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January 19, 2021


Charter School Board
Indianapolis Metropolitan High School, LLC
1635 W. Michigan St.
Indianapolis, IN 46222

We have reviewed the audit report of Indianapolis Metropolitan High School, LLC which was opined upon by Blue & Co., LLC, 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 Indianapolis Metropolitan High School, LLC 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, Blue & Co., LLC 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 Indianapolis Metropolitan High School, LLC, was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner



**INDIANAPOLIS
METROPOLITAN
HIGH SCHOOL**

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

CPAs / ADVISORS



INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

We have audited the accompanying financial statements of Indianapolis Metropolitan High School, LLC (Indianapolis Met), a wholly-owned subsidiary of Goodwill Education Initiatives, Inc., a nonprofit organization, which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. 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.

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Opinion

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

Change in Accounting Principle

As discussed in Note 2 to the financial statements, effective July 1, 2019, Indianapolis Met adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. Our opinion is not modified with respect to this matter.

Prior Period Financial Statements

The financial statements of Indianapolis Met as of June 30, 2019, were audited by other auditors whose report dated December 23, 2019, expressed an unmodified opinion on those financial statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020, on our consideration of Indianapolis Met'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 Indianapolis Met's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
December 16, 2020

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2020 AND 2019

	ASSETS	
	2020	2019
Current assets		
Cash	\$ 456,550	\$ 553,429
Support receivables	181,769	66,727
Prepaid expenses	7,408	12,783
Inventory	-0-	2,441
Total current assets	645,727	635,380
Property and equipment, net	1,679,545	1,785,359
Total assets	<u>\$ 2,325,272</u>	<u>\$ 2,420,739</u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable	\$ 36,190	\$ 34,546
Accrued expenses	111,978	96,334
Related party payable	425,000	600,000
Total current liabilities	573,168	730,880
Net assets		
Without donor restrictions	1,752,104	1,689,859
Total liabilities and net assets	<u>\$ 2,325,272</u>	<u>\$ 2,420,739</u>

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Revenues and support		
State support	\$ 2,553,466	\$ 1,966,214
Federal support	633,388	583,848
Student fees	5,889	3,919
Contributions	36,000	69,135
Contributions, in-kind	742,420	742,420
Other	24,765	111,824
Total revenues and support	3,995,928	3,477,360
Expenses		
Wages and benefits	2,040,146	2,178,865
Professional fees	589,926	546,600
Supplies and materials	117,018	82,011
Lunch program	80,782	101,122
Student transportation	41,163	64,048
Drop-in center	1,285	8,355
Extra-curricular activities	37,062	47,888
Rent	842,417	842,571
Occupancy	13,850	39,539
Scholarships	1,200	-0-
Depreciation	144,030	123,177
Other	24,804	45,580
Total expenses	3,933,683	4,079,756
Change in net assets without donor restrictions	62,245	(602,396)
Net assets		
Beginning of year	1,689,859	2,292,255
End of year	\$ 1,752,104	\$ 1,689,859

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	Education Services	Management and General	Total
Expenses			
Wages and benefits	\$ 1,579,855	\$ 460,291	\$ 2,040,146
Professional fees	249,211	340,715	589,926
Supplies and materials	103,982	13,036	117,018
Lunch program	80,782	-0-	80,782
Student transportation	41,163	-0-	41,163
Drop-in center	1,285	-0-	1,285
Extra-curricular activities	37,062	-0-	37,062
Rent	842,417	-0-	842,417
Occupancy	-0-	13,850	13,850
Scholarships	1,200	-0-	1,200
Depreciation	144,030	-0-	144,030
Other	13,750	11,054	24,804
	\$ 3,094,737	\$ 838,946	\$ 3,933,683
	2019		
	Education Services	Management and General	Total
Expenses			
Wages and benefits	\$ 1,665,959	\$ 512,906	\$ 2,178,865
Professional fees	74,006	472,594	546,600
Supplies and materials	57,300	24,711	82,011
Lunch program	101,122	-0-	101,122
Student transportation	64,048	-0-	64,048
Drop-in center	8,355	-0-	8,355
Extra-curricular activities	47,888	-0-	47,888
Rent	842,571	-0-	842,571
Occupancy	-0-	39,539	39,539
Depreciation	123,177	-0-	123,177
Other	30,169	15,411	45,580
	\$ 3,014,595	\$ 1,065,161	\$ 4,079,756

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Operating activities		
Change in net assets	\$ 62,245	\$ (602,396)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	144,030	123,177
Changes in operating assets and liabilities		
Support receivables	(115,042)	11,211
Prepaid expenses	5,375	(9,722)
Inventory	2,441	-0-
Accounts payable	1,644	25,675
Accrued expenses	15,644	23,917
Related party payable	(175,000)	582,766
Net cash flows from operating activities	(58,663)	154,628
Investing activities		
Purchases of property and equipment	(38,216)	(1,822,003)
Change in cash	(96,879)	(1,667,375)
Cash		
Beginning of year	553,429	2,220,804
End of year	<u>\$ 456,550</u>	<u>\$ 553,429</u>
Supplemental cash flows information		
In-kind rent	\$ 742,420	\$ 742,420

See accompanying notes to the financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Indianapolis Metropolitan High School, LLC (Indianapolis Met) is an Indiana public charter high school operating under the ownership and control of Goodwill Education Initiatives, Inc. (GEI). GEI, an Indiana non-profit corporation, provides educational opportunities designed to enable young people and adults to prepare for productive adult lives. GEI operates public charter high schools (Indianapolis Met and Excel Centers, LLC, (Excel Centers) interchangeably referred to herein as "the schools") in central and southern Indiana, under the provisions of the Indiana Charter School laws and the chartering authorities of the Mayor of Indianapolis and the Indiana Charter School Board. Indianapolis Met operates under charter issued by the Mayor of Indianapolis. GEI is a wholly owned subsidiary of Goodwill of Central and Southern Indiana, Inc. (Goodwill), also an Indiana non-profit corporation.

The schools receive the majority of their funding from the Indiana Department of Education. Their revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Indianapolis Met completed its sixteenth year of operation on June 30, 2020 and student enrollment for the most recently completed school year was 261 students.

Indianapolis Met primarily serves underprivileged, at risk students in grades nine through twelve in Indianapolis. Demographically, nearly 79% of Indianapolis Met's students qualify for free or reduced lunch, 92% identify themselves as minority students, 27% have special needs, and the majority of incoming students arrive at Indianapolis Met two or more grade levels behind in reading and math skills.

Basis of Accounting

Indianapolis Met prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Indianapolis Met maintains its cash in accounts, which at times, may exceed federally insured limits. Indianapolis Met has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Support Receivables

Support receivables are amounts due from federal, state, or local government agencies or other organizations for amounts billed for services and not yet paid. The government agencies or other organizations are billed in the period in which services are rendered. Support receivables are reported at the net realizable amount due from the government agencies or other organizations.

Support receivables are recognized at the net amount Indianapolis Met expects to collect based on established collection history. Indianapolis Met recognizes a separate allowance only when it determines there has been an unforeseeable change in the organization's ability to pay subsequent to the delivery of goods and services resulting in an impairment loss. Such account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is considered remote. Indianapolis Met did not record an allowance for doubtful accounts as of June 30, 2020 and 2019.

Prepaid Expenses

Prepaid expenses relate to advance payments on products or services that will be used for future programs or activities.

Inventory

Inventory, consisting of student uniforms, has been valued at the lower of cost or market determined on a first in, first out (FIFO) basis.

Property, Equipment and Depreciation

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor renewals are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from 3-10 years, and is computed on using the straight-line method. Depreciation expense was approximately \$144,000 and \$123,000 for 2020 and 2019, respectively.

Related Party Payable

Related party payable represents an amount due to Excel Centers for cash advances provided to maintain minimum cash balances. Indianapolis Met owed Excel Centers \$425,000 and \$600,000 at June 30, 2020 and 2019, respectively. included in related party payable in the statements of financial position.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Net Assets

Net assets, support, revenues, gains, and losses are classified based on the absence or existence of donor restrictions. Accordingly, the net assets of Indianapolis Met are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

State and Federal Support

Indianapolis Met's revenue is primarily derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by Indianapolis Met as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when Indianapolis Met has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2020 and 2019. Amounts due after incurring qualifying expenditures are reported as support receivables in the statements of financial position. Support receivables were approximately \$182,000 and \$67,000 as of June 30, 2020 and 2019.

Indianapolis Met receives state funds that have been designated for charter schools from the Indiana Department of Education. The State of Indiana uses a formula based on the number of students enrolled in the school during the year to determine the amount of funds Indianapolis Met receives. Indianapolis Met also receives federal support through a variety of programs administered by the Indiana Department of Education.

Indianapolis Met derives a significant portion of its revenues and support from state and federal funding programs (approximately 80% and 73% in 2020 and 2019, respectively). The receipt of future revenues by Indianapolis Met is subject to among other factors, state and federal policies affecting education, economic conditions, and other conditions which are impossible to predict.

Contributions

Contributions received, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, applicable net assets with restriction are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current year or is received with restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Indianapolis Met also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions.

Advertising

Indianapolis Met uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense totaled approximately \$12,000 and \$14,000 during 2020 and 2019, respectively, and is included within professional fees expenses within the statements of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a natural basis in the statements of activities and changes in net assets and have been summarized on a functional basis in the statements of functional expenses. Expenses have been classified as education services and management and general based actual direct expenditures incurred and cost allocations. Certain costs have been allocated among education services and management and general categories based on an estimate of time and effort spent by Indianapolis Met's personnel. These expenses include wages and benefits. Although the methods used were appropriate, alternative methods may provide different results.

Income Taxes

Indianapolis Met is a wholly owned LLC of GEI, and as a result, the IRS disregards Indianapolis Met as a separate taxable entity and considers Indianapolis Met as part of GEI for tax reporting purposes. GEI is an Indiana non-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to GEI's tax-exempt purposes, such income would be subject to taxation as unrelated business income. GEI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Indianapolis Met and recognize a tax liability if Indianapolis Met has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by Indianapolis Met, and has concluded that as of June 30, 2020 and 2019, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. GEI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

GEI filed its federal and state income tax returns for periods through June 30, 2019. The income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

Reclassification

Certain 2019 amounts in the financial statements have been reclassified to conform to the 2020 presentation. Any reclassifications had no impact on previously reported net assets or change in net assets.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about Indianapolis Met's ability to continue as a going concern for a period of one year from the date the financial statements are available to be issued. Management's evaluation as of June 30, 2020 identified no conditions or events raising substantial doubt.

Subsequent Events

Indianapolis Met has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued which is December 16, 2020.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which Indianapolis Met is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

Indianapolis Met is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.

2. CHANGE IN ACCOUNTING PRINCIPLE

Effective July 1, 2019, Indianapolis Met adopted FASB ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* (ASU 2018-08). ASU 2018-08 clarifies and improves current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. The amendments clarify how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. Additionally, the amendments in this ASU require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return on assets transferred or a right of release of a promisor's obligation to transfer assets. Finally, ASU 2018-08 amends the "simultaneous release accounting policy" to allow a not-for-profit entity to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that revenue is recognized. The adoption of ASU 2018-08 did not have a material impact on the 2020 financial statements.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

3. PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	2020	2019
Equipment	\$ 419,433	\$ 423,466
Computer hardware	740,412	707,255
Software	425,252	440,175
Vehicles	252,442	252,442
Furniture	665,464	710,464
Textbooks	32,388	32,388
Work in progress	9,275	11,976
Leasehold improvements	1,520,598	1,520,598
	4,065,264	4,098,764
Accumulated depreciation	(2,385,719)	(2,313,405)
Property and equipment, net	<u>\$ 1,679,545</u>	<u>\$ 1,785,359</u>

4. RETIREMENT PLANS

Indianapolis Met employees are employed and paid by GEI. Certain Indianapolis Met employees (licensed teachers, counselors and certain administrative staff) are eligible to participate in the Indiana Teachers Retirement Fund (TRF) Defined Benefit Plan (TRF DB) and TRF Defined Contribution Plan (TRF DC). TRF DB is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. TRF DC is a cost-sharing multiple-employer defined contribution plan governed by the State of Indiana and administered by the INPRS Board. By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF DB. Employers may also elect to contribute an additional 3% to TRF DC in lieu of the employee's own contributions. GEI has elected to make the voluntary contribution to TRF DC on behalf of its eligible employees, including employees of Indianapolis Met. Indianapolis Met contributed approximately \$66,000 and \$80,000 to TRF on behalf of its employees for 2020 and 2019, respectively. Should Indianapolis Met elect to withdraw from TRF, Indianapolis Met could be subject to a withdrawal fee. Indianapolis Met's contributions represent an insignificant percentage of the total contributions received by TRF. A copy of the complete annual report for the year ended June 30, 2019 can be obtained at: www.in.gov/inprs.

Indianapolis Met employees not eligible for TRF may elect to participate in Goodwill's discretionary thrift plan. For employees not eligible for TRF, Goodwill matches 100% of eligible employees' pre-tax contributions, up to 6% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions vest immediately, and employer discretionary contributions vest after three years or in the event of death or disability. Indianapolis Met's expense relating to contributions to the Goodwill thrift plan for 2020 and 2019 was approximately \$18,000 and \$8,000, respectively.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

5. RELATED PARTY TRANSACTIONS

Indianapolis Met is owned and operated by GEI. GEI provides employees, certain school-specific administrative services, and general management and oversight of Indianapolis Met. GEI charges Indianapolis Met for its expenses related to the services provided. No markup is added to the fees charged to the schools. During 2020 and 2019, Indianapolis Met paid approximately \$225,000 and \$300,000, respectively, to GEI for administrative services, which are recorded within professional fees within the statements of activities and changes in net assets.

During 2019, Indianapolis Met received cash advances from Excel Centers to maintain minimum cash balances. Indianapolis Met owed Excel Centers \$425,000 and \$600,000 at June 30, 2020 and 2019, respectively, included in related party payable in the statements of financial position.

Goodwill provides space at its Indianapolis headquarters campus to Indianapolis Met. Indianapolis Met paid approximately \$100,000 in 2020 and 2019 to Goodwill for rental of the facilities space. The non-billed portion of the contributed space is considered an in-kind contribution and is recorded as revenue and expense in the statements of activities and changes in net assets. In 2020 and 2019, Goodwill provided approximately \$742,000 of in-kind rent, included in rent expense within the statements of activities and changes in net assets. These in-kind contributions are treated as non-cash transactions and are excluded from the accompanying statements of cash flows.

In 2006, Goodwill issued \$12,000,000 of tax-exempt bonds that financed three retail projects, the relocation of its commercial services to Tremont, and \$4,685,000 for Michigan Street remodeling related to Indianapolis Met and GEI (space now occupied by Indianapolis Met, GEI administration, and the Michigan Street Excel Center). During 2019, Indianapolis Met transferred assets of approximately \$1,277,000 to Goodwill as reimbursement for its portion of the bond issuance.

Goodwill also pays certain operating expenses, including certain employee benefits, of Indianapolis Met, for which Indianapolis Met fully reimburses Goodwill. No markup is charged. In 2020 and 2019, Indianapolis Met paid Goodwill approximately \$336,000 and \$337,000, respectively. At June 30, 2020 and 2019, Indianapolis Met owed Goodwill \$41,000 and \$47,000 for reimbursable operating expenses, which are included in accounts payable and accrued expenses on the statements of financial position.

Goodwill Foundation of Central and Southern Indiana, Inc. (the Foundation) is an Indiana non-profit corporation related to Goodwill. The Foundation provides grants to Indianapolis Met for new initiatives and college scholarships for qualifying Indianapolis Met graduates. During 2020 and 2019, Indianapolis Met received approximately \$36,000 and \$69,000, respectively, of grant revenue from the Foundation. This revenue is reflected as contributions in the statements of activities and changes in net assets.

Indianapolis Met employees participate in Goodwill's health care benefits plan. Goodwill self-insures for employee and dependent medical benefits up to a per-individual annual maximum of \$175,000, and an aggregate maximum of approximately \$6,600,000. Goodwill purchases reinsurance which pays individual claims that exceed \$175,000 per year. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third-party administrator. Indianapolis Met paid premiums to the Goodwill health care plan of \$181,000 and \$186,000 for 2020 and 2019, respectively.

INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

6. RISKS AND UNCERTAINTIES

The majority of revenues relate to legislation enacted by the State of Indiana. Changes in state legislation could significantly affect Indianapolis Met. Additionally, Indianapolis Met is subject to monitoring and audit by state agencies. Those examinations may result in additional liabilities to be imposed on Indianapolis Met.

7. COMMITMENTS AND CONTINGENCIES

COVID-19

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may continue to adversely impact the local, regional, national and global economies. The extent to which COVID-19 continues to impact Indianapolis Met's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, potential shortages of supplies, and loss of, or reduction to, revenue. Management believes Indianapolis Met is taking appropriate actions to respond to the pandemic. However, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

Indianapolis Met's financial assets available within one year of the June 30, 2020 and 2019 statements of financial position for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash	\$ 456,550	\$ 553,429
Support receivables	<u>181,769</u>	<u>66,727</u>
Total financial assets	<u>\$ 638,319</u>	<u>\$ 620,156</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Support receivables are subject to implied time restrictions but are expected to be collected within one year. Indianapolis Met has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.



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

Board of Directors
Indianapolis Metropolitan High School, LLC
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 Indianapolis Metropolitan High School, LLC (Indianapolis Met) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes 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 16, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indianapolis Met'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 Indianapolis Met's internal control. Accordingly, we do not express an opinion on the effectiveness of Indianapolis Met'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 Indianapolis Met'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.

Board of Directors
Indianapolis Metropolitan High School, LLC
Indianapolis, Indiana

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Indianapolis Met'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 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 Indianapolis Met's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
December 16, 2020

INDIANAPOLIS METROPOLITAN HIGH SCHOOLS, LLC

OTHER REPORT
YEAR ENDED JUNE 30, 2020

The report presented herein was prepared in addition to another official report prepared for Indianapolis Met as listed below:

Supplemental Audit Report of Indianapolis Metropolitan High School, LLC

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*.