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January 19, 2021

Charter School Board  
Indiana Math and Science Academy - North Indianapolis, Inc.  
7435 N Keystone Ave.  
Indianapolis, IN 46240

We have reviewed the audit report of Indiana Math and Science Academy - North Indianapolis, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Indiana Math and Science Academy - North Indianapolis, Inc. as of June 30, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

In addition to the report presented herein, a Supplemental Audit Report for Indiana Math and Science Academy - North Indianapolis, Inc., 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

**INDIANA MATH AND SCIENCE ACADEMY -  
NORTH INDIANAPOLIS, INC.**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report  
For the Years Ended June 30, 2020 and 2019



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# Donovan CPAs

## *Independent Auditors' Report*

The Board of Directors  
Indiana Math and Science Academy - North Indianapolis, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Indiana Math and Science Academy - North Indianapolis, Inc. which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **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 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 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 auditors consider 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.

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## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Math and Science Academy - North Indianapolis, Inc. as of June 30, 2020 and 2019, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of Indiana Math and Science Academy - North Indianapolis, Inc.'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 Indiana Math and Science Academy - North Indianapolis, Inc.'s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana  
December 17, 2020

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,628,588	\$ 550,770
Grants receivable	94,586	125,115
Prepaid expenses	<u>62,532</u>	<u>-</u>
<i>Total current assets</i>	<u>1,785,706</u>	<u>675,885</u>
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold improvements	108,844	108,844
Furniture and equipment	504,422	488,869
Less: accumulated depreciation	<u>(473,881)</u>	<u>(418,292)</u>
<i>Property and equipment, net</i>	<u>139,385</u>	<u>179,421</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 1,925,091</u></u>	<u><u>\$ 855,306</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Paycheck Protection Program note payable	\$ 747,700	\$ -
Accounts payable and accrued expenses	741,513	409,690
Due to affiliated entity	37,669	253,697
Refundable advances	<u>80,400</u>	<u>7,273</u>
<i>Total current liabilities</i>	1,607,282	670,660
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	<u>317,809</u>	<u>184,646</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,925,091</u></u>	<u><u>\$ 855,306</u></u>

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

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**

**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUE AND SUPPORT</b>		
State education support	\$ 5,104,640	\$ 4,957,765
Grant revenue	1,888,181	1,529,675
Student fees	16,144	24,137
Contributions - fee reduction from Concept Schools, Inc.	-	495,777
Other contributions	3,599	3,524
Other income	85,067	54,789
	<hr/>	<hr/>
<i>Total revenue and support</i>	7,097,631	7,065,667
	<hr/>	<hr/>
<b>EXPENSES</b>		
Program services	5,563,430	5,644,738
Management and general	1,401,038	1,391,132
	<hr/>	<hr/>
<i>Total expenses</i>	6,964,468	7,035,870
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS</b>	133,163	29,797
	<hr/>	<hr/>
<b>NET ASSETS, BEGINNING OF YEAR</b>	184,646	154,849
	<hr/>	<hr/>
<b>NET ASSETS, END OF YEAR</b>	\$ 317,809	\$ 184,646
	<hr/> <hr/>	<hr/> <hr/>

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

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Years Ended June 30, 2020 and 2019**

	2020			2019		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 2,614,581	\$ 622,933	\$ 3,237,514	\$ 2,439,767	\$ 593,726	\$ 3,033,493
Occupancy	994,531	-	994,531	1,000,609	-	1,000,609
Employee benefits	525,305	151,404	676,709	600,156	179,050	779,206
Transportation services	525,734	-	525,734	697,697	-	697,697
Administrative services	-	510,464	510,464	-	495,777	495,777
Food service	326,809	-	326,809	380,288	-	380,288
Other professional services	170,284	45,186	215,470	176,957	51,743	228,700
Classroom, kitchen, and office supplies	167,400	12,091	179,491	109,671	5,395	115,066
Textbooks	71,970	-	71,970	25,892	-	25,892
Depreciation	55,589	-	55,589	96,071	-	96,071
Repairs and maintenance	51,550	-	51,550	36,007	-	36,007
Authorizer oversight fee	-	38,143	38,143	-	36,875	36,875
Staff development and recruitment	26,883	1,210	28,093	36,583	535	37,118
Other	32,794	19,607	52,401	45,040	28,031	73,071
<i>Total functional expenses</i>	<u>\$ 5,563,430</u>	<u>\$ 1,401,038</u>	<u>\$ 6,964,468</u>	<u>\$ 5,644,738</u>	<u>\$ 1,391,132</u>	<u>\$ 7,035,870</u>

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

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 133,163	\$ 29,797
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	55,589	96,071
Change in certain assets and liabilities:		
Grants receivable	30,529	5,882
Prepaid expenses	(62,532)	-
Accounts payable and accrued expenses	331,823	(156,307)
Due to affiliated entity	(216,028)	253,697
Refundable advances	73,127	-
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	345,671	229,140
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(15,553)	(43,624)
<b>FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program note payable	<hr/> 747,700	<hr/> -
<b>NET CHANGE IN CASH</b>	1,077,818	185,516
<b>CASH, BEGINNING OF YEAR</b>	<hr/> 550,770	<hr/> 365,254
<b>CASH, END OF YEAR</b>	<hr/> <u>\$ 1,628,588</u>	<hr/> <u>\$ 550,770</u>

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

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General – Indiana Math and Science Academy - North Indianapolis, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The School provided educational instruction to approximately 690 students in grades kindergarten through twelve during both the 2019-2020 and the 2018-2019 academic school years.

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

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

As of June 30, 2020 and 2019, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The School prepares its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition – Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to 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 the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

As discussed in Note 6, the School also receives significant contributions in the form of forgiveness of management fees by Concept Schools, Inc.

The School has elected to defer implementation of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 replaces most existing revenue recognition guidance under U.S. GAAP and requires disclosure relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. ASU 2014-09 was to take effect for fiscal years beginning after December 15, 2018, but in May 2020, the Financial Accounting Standards Board allowed for a one-year deferral. Management believes the implementation of ASU 2014-09 will not significantly affect how the School reports revenue.

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2020 and 2019.

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

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

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

Leasehold improvements .....	10 to 40 years
Furniture and equipment.....	3 to 5 years

Due to Affiliated Entity – The balance in due to affiliated entity represents grant funds processed through the School but due to another school operated by the same management company, Concept Schools, Inc.

Taxes on Income – Indiana Math and Science Academy - North Indianapolis, Inc. has received a determination from the U.S. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after 2016 are open to audit for both federal and state purposes.

Subsequent Events – The School evaluated subsequent events through December 17, 2020 the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 2 - PAYCHECK PROTECTION PROGRAM NOTE PAYABLE**

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act which includes a Small Business Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from PPP notes payable can be used for costs related to payroll, employee healthcare, rent, and utilities. On May 8, 2020, the School was granted a note payable from Fifth Third Bank in the amount of \$747,700 pursuant to the PPP under Division A, Title I of the CARES Act. The note matures on May 8, 2022 and bears interest at a rate of 1.00%. To the extent the funds are used for qualifying expenses under the program during the 24-week period beginning on the date of the loan funding, the School may apply for loan forgiveness. The School has determined the PPP note payable represents a financial liability and has accounted for it in accordance with FASB ASC 470, *Simplifying the Classification of Debt*, until forgiveness is obtained. Management believes the funds will be used for qualified expenses and will be fully forgiven. Accordingly, the note payable is included as a current liability on the statement of financial position as of June 30, 2020.

**NOTE 3 - REFUNDABLE ADVANCES**

The School has been awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The School had refundable grant advances in excess of expenditures of \$80,400 and \$7,273 as of June 30, 2020 and 2019, respectively.

**NOTE 4 - LEASES**

The School has entered into an operating lease agreement with Experimental Learning and Entrepreneurship Foundation, Inc. for its school facility. The lease agreement extends through July 31, 2024. The lease provides for monthly rental payments with nominal increases annually over the term of the agreement. Under the lease, the School is responsible for repairs, maintenance, and utilities. The School also leases office equipment under operating leases which expire in September 2021.

Total lease expense under operating leases was \$762,320 and \$755,311 for the years ended June 30, 2020 and 2019, respectively.

Minimum future operating lease payments with noncancelable lease terms in excess of one year are as follows for the years ending June 30:

2021	\$ 773,584
2022	788,391
2023	806,572
2024	826,653
2025	69,027

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 5 - RETIREMENT PLANS**

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund ("TRF") and the Indiana Public Employees' Retirement Fund ("PERF"), both of which are cost-sharing multiple-employer defined benefit retirement plans 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. Under the plans, the School contributed 5.5% of compensation for eligible teaching faculty to TRF and 11.2% of compensation for other eligible employees to PERF. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2019 (the latest year reported), TRF and PERF were approximately 80% and 100% funded, respectively.

Retirement plan expense was \$190,582 and \$208,732 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 6 - COMMITMENTS**

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. This charter agreement remains in effect until June 30, 2024 and is renewable thereafter by mutual consent. OEI assesses a fee equal to 1% of the basic tuition support received by the School. The fee was \$38,143 and \$36,875 for the years ended June 30, 2020 and 2019, respectively.

The School has contracted with Concept Schools, Inc. to provide ongoing training and consultation, personnel, recruitment and admissions, and other services. Under the terms of the agreement, the School has agreed to pay an amount equal to 10% of revenues, as defined, for such services. Concept Schools, Inc. agreed to reduce its fee by \$495,777 for the year ended June 30, 2019. Expense under this agreement was \$510,464 and \$495,777 for the years ended June 30, 2020 and 2019, respectively. This agreement is renewable annually.

**NOTE 7 - RISKS AND UNCERTAINTIES**

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

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

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2020 and 2019**

**NOTE 7 - RISKS AND UNCERTAINTIES, Continued**

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2020 and 2019, substantially all of the grants receivable balance was due from the State of Indiana. In addition, deposits are maintained at Fifth Third Bank and are insured up to the FDIC insurance limit.

**NOTE 8 - LIQUIDITY**

The School's financial assets include cash and grants receivable. Financial assets at June 30, 2020 and 2019 total \$1,723,174 and \$675,885, respectively, all of which are available to meet cash needs for general expenditures within the next year.

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

**NOTE 9 - FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 86,429
COVID-19 - School Breakfast Program	10.553		5,782
National School Lunch Program	10.555		219,030
COVID-19 - National School Lunch Program	10.555		<u>15,348</u>
<i>Total Child Nutrition Cluster</i>			326,589
Fresh Fruits and Vegetables Program			<u>6,553</u>
<i>Total U.S. Department of Agriculture</i>			<u>333,142</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I Grants to Local Educational Agencies	84.010	20-9895	461,024
Title II, Part A			
Supporting Effective Instruction State Grants	84.367	S367A190013	40,612
Title III, Part A			
English Language Acquisition State Grants	84.365		9,652
Title IV, Part A			
Student Support and Academic Enrichment	84.424A	S424A190015	38,270
Special Education Cluster			
Special Education - Grants to States	84.027	19611-537-PN01	142,504
Preschool Grants	84.173	19619-537-PN01	1,916
21st Century Community Learning Centers	84.287	26625	119,757
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D		<u>59,244</u>
<i>Total U.S. Department of Education</i>			<u>872,979</u>
<i>Total federal awards expended</i>			\$ <u><u>1,206,121</u></u>

See independent auditors' report and accompanying notes to this schedule

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2020**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Indiana Math and Science Academy - North Indianapolis, Inc. (the "School") under programs of the federal government for the year ended June 30, 2020. 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 the School, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the School.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3 - INDIRECT COST RATE**

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



# Donovan CPAs

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

The Board of Directors  
Indiana Math and Science Academy - North Indianapolis, Inc.

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 Indiana Math and Science Academy - North Indianapolis, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 17, 2020.

### Internal Control Over Financial Reporting

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent initial "D".

Indianapolis, Indiana  
December 17, 2020



# Donovan CPAs

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

The Board of Directors  
Indiana Math and Science Academy - North Indianapolis, Inc.

### **Report on Compliance for Each Major Federal Program**

We have audited Indiana Math and Science Academy - North Indianapolis, Inc.'s (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and 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 the School'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 School's compliance.

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Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

## Opinion on Each Major Federal Program

In our opinion, Indiana Math and Science Academy - North Indianapolis, Inc. 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, 2020.

## Report on Internal Control Over Compliance

Management of Indiana Math and Science Academy - North Indianapolis, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 the School's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility 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.

DONOVAN



Indianapolis, Indiana  
December 17, 2020

**INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2020**

**I. Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness identified? No
- Significant deficiency identified? None Reported

Noncompliance material to financial statements noted? No

***Federal Awards***

Internal control over major federal programs:

- Material weakness identified? No
- Significant deficiency identified? None Reported

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

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

Identification of major programs:

<u>CFDA Number</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

**II. Financial Statement Findings**

No matters were reportable.

**III. Federal Award Findings and Questioned Costs**

No matters were reportable.

**INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.**

**OTHER REPORT**

**For the Year Ended June 30, 2020**

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

Supplemental Audit Report of Indiana Math and Science Academy - North Indianapolis, Inc.

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