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December 30, 2021

Charter School Board
Global Preparatory Academy, Inc.
2033 Sugar Grove Avenue
Indianapolis, IN 46202


We have reviewed the audit report of Global Preparatory Academy, Inc. 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 Preparatory Academy, Inc. 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.

We call your attention to the Emphasis of Matter paragraph included in the Independent Auditors' Report and further detailed in Note 3.

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

In addition to the report presented herein, a Supplemental Audit Report for Global Preparatory Academy, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

GLOBAL PREPARATORY ACADEMY, INC.

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 Preparatory Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Global Preparatory Academy, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Accounting 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 Preparatory Academy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to 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 17, 2021 on our consideration of Global Preparatory Academy, Inc.’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Global Preparatory Academy, Inc.’s internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 3 to the financial statements, Global Preparatory Academy, Inc. recorded in-kind contributions and offsetting expenses from Commissioners of the City Indianapolis, also known as Indianapolis Public Schools (“IPS”), a related party, totaling \$2,175,399 and \$1,921,435 during the years ended June 30, 2021 and 2020, respectively. These in-kind transactions represent approximately 24% of total revenue and support and 25% of total expenses for the year ended June 30, 2021 (21% and 24%, respectively, in 2020). These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of Global Preparatory Academy, Inc. as presented.

DONOVAN



Indianapolis, Indiana
November 17, 2021

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,344,435	\$ 3,215,777
Grants receivable	<u>173,594</u>	<u>53,211</u>
<i>Total current assets</i>	<u>3,518,029</u>	<u>3,268,988</u>
PROPERTY AND EQUIPMENT		
Land	35,000	-
Buildings and improvements	240,000	-
Furniture and equipment	70,861	70,861
Less: accumulated depreciation	<u>(28,844)</u>	<u>(14,172)</u>
<i>Property and equipment, net</i>	<u>317,017</u>	<u>56,689</u>
TOTAL ASSETS	<u><u>\$ 3,835,046</u></u>	<u><u>\$ 3,325,677</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of note payable	\$ 50,000	\$ 50,000
Accounts payable and accrued expenses	412,897	141,434
Refundable advances	<u>63,353</u>	<u>55,947</u>
<i>Total current liabilities</i>	526,250	247,381
LONG-TERM LIABILITIES		
Note payable, net of current portion	<u>275,000</u>	<u>325,000</u>
<i>Total liabilities</i>	801,250	572,381
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>3,033,796</u>	<u>2,753,296</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,835,046</u></u>	<u><u>\$ 3,325,677</u></u>

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

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
REVENUE AND SUPPORT		
Student-based allocation funding from IPS	\$ 4,736,523	\$ 4,589,327
Management fee from IPS	-	71,239
Grants and contributions	2,174,511	1,718,312
In-kind contributions from Indianapolis Public Schools	2,175,399	1,921,435
Interest	2,579	13,636
Other	10,187	34,178
	<u>9,099,199</u>	<u>8,348,127</u>
 <i>Total revenue and support</i>		
EXPENSES		
Program services	7,130,768	6,398,949
Management and general	1,687,931	1,634,063
	<u>8,818,699</u>	<u>8,033,012</u>
 <i>Total expenses</i>		
CHANGE IN NET ASSETS FROM OPERATIONS	280,500	315,115
OTHER INCOME		
Paycheck Protection Program loan forgiveness income	-	795,730
	<u>-</u>	<u>795,730</u>
CHANGE IN NET ASSETS	280,500	1,110,845
NET ASSETS, BEGINNING OF YEAR	<u>2,753,296</u>	<u>1,642,451</u>
NET ASSETS, END OF YEAR	<u>\$ 3,033,796</u>	<u>\$ 2,753,296</u>

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

GLOBAL PREPARATORY ACADEMY, INC.
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>
In-kind expenses:						
Salaries and wages	\$ -	\$ -	\$ -	\$ 60,792	\$ -	\$ 60,792
Student transportation	653,649	-	653,649	450,767	-	450,767
Occupancy	1,263,866	-	1,263,866	1,138,196	-	1,138,196
Repairs, maintenance, and utilities	184,735	-	184,735	193,556	-	193,556
Security services	-	73,149	73,149	-	78,124	78,124
<i>In-kind expenses, total</i>	<u>2,102,250</u>	<u>73,149</u>	<u>2,175,399</u>	<u>1,843,311</u>	<u>78,124</u>	<u>1,921,435</u>
Direct expenses:						
Salaries and wages	2,673,274	946,309	3,619,583	2,440,196	975,860	3,416,056
Professional services	568,186	269,393	837,579	510,936	253,377	764,313
Employee benefits	616,062	201,027	817,089	596,895	219,124	816,019
Classroom and office supplies	260,373	89,721	350,094	216,801	62,008	278,809
Small equipment purchases	326,817	-	326,817	152,488	-	152,488
Food costs	276,243	-	276,243	374,768	-	374,768
Staff development	196,068	-	196,068	120,839	-	120,839
Insurance	59,313	-	59,313	42,905	-	42,905
Authorizer fees	-	40,825	40,825	-	33,871	33,871
Advertising	-	33,809	33,809	-	4,645	4,645
Depreciation	14,672	-	14,672	14,172	-	14,172
Travel and meetings	-	9,821	9,821	31,989	-	31,989
Information technology	-	5,367	5,367	6,820	1,203	8,023
Occupancy	4,443	-	4,443	-	-	-
Interest	3,625	-	3,625	4,125	-	4,125
Student transportation	698	-	698	37,260	-	37,260
Other	28,744	18,510	47,254	5,444	5,851	11,295
<i>Direct expenses, total</i>	<u>5,028,518</u>	<u>1,614,782</u>	<u>6,643,300</u>	<u>4,555,638</u>	<u>1,555,939</u>	<u>6,111,577</u>
<i>Total functional expenses</i>	<u>\$ 7,130,768</u>	<u>\$ 1,687,931</u>	<u>\$ 8,818,699</u>	<u>\$ 6,398,949</u>	<u>\$ 1,634,063</u>	<u>\$ 8,033,012</u>

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

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 280,500	\$ 1,110,845
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	14,672	14,172
Paycheck Protection Program loan forgiveness income	-	(795,730)
Changes in certain assets and liabilities:		
Grants receivable	(120,383)	98,991
Prepaid expenses	-	7,846
Accounts payable and accrued expenses	271,463	37,024
Refundable advances	7,406	29,557
	<u>453,658</u>	<u>502,705</u>
<i>Net cash provided by operating activities</i>		
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(275,000)</u>	<u>(70,861)</u>
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	-	795,730
Repayments on note payable	<u>(50,000)</u>	<u>(50,000)</u>
	<u>(50,000)</u>	<u>745,730</u>
<i>Net cash provided by (used in) financing activities</i>		
NET CHANGE IN CASH	128,658	1,177,574
CASH, BEGINNING OF YEAR	<u>3,215,777</u>	<u>2,038,203</u>
CASH, END OF YEAR	<u>\$ 3,344,435</u>	<u>\$ 3,215,777</u>
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 3,625	\$ 4,125

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

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Global Preparatory Academy, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates as a public charter school under Indiana Code 20-24. The School is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The charter is effective through June 30, 2023 and is renewable thereafter by mutual consent. The School served approximately 610 students in kindergarten through sixth grade during both the 2020-2021 and 2019-2020 school years.

The School operates under an Innovation Network School Management Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"). The agreement extends through June 30, 2022. Under the agreement, IPS will pay to the School the amount it would receive from the State of Indiana for state basic tuition support and complexity grant funding as if it were a traditional charter school. The agreement can be terminated by either party with 30 days written notice for material breach of the agreement, by IPS at the end of the school year for poor academic performance given written notice to the school 180 days prior, or by both parties by mutual consent effective as of a mutually agreeable date.

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.

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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 small equipment purchases are charged to expense as incurred.

Depreciation is provided using the straight-line method over estimated useful lives of twenty years for building and improvements and over three to five years for furniture and equipment.

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 that there are no material contingent tax liabilities or questionable tax positions. The 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 17, 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 – As discussed earlier, the majority of revenue comes from IPS as part of the Innovation Network School Management Agreement. Under the agreement with IPS, the School receives an amount per student in equal portion as if the School functioned as a traditional charter school. Funding from IPS is received monthly. Revenue is recognized in the year in which the educational services are rendered.

GLOBAL PREPARATORY ACADEMY, INC.
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. The School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Incurring approved costs under the grants is considered satisfaction of the performance obligations.

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

NOTE 3 - VALUATION OF IN-KIND SERVICES

The School has recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling \$2,175,399 and \$1,921,435 during the years ended June 30, 2021 and 2020, respectively. These in-kind transactions represent approximately 24% of total revenue and support and 25% of total expenses for the year ended June 30, 2021 (21% and 24%, respectively, in 2020). The values of these in-kind services are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented.

NOTE 4 - CARES ACT FUNDING

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act which includes the Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from PPP notes payable can be used for costs related to payroll, employee healthcare, rent, and utilities. On April 14, 2020, the School was granted a loan from The National Bank of Indianapolis in the amount of \$795,730, pursuant to the PPP under Division A, Title I of the CARES Act. Under the terms of the PPP, the loan funds were to be forgiven if they were used for qualifying expenses as described in the CARES Act. The School evaluated the expenses to which these funds were applied through June 30, 2020 and determined the loan requirements would be met and the loan would be forgiven in full. The School elected to recognize the funds as a contribution in accordance with FASB ASC 958-605 by reflecting the amount of funds expended as of the year ended June 30, 2020 as Paycheck Protection Program loan forgiveness income. On April 5, 2021, the School received notification that the loan was forgiven in full.

NOTE 5 - REFUNDABLE ADVANCES

The School has been awarded grants to provide educational instruction that are deemed to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The School had refundable grant advances in excess of expenditures of \$63,353 and \$55,947 as of June 30, 2021 and 2020, respectively.

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 6 - NOTE PAYABLE

The note payable consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Note payable to State Board of Education, payable \$25,000 semi-annually (January 1 and July 1) plus interest at 1.00% per annum	\$ 325,000	\$ 375,000
Less: current portion	<u>(50,000)</u>	<u>(50,000)</u>
Long-term portion	\$ <u>275,000</u>	\$ <u>325,000</u>

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

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

2022	\$ 50,000
2023	50,000
2024	50,000
2025	50,000
2026	50,000
Thereafter	<u>75,000</u>
	\$ <u>325,000</u>

NOTE 7 - RETIREMENT PLANS

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides that the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. For the years ended June 30, 2021 and 2020, the School contributed 5.5% of defined compensation to each employee's account to their plan of choice. Retirement plan expense was \$133,891 and \$126,267 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 over 100% funded.

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 8 - COMMITMENTS

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. This charter agreement remains in effect until June 30, 2023 and is renewable thereafter by mutual consent. OEI assesses a fee equal to 1% of the basic tuition support received by the School. The fee was \$40,825 and \$33,871 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 - RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Marion and surrounding counties in 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 and/or the agreement with IPS 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. At June 30, 2021 and 2020, all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at The National Bank of Indianapolis and are insured up to the FDIC insurance limit. As of June 30, 2021 and regularly throughout the year, funds held at The National Bank of Indianapolis exceeded FDIC insurance limits.

NOTE 10 - LIQUIDITY

The School's financial assets include cash and grants receivable totaling \$3,518,029 and \$3,268,988 as of June 30, 2021 and 2020, respectively, all of which are available to meet cash needs for general expenditures within one 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.

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 11 - FUNCTIONAL EXPENSE REPORTING

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

SUPPLEMENTARY INFORMATION

GLOBAL PREPARATORY ACADEMY, INC.
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		\$ 91,107
National School Lunch Program	10.555		157,662
Fresh Fruit and Vegetable Program	10.582		<u>12,821</u>
<i>Total U.S. Department of Agriculture</i>			<u>261,590</u>
<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	419,757
Title I: School Improvement Grants	84.377A		11,892
Title II, Part A: Supporting Effective Instruction State Grants	84.367		38,460
Title III, Part A: Strengthening Institutions Program	84.031A		2,595
Title IV: Student Support and Academic Enrichment Program	84.424A	S424A200015	16,127
Special Education Cluster			
Special Education - Grants to States	84.027	21611-598-PN01	116,911
Charter Schools Program	84.282		350,126
Education Stabilization Fund			
Governor's Emergency Education Relief Fund	84.425C		85,459
Elementary and Secondary School Emergency Relief Fund	84.425D		<u>160,573</u>
<i>Total U.S. Department of Education</i>			<u>1,201,900</u>
<i>Total federal awards expended</i>			<u>\$ 1,463,490</u>

See independent auditors' report and accompanying notes to this schedule

GLOBAL PREPARATORY ACADEMY, INC.
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 Preparatory Academy, Inc. (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, change 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 Preparatory Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Global Preparatory Academy, Inc. (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 November 17, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

DONOVAN

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

Indianapolis, Indiana
November 17, 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 Preparatory Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited Global Preparatory Academy, Inc.'s (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on 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.

Opinion on Each Major Federal Program

In our opinion, the School 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 17, 2021

GLOBAL PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

I. Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major 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>
84.282A	Charter Schools Program – Quality Counts

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. Federal Award Findings and Questioned Costs

No matters are reportable.

GLOBAL PREPARATORY ACADEMY, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2021

FINDING 2020-001 TIME AND EFFORT SUPPORT

Federal Agency: U.S. Department of Education
CFDA Number: 84.010
Federal Program: Title I, Part A: Grants to Local Educational Agencies

Condition

The School was unable to provide documentation to support the amount of time some staff spent working on Title I services.

Current Status

Effective for the 2020-2021 grant, the School ensured semi-annual certifications were completed and signed for all employees whose salaries were included on the Title I grant. These employees spent 100% of their time on Title I activities. The School transitioned from a targeted-assistance model to a schoolwide model.

FINDING 2020-002 STUDENT TRANSFER SUPPORT

Federal Agency: U.S. Department of Education
CFDA Number: 84.010
Federal Program: Title I, Part A: Grants to Local Educational Agencies

Condition

The School was unable to provide documentation to support student transfers for two of the four students selected for testing from the October 1, 2018 Real Time Data report submitted to the State of Indiana. This report is used as part of the application for Title I funds. Data on transfers provides information on students removed from the regularly adjusted cohort.

Current Status

Front office staff are now ensuring student withdrawal forms are thoroughly completed. When a parent or guardian withdraws a student, they complete the withdrawal form. The completed form is filed in a separate file in the front office. In the case of students that transfer to another school without officially withdrawing from the School, the front office receives a record request from the new school, which is maintained in the student's file.

GLOBAL PREPARATORY ACADEMY, INC.

OTHER REPORT

For the Year Ended June 30, 2021

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

Supplemental Audit Report of Global Preparatory Academy, Inc.

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