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November 19, 2021

Charter School Board  
Global Leadership Academy, Inc.  
d/b/a Steel City Academy  
2650 W. 35<sup>th</sup> Avenue  
Gary, IN 46408

We have reviewed the audit report of Global Leadership Academy, Inc. d/b/a Steel City Academy, which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of Global Leadership Academy, Inc. d/b/a Steel City Academy as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

  
Paul D. Joyce, CPA  
State Examiner

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report

For the Years Ended June 30, 2021 and 2020



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# Donovan CPAs

## *Independent Auditors' Report*

The Board of Directors  
Global Leadership Academy, Inc.  
d/b/a Steel City Academy

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

We have audited the accompanying financial statements of Global Leadership Academy, Inc. d/b/a Steel City Academy (the "School"), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and change in net assets (deficiency), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Leadership Academy, Inc. d/b/a Steel City Academy as of June 30, 2021 and 2020, and the change in net assets (deficiency), functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures, 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 November 15, 2021 on our consideration of the School’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana  
November 15, 2021

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,228,438	\$ 47,364
Grants receivable	269,503	131,378
Prepaid expenses	36,950	-
	<u>1,534,891</u>	<u>178,742</u>
<i>Total current assets</i>		
<b>PROPERTY AND EQUIPMENT</b>		
Land	140,000	140,000
Building and improvements	1,593,667	1,593,667
Furniture and equipment	406,080	302,235
Less: accumulated depreciation	<u>(434,544)</u>	<u>(317,173)</u>
	<u>1,705,203</u>	<u>1,718,729</u>
<i>Property and equipment, net</i>		
<b>TOTAL ASSETS</b>	<u><u>\$ 3,240,094</u></u>	<u><u>\$ 1,897,471</u></u>
<b>LIABILITIES AND NET ASSETS (DEFICIENCY)</b>		
<b>CURRENT LIABILITIES</b>		
Current portion of notes payable	\$ 120,081	\$ 157,655
Accounts payable	35,016	80,159
Accrued payroll and related expenses	247,772	339,039
Payroll tax liability from prior years	<u>-</u>	<u>179,009</u>
	402,869	755,862
<i>Total current liabilities</i>		
<b>LONG-TERM LIABILITIES</b>		
Notes payable, net of current portion	<u>1,097,871</u>	<u>1,248,781</u>
	1,500,740	2,004,643
<i>Total liabilities</i>		
<b>NET ASSETS (DEFICIENCY), WITHOUT DONOR RESTRICTIONS</b>	<u>1,739,354</u>	<u>(107,172)</u>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<u><u>\$ 3,240,094</u></u>	<u><u>\$ 1,897,471</u></u>

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

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS (DEFICIENCY)**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT</b>		
State education support	\$ 3,445,634	\$ 3,744,445
Grant revenue	1,472,880	1,403,357
Contributions	15,159	10,931
Student fees	6,865	6,220
Other income	33,406	1,351
	<hr/>	<hr/>
<i>Total revenue and support</i>	4,973,944	5,166,304
	<hr/>	<hr/>
<b>EXPENSES</b>		
Program services	3,533,411	4,733,987
Management and general	626,018	866,769
	<hr/>	<hr/>
<i>Total expenses</i>	4,159,429	5,600,756
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS (DEFICIENCY) FROM OPERATIONS</b>	814,515	(434,452)
<b>OTHER INCOME</b>		
Paycheck Protection Program loan forgiveness income	838,657	805,400
Employee Retention Credit income	193,354	-
	<hr/>	<hr/>
<b>CHANGE IN NET ASSETS (DEFICIENCY)</b>	1,846,526	370,948
<b>NET DEFICIENCY, BEGINNING OF YEAR</b>	(107,172)	(478,120)
	<hr/>	<hr/>
<b>NET ASSETS (DEFICIENCY), END OF YEAR</b>	<u>\$ 1,739,354</u>	<u>\$ (107,172)</u>

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

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>			<u>2020</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 2,348,671	\$ 401,219	\$ 2,749,890	\$ 2,899,622	\$ 590,573	\$ 3,490,195
Employee benefits	454,100	111,636	565,736	609,162	145,962	755,124
Equipment	173,069	-	173,069	100,896	-	100,896
Depreciation	117,371	-	117,371	99,261	-	99,261
Information technology services	87,110	-	87,110	111,590	4,120	115,710
Occupancy	72,763	-	72,763	82,831	-	82,831
Professional services	42,300	26,760	69,060	76,264	30,412	106,676
Classroom, kitchen, and office supplies	60,338	1,587	61,925	154,489	4,668	159,157
Interest	-	52,534	52,534	-	44,838	44,838
Repairs and maintenance	43,935	-	43,935	42,739	-	42,739
Staff development	30,996	12,190	43,186	24,375	5,991	30,366
Insurance	34,209	-	34,209	31,929	-	31,929
Food service	31,664	-	31,664	189,076	-	189,076
Authorizer oversight fees	-	17,960	17,960	-	10,717	10,717
Student transportation	-	-	-	309,832	-	309,832
Other	36,885	2,132	39,017	1,921	29,488	31,409
<i>Total functional expenses</i>	<u>\$ 3,533,411</u>	<u>\$ 626,018</u>	<u>\$ 4,159,429</u>	<u>\$ 4,733,987</u>	<u>\$ 866,769</u>	<u>\$ 5,600,756</u>

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

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets (deficiency)	\$ 1,846,526	\$ 370,948
Adjustments to reconcile change in net assets (deficiency) to net cash provided by (used in) operating activities:		
Depreciation	117,371	99,261
Paycheck Protection Program loan forgiveness income	(838,657)	(805,400)
Changes in certain assets and liabilities:		
Grants receivable	(138,125)	(104,671)
Other receivable	-	39,793
Prepaid expenses	(36,950)	-
Accounts payable	(45,143)	(282,315)
Accrued payroll and related expenses	(91,267)	27,482
Payroll tax liability from prior years	<u>(179,009)</u>	<u>(35,425)</u>
 <i>Net cash provided by (used in) operating activities</i>	 <u>634,746</u>	 <u>(690,327)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(103,845)</u>	<u>(21,455)</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	838,657	805,400
Principal repayments on notes payable	<u>(188,484)</u>	<u>(129,494)</u>
 <i>Net cash provided by financing activities</i>	 <u>650,173</u>	 <u>675,906</u>
<b>NET CHANGE IN CASH</b>	1,181,074	(35,876)
<b>CASH, BEGINNING OF YEAR</b>	<u>47,364</u>	<u>83,240</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,228,438</u>	<u>\$ 47,364</u>
 <b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 52,534	\$ 44,838

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

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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

General – Global Leadership Academy, Inc. d/b/a Steel City Academy (the “School”) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter school established under Indiana Code 20-24. The School served over 400 students during both the 2020-2021 and the 2019-2020 school years. Grades served included kindergarten through third and seventh through twelfth during the 2020-2021 school year and kindergarten through second and seventh through twelfth during the 2019-2020 school year. The School is sponsored by the Indiana Charter School Board. The charter remains in effect until June 30, 2026 and is renewable thereafter by mutual consent.

Subsequent to year-end, the School submitted articles of amendment to the Indiana Secretary of State to legally change its name to Steel City Academy, Inc.

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

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

As of June 30, 2021 and 2020, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2021 and 2020.

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

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

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

Building and improvements	39 years
Furniture and equipment	3 to 7 years

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

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

Taxes on Income – The School has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2017 are open to audit for both federal and state purposes.

Subsequent Events – The School evaluated subsequent events through November 15, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**NOTE 2 - REVENUE RECOGNITION**

Revenue Recognition Standard – Effective July 1, 2020, the School adopted Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606). ASU 2014-09 replaced previous revenue recognition guidance under U.S. GAAP and requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The School has applied the provisions of this ASU to the June 30, 2021 and 2020 financial statements. There was no material impact on the financial statements.

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

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

**NOTE 2 - REVENUE RECOGNITION, Continued**

Revenue Recognition Policy, Continued – A significant portion of the School’s revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Incurring approved costs under the grants is considered satisfaction of the performance obligations.

The School also receives contributions and grants from other agencies and individuals, which are recorded in accordance with the terms of the underlying agreements.

Disaggregation of Revenue – Revenue is disaggregated on the statements of activities and changes in net assets (deficiency).

**NOTE 3 - PAYCHECK PROTECTION PROGRAM**

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security Act and the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (collectively, the “Acts”), which include provisions for the Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from PPP loans can be used for costs related to payroll, employee healthcare, rent, and utilities. Under the terms of the PPP, the loans will be forgiven if they are used for qualifying expenses as described in the Acts.

On May 1, 2020, the School was granted a note payable from Fifth Third Bank in the amount of \$805,400, pursuant to the PPP. The School evaluated the expenses to which these funds were applied and determined the requirements would be met and therefore the loan would be forgiven. The School elected to recognize these funds in accordance with FASB ASC 958-605 by reflecting the amount of funds expended during the year ended June 30, 2020 as PPP loan forgiveness income. The School received notification on April 28, 2021 that the loan had been forgiven in full.

On February 13, 2021, the School was granted a second-round PPP note payable from Fifth Third Bank in the amount of \$838,657. The note matures on February 13, 2026 and bears interest at a rate of 1.00%. The School has evaluated the expenses to which these funds were applied and has determined the requirements will be met and therefore the loan will be forgiven. The School has elected to recognize these funds in accordance with FASB ASC 958-605 by reflecting the amount of funds expended during the year ended June 30, 2021 as PPP loan forgiveness income. The School has applied for forgiveness of the second-round PPP note payable and is awaiting response as of the date of this report.

**NOTE 4 - EMPLOYEE RETENTION CREDIT**

The Coronavirus Aid, Relief, and Economic Security Act also includes a provision for the Employee Retention Credit (“ERC”) program. The ERC is a refundable tax credit for employers equal to 50 percent of qualified wages paid after March 12, 2020 and before January 1, 2021. The School received a an ERC in the amount of \$193,354 during the year ended June 30, 2021.

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

**NOTE 5 - NOTES PAYABLE**

Notes payable consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Note payable to the State Board of Education, payable \$50,000 semi-annually (January 1 and July 1) plus interest at 1% per annum.	\$ 650,000	\$ 750,000
Note payable to The ARC Northwest Indiana, Inc., payable in monthly installments of \$3,386, including interest at 5.0% per annum, secured by the building. The note matures January 2036.	418,052	444,915
Note payable to the U.S. Small Business Administration, payable in monthly installments of \$641, including interest at 2.75% per annum. The note matures June 2050.	149,900	-
Note payable to IFF, payable in monthly installments of \$2,161, including interest at 6.375% per annum, secured by substantially all School assets. The note was paid in full as of June 30, 2021.	-	211,521
	1,217,952	1,406,436
Less: current portion	(120,081)	(157,655)
Long-term portion	\$ 1,097,871	\$ 1,248,781

Principal maturities of notes payable are as follows for the years ending June 30:

2022	\$ 120,081
2023	124,711
2024	125,892
2025	127,130
2026	128,430
Thereafter	591,708
	\$ 1,217,952

The note payable to the State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

**NOTE 6 - PAYROLL TAX LIABILITY FROM PRIOR YEARS**

In the early stages of the School's operations, management was unaware of its obligation to remit payroll taxes withheld from employees' pays to the proper federal and state agencies. As a result, the School accrued significant balances owed to these agencies for withheld taxes dating back to the third quarter of calendar year 2016. The School contacted the agencies to correct the mistake and agreed to a repayment plan which consisted of monthly payments of \$5,000 beginning in January 2020, and continuing until the liability was repaid in full. The balance owed pertaining to this matter was \$176,278 as of June 30, 2020. As discussed in Note 4, the School received Employee Retention Credits which were used in part to eliminate the payroll tax liability from prior years. There was no balance owed on this liability as of June 30, 2021.

**NOTE 7 - RETIREMENT PLANS**

The School offers retirement benefits provided by the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plan, the School contributed 8.5% and 11% of compensation for eligible teaching faculty for the years ended June 30, 2021 and 2020, respectively. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was more than 100% funded.

In lieu of TRF, employees are eligible to participate in a 401(k) defined contribution retirement plan sponsored by the School. Under this plan, the School has elected to match employee contributions up to 5% of compensation.

Retirement plan expense under the plans was \$59,728 and \$68,023 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 8 - COMMITMENT**

The School operates under a charter granted by the Indiana Charter School Board ("ICSB"). As the sponsoring organization, ICSB exercises certain oversight responsibilities. Under this charter, the School has agreed to pay ICSB an annual administrative fee equal to .5% of state tuition payments received. Payments under this agreement were \$17,960 and \$10,717 for the years ended June 30, 2021 and 2020, respectively.

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2021 and 2020**

**NOTE 9 - RISKS AND UNCERTAINTIES**

The School provides educational instruction to students residing in Lake County, Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. In addition, deposits maintained at Fifth Third Bank and are insured up to the FDIC insurance limit. As of June 30, 2021, cash deposits at Fifth Third Bank exceeded FDIC insurance limits.

**NOTE 10 - LEASES**

The School entered into an operating lease for copier equipment. Lease expense totaled \$40,200 and \$35,000 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments under this lease are approximately \$42,000 for the year ending June 30, 2022.

**NOTE 11 - LIQUIDITY**

The School's financial assets include cash and grants receivables totaling \$1,497,941 and \$178,742 as of June 30, 2021 and 2020, respectively, all of which are available to meet cash needs for general expenditures within a year.

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

**NOTE 12 - FUNCTIONAL EXPENSE REPORTING**

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

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

<u>Federal Grantor Agency/Pass-Through Entity/Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 18,733
National School Lunch Program	10.555		27,439
			<hr/>
<i>Total U.S. Department of Agriculture</i>			46,172
			<hr/>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A: Grants to Local Educational Agencies	84.010	S010A200014	393,472
Title I: School Improvement Grants	84.377A	18611-001-PN01	21,530
Title II, Part A: Supporting Effective Instruction State Grants	84.367	S367A200013	16,848
Title IV, Student Support and Academic Enrichment Grants	84.424	S424A200015	35,479
Special Education Cluster			
Special Education - Grants to States	84.027	21611-599-PN01	93,765
Education Stabilization Fund			
Governor's Emergency Education Relief Fund	84.425C	46933	101,218
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	317,404
Elementary and Secondary School Emergency Relief Fund	84.425D		37,500
			<hr/>
<i>Total U.S. Department of Education</i>			1,017,216
			<hr/>
<i>Total Federal Awards Expended</i>			\$ 1,063,388
			<hr/> <hr/>

See independent auditors' report and accompanying notes to this schedule

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2021**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Global Leadership Academy, Inc. d/b/a Steel City Academy (the “School”) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the School.

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

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

**NOTE 3 - INDIRECT COST RATE**

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



# Donovan CPAs

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

The Board of Directors  
Global Leadership Academy, Inc.  
d/b/a Steel City Academy

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 Global Leadership Academy, Inc., d/b/a Steel City Academy (the "School"), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 15, 2021.

## **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control over financial reporting 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 financial reporting 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 over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

DONOVAN

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

Indianapolis, Indiana  
November 15, 2021



# Donovan CPAs

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

The Board of Directors  
Global Leadership Academy, Inc.  
d/b/a Steel City Academy

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

We have audited Global Leadership Academy, Inc. d/b/a Steel City Academy's (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2021. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

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## Opinion on Each Major Federal Program

In our opinion, Global Leadership Academy, Inc. d/b/a Steel City Academy complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control Over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN



Indianapolis, Indiana  
November 15, 2021

**GLOBAL LEADERSHIP ACADEMY, INC.**  
**d/b/a STEEL CITY ACADEMY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

***Financial Statements***

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.425C	Education Stabilization Fund
84.425D	Governor's Emergency Education Relief Fund
	Elementary and Secondary School Emergency Relief Fund

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**II. Financial Statement Findings**

No matters are reportable.

**III. Financial Statement Findings**

No matters are reportable.