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January 19, 2021


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, 2019 to June 30, 2020. 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, 2020 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, 2020 and 2019

TINDLEY ACCELERATED SCHOOLS, INC.
Indianapolis, Indiana

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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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, 2020 and 2019, 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, 2020 and 2019, 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 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, and ASU 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash* for the year ended June 30, 2020. 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 30, 2020, 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 the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 30, 2020

TINDLEY ACCELERATED SCHOOLS, INC.
 STATEMENTS OF FINANCIAL POSITION
 June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,200,426	\$ 1,886,430
Restricted cash (Note 1)	34,344	-
Grants receivable (Note 1)	128,221	461,551
Contributions receivable, net (Note 2)	-	72,301
Prepaid expenses	96,115	13,505
Land, buildings, and equipment, net (Note 3)	<u>14,038,591</u>	<u>6,192,677</u>
Total assets	<u>\$ 17,497,697</u>	<u>\$ 8,626,464</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 259,870	\$ 289,405
Grant advance liability (Note 11)	1,355,700	-
Capital leases payable (Note 5)	13,016,838	65,206
Bonds and note payable, net (Note 6)	<u>6,691,863</u>	<u>11,195,570</u>
Total liabilities	21,324,271	11,550,181
Net assets		
Without donor restrictions	(3,876,396)	(3,072,832)
With donor restrictions (Note 7)	<u>49,822</u>	<u>149,115</u>
Total net assets	<u>(3,826,574)</u>	<u>(2,923,717)</u>
Total liabilities and net assets	<u>\$ 17,497,697</u>	<u>\$ 8,626,464</u>

See accompanying notes to financial statements.

TINDLEY ACCELERATED SCHOOLS, INC.
STATEMENT OF ACTIVITIES
Year ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenues			
Federal and state grants	\$ 10,851,025	\$ -	\$ 10,851,025
Contributions	603,241	6,400	609,641
Program service fees	292,305	-	292,305
Investment income	12,240	-	12,240
Loss on disposal of fixed assets	(409,008)	-	(409,008)
Net assets released from restrictions (Note 7)	<u>105,693</u>	<u>(105,693)</u>	<u>-</u>
Total public support and revenues	<u>11,455,496</u>	<u>(99,293)</u>	<u>11,356,203</u>
Expenses			
Elementary school	5,481,385	-	5,481,385
Middle school	962,853	-	962,853
High school	2,397,178	-	2,397,178
General and administrative	3,333,792	-	3,333,792
Fundraising	<u>83,852</u>	<u>-</u>	<u>83,852</u>
Total expenses	<u>12,259,060</u>	<u>-</u>	<u>12,259,060</u>
Change in net assets	(803,564)	(99,293)	(902,857)
Net assets, beginning of year	<u>(3,072,832)</u>	<u>149,115</u>	<u>(2,923,717)</u>
Net assets, end of year	<u>\$ (3,876,396)</u>	<u>\$ 49,822</u>	<u>\$ (3,826,574)</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	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.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (902,857)	\$ (816,738)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	768,671	791,138
Loss on disposal of property and equipment	409,008	-
Bad debt expense	72,301	-
Gain on loan forgiveness	-	(200,000)
Change in assets and liabilities		
Grants receivable	333,330	(208,308)
Contributions receivable	-	151,480
Prepaid expenses	(82,610)	107,725
Grant advance liability	1,355,700	-
Accounts payable and accrued expenses	<u>(29,535)</u>	<u>(6,247)</u>
Net cash from operating activities	<u>1,924,008</u>	<u>(180,950)</u>
Cash flows from investing activities		
Purchases of property and equipment	(122,963)	(214,748)
Refund on leasehold improvement	-	300,000
Net cash from investing activities	<u>(122,963)</u>	<u>85,252</u>
Cash flows from financing activities		
Funds set aside for capital escrow	34,344	-
Repayment on capital lease obligation	(139,889)	(92,031)
Repayment on bonds payable	(49,039)	(163,190)
Repayment on notes payable	<u>(298,121)</u>	<u>(363,457)</u>
Net cash from financing activities	<u>(452,705)</u>	<u>(618,678)</u>
Net change in cash and cash equivalents	1,348,340	(714,376)
Cash and cash equivalents, beginning of year	<u>1,886,430</u>	<u>2,600,806</u>
Cash and cash equivalents, end of year	<u>\$ 3,234,770</u>	<u>\$ 1,886,430</u>
Reconciliation of cash to the Statements of Financial Position:		
Cash and cash equivalents	\$ 3,200,426	\$ 1,886,430
Restricted cash	<u>34,344</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 3,234,770</u>	<u>\$ 1,886,430</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	\$ 511,787	\$ 236,486
Non-cash financing activities:		
Assets acquired through capital lease obligation	13,091,524	-
Repayment of bond and note payable, net as part of capital lease transaction	(4,158,025)	-

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% 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.

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.

In fiscal year 2020, 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.

The financial statements include the activity of all 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.

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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2020 and 2019.

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.

Restricted Cash: The Organization is required to hold proceeds under the terms of a capital lease agreement that are to be restricted for unexpected capital expenses or if a need is found during a capital need assessment. The Organization is required to set aside within their capital investment escrow account at a minimum 5 percent of annual rent payments in any year when enrollment drops below 1,200 students. As of June 30, 2020, the Organization held \$34,344 within the capital improvement escrow account.

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, 2020 and 2019, the grants receivable balance relates to federal support due within one year totaling \$128,221 and \$461,551, 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.

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, 2020 and 2019, management believes that no impairment exists.

Gain on Loan Forgiveness: 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 was recorded on the statement of 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, 2020 and 2019.

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 June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The Organization applied the amendments in this ASU for the year ended June 30, 2020 using a full retrospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

In November 2016, the FASB issued ASU 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash of cash equivalents. Therefore, amounts generally described as restricted cash and cash equivalents should be included with cash and cash equivalents on the statement of cash flows. The Organization applied the amendments in this ASU for the year ended June 30, 2020, including retrospective adoption to the year ended June 30, 2019.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2020. Management has performed their analysis through December 30, 2020, the date the financial statements were available to be issued.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable totaled \$0 and \$72,301, respectively, as of June 30, 2020 and 2019. Management performed an analysis of specific receivables and recognized bad debt expense of \$72,301 on past due pledges for the year ended June 30, 2020. There was no bad debt expense recognized for the year ended June 30, 2019.

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Past due	\$ -	\$ 72,301
Less than one year	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 72,301</u>

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 3 - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2020</u>	<u>2019</u>
Land, building and improvements	\$ 14,291,524	\$ 7,695,864
Machinery and equipment	5,864,020	5,801,325
Textbooks	<u>1,152,634</u>	<u>1,129,817</u>
	21,308,178	14,627,006
Less accumulated depreciation	<u>(7,269,587)</u>	<u>(8,434,329)</u>
	<u>\$ 14,038,591</u>	<u>\$ 6,192,677</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$768,671 and \$785,225, respectively.

NOTE 4 - OPERATING LEASES

The Organization leases certain equipment under various non-cancelable operating leases which expire at various dates through fiscal year 2025. The future maturities lease payments under operating leases are as follows:

2021	\$ 112,651
2022	73,507
2023	58,580
2024	53,700
2025	<u>53,700</u>
	<u>\$ 352,138</u>

Operating lease expenses for the year ended June 30, 2020 and 2019 was approximately \$207,622 and \$1,269,524, respectively.

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 - CAPITAL LEASE PAYABLE

The Organization has entered into various capital lease agreements for building leases, security systems and furniture which expire at various dates through October 2049. Principal and interest payments are due monthly. The gross amount of buildings and equipment and related amortization recorded under the capital lease is as follows:

	<u>2020</u>	<u>2019</u>
Buildings and equipment	\$ 14,963,076	\$ 1,871,552
Accumulated amortization	<u>(2,105,115)</u>	<u>(1,643,652)</u>
	<u>\$ 12,857,961</u>	<u>\$ 227,900</u>

Amortization of assets held under capital leases is included with depreciation expense.

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. Upon the execution of this agreement, the Organization wrote off the net book value of the Charles A. Tindley Accelerated School facility and the corresponding bond and note payable disclosed in Note 6 which resulted in a loss on disposal of assets of approximately \$362,000 recognized on the statement of activities. The Organization entered into a capital lease agreement with CIES Tindley effective September 30, 2019, to lease the three premises. 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.

As of June 30, 2020 and 2019 the capital lease obligation balance is \$13,016,838 and \$65,206, respectively.

Future minimum lease payments under the capital lease at June 30, 2020, are as follows:

2021	\$ 856,271
2022	895,302
2023	908,525
2024	906,948
2025	905,356
Thereafter	<u>21,687,506</u>
Total	26,159,908
Interest due	<u>(13,143,070)</u>
Total	<u>\$ 13,016,838</u>

Interest expense related to capital leases for the years ended June 30, 2020 and 2019 was \$419,520 and \$11,331, respectively.

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 6 - BONDS AND NOTES PAYABLE

Bonds and notes payable consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
<p>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 5.00% at June 30, 2020 and 2019), maturing in July 2033. The bond payable was fully paid in September 2019 as described in Note 5.</p>	\$ -	\$ 3,493,851
<p>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. The loan was fully paid in September 2019 as described in Note 5.</p>	-	800,434
<p>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.*</p>	1,174,654	1,174,654
<p>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.*</p>	1,576,534	1,576,534
<p>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.*</p>	2,002,893	2,002,893
<p>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.*</p>	1,276,100	1,472,424
<p>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.*</p>	<u>661,682</u>	<u>763,479</u>
Total outstanding bonds and notes payable	6,691,863	11,284,269
Bond issuance cost, net	<u>-</u>	<u>(88,699)</u>
	<u>\$ 6,691,863</u>	<u>\$11,195,570</u>

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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 September 2019. During October 2019, the IDOE resumed withholding payments due on the notes payable to the State of Indiana from basic grant monthly distributions for Tindley Genesis Academy and Tindley Summit Academy. Due to the expiration of the LEA licenses related to Tindley Preparatory Academy, Tindley Collegiate Academy, and Tindley Renaissance Academy as disclosed in Note 1, there has been no repayment of notes payable to the State of Indiana related to these schools in fiscal year 2020. The Organization awaits instruction from IDOE on the repayment of these notes payable.

The bond issue was 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 was 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 in Note 5.

As of June 30, 2020, estimated future principal payments are due on long term debt as follows:

2021	\$ 298,120
2022	298,120
2023	298,120
2024	298,120
2025	298,120
Thereafter	<u>5,201,263</u>
	<u>\$ 6,691,863</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, 2020 for these notes are included with thereafter in the schedule above.

Interest expense for the years ended June 30, 2020 and 2019 was \$96,250 and \$225,163, respectively.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

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>2020</u>	<u>2019</u>
High school science laboratories	\$ 33,626	\$ 33,687
Scholarships	900	3,000
STEM activities	4,396	10,034
Capital campaign – time restriction	-	71,964
Other	<u>10,900</u>	<u>30,430</u>
	<u>\$ 49,822</u>	<u>\$ 149,115</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, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Capital campaign – time restriction	\$ 71,964	\$ 151,480
Exact target	-	1,354
Early college dual credit	23,030	-
High school science laboratories	61	65,687
Scholarship	2,500	21,000
STEM activities	5,638	4,966
Other	<u>2,500</u>	<u>48,730</u>
	<u>\$ 105,693</u>	<u>\$ 293,217</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 3% 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, 2020 and 2019 was \$26,685 and \$74,869, 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 four years. Plan expense was \$63,311 and \$62,918 respectively, for the years ended June 30, 2020 and 2019.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

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, general and administration, and fundraising. The table below presents these functional expenses by their natural classification for the years ended June 30, 2020 and 2019, respectively.

2020

	Elementary School	Middle School	High School	General and Administration	Fund Raising	2020 Total
Salaries and benefits	\$ 3,205,865	\$ 677,346	\$ 1,843,033	\$ 1,925,999	\$ 12,025	\$ 7,664,268
Occupancy and maintenance	918,398	59,201	92,070	604,048	3,050	1,676,767
Depreciation and amortization	436,233	88,166	167,405	80,316	-	772,120
Interest	299,023	56,063	109,107	51,577	-	515,770
Insurance	87,476	17,043	29,392	14,879	-	148,790
Professional and contract services	179,213	25,904	52,593	345,486	10,325	613,521
Food service	328,386	35,432	76,788	834	35,388	476,828
Network services	21,751	3,083	6,040	216,131	23,064	270,069
Other	5,040	615	20,750	94,522	-	120,927
Total Expense	<u>\$ 5,481,385</u>	<u>\$ 962,853</u>	<u>\$ 2,397,178</u>	<u>\$ 3,333,792</u>	<u>\$ 83,852</u>	<u>\$ 12,259,060</u>

2019

	Elementary School	Middle School	High School	General and Administration	Fund Raising	2019 Total
Salaries and benefits	\$ 3,937,303	\$ 1,252,602	\$ 2,016,141	\$ 2,628,866	\$ 18,086	\$ 9,852,998
Occupancy and maintenance	1,487,185	456,582	97,469	558,846	6,050	2,606,132
Depreciation and amortization	363,610	92,917	250,182	84,429	-	791,138
Interest	21,182	976	190,680	23,656	-	236,494
Insurance	48,394	37,915	36,131	31,104	-	153,544
Professional and contract services	108,923	54,952	59,053	357,292	11,539	591,759
Food service	528,511	90,717	97,864	3,489	39,677	760,258
Network services	14,879	4,645	5,698	190,478	18,796	234,496
Other	3,183	400	28,870	46,122	11,349	89,924
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>

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.

(Continued)

TINDLEY ACCELERATED SCHOOLS, INC.
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2020 and 2019

NOTE 10 - LIQUIDITY AND AVAILABILITY (Continued)

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:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 3,200,426	\$ 1,886,430
Restricted cash and cash equivalents	34,344	-
Grants receivable	128,221	461,551
Contributions receivable, net	<u>-</u>	<u>72,301</u>
	3,362,991	2,420,828
Less amounts not available to be used within one year:		
Restricted cash	<u>34,344</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,328,647</u>	<u>\$ 2,420,828</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.

NOTE 11 – COVID-19 IMPACT AND PAYCHECK PROTECTION PROGRAM (PPP)

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, the Organization moved to online instruction from March 2020 through the end of the 2019-2020 academic year. In August 2020, the Organization provided its students with the option to attend classes in person or online for the 2020-2021 academic year. The operations and business results of the Organization could be materially adversely affected in the future.

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, in April 2020, the Organization received a Paycheck Protection Program (PPP) Loan under the principal amount of \$1,355,700 from the United States Small Business Administration (SBA).

Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Organization utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels over a 24-week period. Although the Organization believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness is conditioned upon the SBA concurring with the Organization's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses.

If the Organization is later determined to have violated the provisions of the Payroll Protection Program, the Organization may be required to repay the PPP loan in its entirety and/or be subject to additional penalties. If any portion of the PPP Loan is not forgiven, the remaining amount will have a two-year repayment period and the interest rate on the loan will be 1%.

(Continued)

NOTE 11 – COVID-19 IMPACT AND PAYCHECK PROTECTION PROGRAM (PPP) (Continued)

The Organization is accounting for the PPP Loan as a conditional contribution under ASC 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a grant advance liability on the statement of financial position and subsequently recognized as grant revenue when the Organization has substantially met all conditions for forgiveness. At June 30, 2020, the Organization has not yet satisfied the forgiveness conditions and, therefore, the loan proceeds have been recorded as a grant advance liability on the statement of financial position. Subsequent to June 30, 2020, the Organization submitted its application for forgiveness. In November 2020, the Organization received notification from the lender that the SBA approved the forgiveness application.

The Organization also received an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling \$682,405, of which \$231,660 was spent on eligible costs and recognized as revenue during the year ended June 30, 2020. The remaining revenue amount will be recognized when allowable expenses are incurred during fiscal year 2021.

SUPPLEMENTARY INFORMATION

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF FINANCIAL POSITION- SCHOOL LEVEL
June 30, 2020

	Charles A. Tindley Accelerated School	Tindley Preparatory Academy	Tindley Collegiate Academy	Tindley Renaissance Academy	Tindley Summit Academy	Tindley Genesis Academy	Eliminations	Total
ASSETS								
Cash and cash equivalents	\$ 2,722,396	\$ -	\$ 1,341	\$ 4,102	\$ 131,009	\$ 341,578	\$ -	\$ 3,200,426
Restricted cash and cash equivalents	10,303	-	-	-	10,303	13,738	-	34,344
Grants receivable	83,552	-	-	-	20,723	23,946	-	128,221
Contributions receivable, net	-	-	-	-	-	-	-	-
Due from related parties	15,448,424	938,289	4,207,779	3,720,340	3,718,420	4,945,293	(32,978,545)	-
Prepaid expenses	26,331	-	-	-	29,357	40,427	-	96,115
Land, buildings, and equipment, net	<u>3,966,888</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,881,395</u>	<u>5,204,046</u>	<u>-</u>	<u>14,038,591</u>
Total assets	<u>\$ 22,257,894</u>	<u>\$ 938,289</u>	<u>\$ 4,209,120</u>	<u>\$ 3,724,442</u>	<u>\$ 8,791,207</u>	<u>\$ 10,555,290</u>	<u>\$ (32,978,545)</u>	<u>\$ 17,497,697</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable and accrued expenses	\$ 41,344	\$ 5,548	\$ 48,488	\$ 39,827	\$ 58,547	\$ 66,116	\$ -	\$ 259,870
Due to related parties	13,068,808	1,141,440	4,665,223	4,259,771	3,952,181	5,891,122	(32,978,545)	-
Grant advance liability	1,355,700	-	-	-	-	-	-	1,355,700
Capital leases payable	3,894,828	-	-	-	3,928,905	5,193,105	-	13,016,838
Bonds and notes payable, net	<u>-</u>	<u>1,174,654</u>	<u>1,576,534</u>	<u>2,002,893</u>	<u>1,276,100</u>	<u>661,682</u>	<u>-</u>	<u>6,691,863</u>
Total liabilities	<u>18,360,680</u>	<u>2,321,642</u>	<u>6,290,245</u>	<u>6,302,491</u>	<u>9,215,733</u>	<u>11,812,025</u>	<u>(32,978,545)</u>	<u>21,324,271</u>
Net Assets								
Without donor restrictions	3,3856,543	(1,383,353)	(2,081,125)	(2,578,049)	(433,677)	(1,256,735)	-	(3,876,396)
With donor restrictions	<u>40,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,151</u>	<u>-</u>	<u>-</u>	<u>49,822</u>
Total net assets	<u>3,897,214</u>	<u>(1,383,353)</u>	<u>(2,081,125)</u>	<u>(2,578,049)</u>	<u>(424,526)</u>	<u>(1,256,735)</u>	<u>-</u>	<u>(3,826,574)</u>
Total liabilities and net assets	<u>\$ 22,257,894</u>	<u>\$ 938,289</u>	<u>\$ 4,209,120</u>	<u>\$ 3,724,442</u>	<u>\$ 8,791,207</u>	<u>\$ 10,555,290</u>	<u>\$ (32,978,545)</u>	<u>\$ 17,497,697</u>

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

	Charles A. Tindley Accelerated 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>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>\$ 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)	-
Capital leases payable	-	-	-	-	65,206	-	-	65,206
Bonds and notes payable, net	<u>4,205,586</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	<u>11,127,800</u>	<u>2,321,640</u>	<u>4,605,270</u>	<u>5,119,544</u>	<u>3,526,662</u>	<u>2,730,098</u>	<u>(17,880,833)</u>	<u>11,550,181</u>
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>11,789</u>	<u>-</u>	<u>-</u>	<u>149,115</u>
Total net assets	<u>4,580,155</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>\$ 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 ACTIVITIES - SCHOOL LEVEL
Year ended June 30, 2020

	Charles A. Tindley Accelerated 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	\$ 3,472,320	\$ -	\$ 9,967	\$ 14,964	\$ 3,001,919	\$ 4,351,854	\$ -	\$ 10,851,025	
Contributions	490,701	-	-	-	54,772	64,169	-	609,641	
Program service fees	203,761	-	-	-	9,949	78,595	-	292,305	
Investment income	11,769	16	4	3	192	256	-	12,240	
Loss on disposal of fixed assets	<u>(361,617)</u>	<u>-</u>	<u>(47,391)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(409,008)</u>	
Total public support and revenues	3,816,934	16	(37,420)	14,967	3,066,832	4,494,874	-	11,356,203	
Expenses									
Elementary school	-	-	-	1,907	91,079	2,203,774	3,184,625	-	5,481,385
Middle school	901,657	-	-	61,196	-	-	-	-	962,853
High school	2,397,178	-	-	-	-	-	-	-	2,397,178
General and administrative	1,169,754	-	-	16,407	22,984	929,904	1,194,743	-	3,333,792
Fundraising	<u>31,286</u>	<u>-</u>	<u>-</u>	<u>598</u>	<u>864</u>	<u>20,901</u>	<u>30,203</u>	<u>-</u>	<u>83,852</u>
Total expenses	4,499,875	-	80,108	114,927	3,154,579	4,409,571	-	12,259,060	
Change in net assets	(682,941)	16	(117,528)	(99,960)	(87,747)	85,303	-	(902,857)	
Net assets, beginning of year	<u>4,580,155</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>	
Net assets, end of year	<u>\$ 3,897,214</u>	<u>\$ (1,383,353)</u>	<u>\$ (2,081,125)</u>	<u>\$ (2,578,049)</u>	<u>\$ (424,526)</u>	<u>\$ (1,256,735)</u>	<u>\$ -</u>	<u>\$ (3,826,574)</u>	

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

	Charles A. Tindley Accelerated 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	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
Total public support and revenues	<u>3,155,247</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	<u>26,002</u>	<u>18</u>	<u>18,603</u>	<u>26,746</u>	<u>17,568</u>	<u>16,560</u>	<u>-</u>	<u>105,497</u>
Total expenses	<u>3,644,600</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>(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>\$ (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 EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

Federal Grantor/Pass-through Grantor/ <u>Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Number</u>	<u>Amount</u>
<u>U.S. Department of Agriculture</u>			
Pass-Through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	K376	\$ 90,175
COVID-19 – School Breakfast Program	10.553	K376	17,253
National School Lunch Program	10.555	K376	337,087
COVID-19 - National School Lunch Program	10.555	K376	<u>41,413</u>
Total Child Nutrition Cluster U.S. Department of Agriculture			485,928
 <u>U.S. Department of Education</u>			
Pass-Through Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A150014	850,635
 Special Education Cluster			
Special Education - Grants to States	84.027	14217	
Special Education - Grants to States	84.027	18611	17,362
Special Education - Grants to States	84.027	19611	59,997
Special Education - Grants to States	84.027	20611	115,006
Special Education – Preschool Grants	84.173A	20619	<u>5,970</u>
Total Special Education Cluster			198,335
 Supporting Effective Instruction State Grants			
Supporting Effective Instruction State Grants	84.367	S367A170013	23,925
Supporting Effective Instruction State Grants	84.367	S367A180013	32,678
Supporting Effective Instruction State Grants	84.367	S367A190013	<u>10,530</u>
			67,133
 Direct Awards:			
Student Support and Academic Enrichment	84.424A	S424A180015	5,193
Student Support and Academic Enrichment	84.424A	S424A190015	<u>20,238</u>
			25,431
 COVID-19 - Education Stabilization Fund			
COVID-19 - Education Stabilization Fund	84.425D	S425D200013	231,660
 Charter School Facilities Incentive Program			
Charter School Facilities Incentive Program	84.282D	S282D190002	168,456
 Charter School Program			
Teacher Recruitment Retention Grant	84.282A	U282A170017	<u>13,556</u>
Total U.S. Department of Education			<u>1,555,206</u>
Total expenditures of federal awards			<u>\$ 2,041,134</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, 2020

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, 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 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% 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, 2020, 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 30, 2020.

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) as a basis for designing 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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

Indianapolis, Indiana
December 30, 2020

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, 2020. 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, 2020.

(Continued)

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 30, 2020

TINDLEY ACCELERATED SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2020

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, 2020

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*.