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 18, 2019

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2019

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None Reported

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? _____ Yes X No

Section II – Financial Statement Findings

None noted.

Section III –Federal Award Findings and Questioned Costs

None noted.

TINDLEY ACCELERATED SCHOOLS, INC.
OTHER REPORT
Year ended June 30, 2019

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

Indiana State Board of Accounts Compliance Report of the Tindley Accelerated Schools, Inc.

The above 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*.