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January 21, 2022

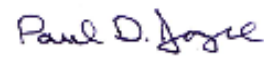
Charter School Board
Indiana Math and Science Academy - Indianapolis, Inc.
4575 W 38th St.
Indianapolis, IN 46254

We have reviewed the audit report of Indiana Math and Science Academy - Indianapolis, 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 Indiana Math and Science Academy - Indianapolis, 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.

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

In addition to the report presented herein, a Supplemental Audit Report for Indiana Math and Science Academy - Indianapolis, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

**INDIANA MATH AND SCIENCE ACADEMY -
INDIANAPOLIS, 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
Indiana Math and Science Academy - Indianapolis, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Math and Science Academy - Indianapolis, 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 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 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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Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Math and Science Academy - Indianapolis, 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*, 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2021 on our consideration of Indiana Math and Science Academy - Indianapolis, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Math and Science Academy - Indianapolis, Inc.'s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
December 9, 2021

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 2,131,549 | \$ 1,593,882 |
| Grants receivable | 345,273 | 149,272 |
| Due from affiliated entity | 65,783 | 37,669 |
| Prepaid expenses | <u>-</u> | <u>22,572</u> |
| <i>Total current assets</i> | <u>2,542,605</u> | <u>1,803,395</u> |
| PROPERTY AND EQUIPMENT | | |
| Land | 24,800 | 24,800 |
| Building and improvements | 4,115,507 | 4,057,207 |
| Furniture and equipment | 176,557 | 272,497 |
| Less: accumulated depreciation | <u>(1,028,224)</u> | <u>(1,038,269)</u> |
| <i>Property and equipment, net</i> | <u>3,288,640</u> | <u>3,316,235</u> |
| TOTAL ASSETS | <u><u>\$ 5,831,245</u></u> | <u><u>\$ 5,119,630</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current portion of note payable | \$ 325,036 | \$ 325,036 |
| Paycheck Protection Program note payable | - | 695,500 |
| Accounts payable and accrued expenses | <u>553,308</u> | <u>376,594</u> |
| <i>Total current liabilities</i> | 878,344 | 1,397,130 |
| LONG-TERM LIABILITIES | | |
| Note payable, net of current portion | <u>1,462,667</u> | <u>1,787,703</u> |
| <i>Total liabilities</i> | 2,341,011 | 3,184,833 |
| NET ASSETS, WITHOUT DONOR RESTRICTIONS | <u>3,490,234</u> | <u>1,934,797</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 5,831,245</u></u> | <u><u>\$ 5,119,630</u></u> |

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

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, 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 | | |
| State education support | \$ 4,039,233 | \$ 4,042,101 |
| Grant revenue | 2,668,504 | 1,971,157 |
| Student fees | 74,046 | 126,903 |
| Contributions | 3,868 | 180 |
| Other income | <u>5,320</u> | <u>22,005</u> |
| <i>Total revenue and support</i> | <u>6,790,971</u> | <u>6,162,346</u> |
| EXPENSES | | |
| Program services | 4,374,978 | 4,103,886 |
| Management and general | <u>1,556,056</u> | <u>1,363,073</u> |
| <i>Total expenses</i> | <u>5,931,034</u> | <u>5,466,959</u> |
| CHANGE IN NET ASSETS FROM OPERATIONS | 859,937 | 695,387 |
| PAYCHECK PROTECTION PROGRAM | | |
| NOTE PAYABLE FORGIVENESS INCOME | <u>695,500</u> | <u>-</u> |
| CHANGE IN NET ASSETS | 1,555,437 | 695,387 |
| NET ASSETS, BEGINNING OF YEAR | <u>1,934,797</u> | <u>1,239,410</u> |
| NET ASSETS, END OF YEAR | <u>\$ 3,490,234</u> | <u>\$ 1,934,797</u> |

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

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended June 30, 2021 and 2020

| | 2021 | | | 2020 | | |
|---|-------------------------|-------------------------------|---------------------|-------------------------|-------------------------------|---------------------|
| | <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 | \$ 2,522,369 | \$ 719,816 | \$ 3,242,185 | \$ 2,265,711 | \$ 625,595 | \$ 2,891,306 |
| Employee benefits | 504,230 | 181,365 | 685,595 | 474,755 | 147,299 | 622,054 |
| Academic services | - | 484,708 | 484,708 | - | 404,210 | 404,210 |
| Equipment rental and expense | 238,250 | - | 238,250 | 66,277 | - | 66,277 |
| Other professional services | 119,801 | 82,733 | 202,534 | 148,020 | 95,496 | 243,516 |
| Depreciation | 188,846 | - | 188,846 | 193,612 | - | 193,612 |
| Classroom, kitchen, and office supplies | 169,552 | 5,005 | 174,557 | 58,074 | 5,024 | 63,098 |
| Occupancy | 170,414 | - | 170,414 | 188,750 | - | 188,750 |
| Textbooks | 151,375 | - | 151,375 | 49,231 | - | 49,231 |
| Food service | 132,782 | - | 132,782 | 296,419 | - | 296,419 |
| Transportation services | 118,104 | - | 118,104 | 278,807 | - | 278,807 |
| Advertising | - | 32,563 | 32,563 | - | 29,431 | 29,431 |
| Insurance | - | 22,557 | 22,557 | - | 24,700 | 24,700 |
| Interest | 20,315 | - | 20,315 | 23,565 | - | 23,565 |
| Staff development and recruitment | 6,273 | - | 6,273 | 13,292 | - | 13,292 |
| Other | 32,667 | 27,309 | 59,976 | 47,373 | 31,318 | 78,691 |
| <i>Total functional expenses</i> | <u>\$ 4,374,978</u> | <u>\$ 1,556,056</u> | <u>\$ 5,931,034</u> | <u>\$ 4,103,886</u> | <u>\$ 1,363,073</u> | <u>\$ 5,466,959</u> |

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

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, 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 | \$ 1,555,437 | \$ 695,387 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Paycheck Protection Program note payable forgiveness income | (695,500) | - |
| Depreciation | 188,846 | 193,612 |
| Change in certain assets and liabilities: | | |
| Grants receivable | (196,001) | (44,960) |
| Due from affiliated entity | (28,114) | 221,083 |
| Prepaid expenses | 22,572 | (22,572) |
| Accounts payable and accrued expenses | <u>176,714</u> | <u>(72,065)</u> |
| <i>Net cash provided by operating activities</i> | <u>1,023,954</u> | <u>970,485</u> |
| INVESTING ACTIVITIES | | |
| Purchases of property and equipment | <u>(161,251)</u> | <u>(59,783)</u> |
| FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program note payable | - | 695,500 |
| Principal repayments of note payable | <u>(325,036)</u> | <u>(325,036)</u> |
| <i>Net cash provided by (used in) financing activities</i> | <u>(325,036)</u> | <u>370,464</u> |
| NET CHANGE IN CASH | 537,667 | 1,281,166 |
| CASH, BEGINNING OF YEAR | <u>1,593,882</u> | <u>312,716</u> |
| CASH, END OF YEAR | <u>\$ 2,131,549</u> | <u>\$ 1,593,882</u> |
| SUPPLEMENTAL INFORMATION | | |
| Cash paid for interest | \$ 20,315 | \$ 23,565 |

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

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Indiana Math and Science Academy - Indianapolis, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Office of Education Innovation ("OEP") of the Mayor of the City of Indianapolis. The School provided educational instruction to approximately 580 students in grades kindergarten through eight during the 2020-2021 academic school year (575 in the 2019-2020 academic school year).

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

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.

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

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

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

| | |
|--------------------------------|----------------|
| Building and improvements..... | 10 to 40 years |
| Furniture and equipment..... | 3 to 10 years |

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

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. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the 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 December 9, 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 – Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

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

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 2 - REVENUE RECOGNITION, Continued

Revenue Recognition, Continued – Student fees are recognized in the year in which the services are rendered.

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

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 (“CARES”) Act which includes a Small Business Paycheck Protection Program (“PPP”) administered through the Small Business Administration. The proceeds from PPP notes payable can be used for costs related to payroll, employee healthcare, rent, and utilities. On May 8, 2020, the School was granted a note payable from Fifth Third Bank in the amount of \$695,500 pursuant to the PPP under Division A, Title I of the CARES Act. Under the terms of the PPP, the note payable would be forgiven if the funds were used for qualifying expenses as described in the CARES Act. As of June 30, 2020, the School determined the PPP note payable represented a financial liability and accounted for it in accordance with FASB ASC 470, *Simplifying the Classification of Debt*, until forgiveness was obtained. The PPP note payable was forgiven in full on November 2, 2020 and was therefore recorded as PPP note payable forgiveness income during the year ended June 30, 2021.

NOTE 4 - NOTE PAYABLE

The note payable consisted of the following at June 30:

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Note payable to State Board of Education, payable \$162,518 semi-annually (January 1 and July 1) plus interest at 1.00% per annum | \$ 1,787,703 | \$ 2,112,739 |
| Less: current portion | <u>(325,036)</u> | <u>(325,036)</u> |
| Long-term portion | \$ <u>1,462,667</u> | \$ <u>1,787,703</u> |

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

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 4 - NOTE PAYABLE, Continued

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

| | | |
|------------|----|------------------|
| 2022 | \$ | 325,036 |
| 2023 | | 325,036 |
| 2024 | | 325,036 |
| 2025 | | 325,036 |
| 2026 | | 325,036 |
| Thereafter | | <u>162,523</u> |
| | \$ | <u>1,787,703</u> |

NOTE 5 - RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund ("TRF") and the Indiana Public Employees' Retirement Fund ("PERF"), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 5.5% of compensation for eligible teaching faculty to TRF and 11.2% of compensation for other eligible employees to PERF during both years ended June 30, 2021 and 2020. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2020 (the latest year reported), TRF was over 100% funded and PERF was over 80% funded.

Retirement plan expense was \$204,286 and \$187,368 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - COMMITMENTS

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. This charter agreement remains in effect until June 30, 2028 and is renewable thereafter by mutual consent. OEI generally assesses a fee equal to 1% of the basic tuition support received by its sponsored schools. The School reached an agreement with OEI to not pay administrative fees during the years ended June 30, 2021 and 2020.

The School has contracted with Concept Schools, Inc. to provide ongoing training and consultation, personnel, recruitment and admissions, and other services. Under the terms of the agreement, the School has agreed to pay an amount equal to 12% of state education support (10% through June 30, 2020), as defined, for such services. Expense under this agreement was \$484,708 and \$404,210 for the years ended June 30, 2021 and 2020, respectively. This agreement is renewable annually.

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and 2020

NOTE 7 - RISKS AND UNCERTAINTIES

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

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

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, substantially all of the grants receivable balance was due from the State of Indiana. In addition, deposits are maintained at Fifth Third Bank and are insured up to the FDIC insurance limit. At June 30, 2021 and 2020, and regularly throughout the year, cash balances exceed the FDIC insurance limit.

NOTE 8 - LIQUIDITY

The School's financial assets include cash, grants receivable, and amounts due from affiliated entity. Financial assets at June 30, 2021 and 2020 totaled \$2,542,605 and \$1,780,823, respectively, all of which were 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.

NOTE 9 - FUNCTIONAL EXPENSE REPORTING

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

SUPPLEMENTARY INFORMATION

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, 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 | | \$ 41,091 |
| National School Lunch Program | 10.555 | | <u>113,054</u> |
| <i>Total U.S. Department of Agriculture</i> | | | <u>154,145</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 | 18611-001-PN01 | 460,866 |
| Title II, Part A; | | | |
| Supporting Effective Instruction State Grants | 84.367 | S367A200013 | 44,500 |
| Title III, Part A; | | | |
| English Language Acquisition State Grants | 84.365 | S365A190014 | 29,112 |
| Title IV, Part A; | | | |
| Student Support and Academic Enrichment | 84.424 | S424A200015 | 37,972 |
| Special Education Cluster | | | |
| Special Education - Grants to States | 84.027A | 21611-552-PN01 | 123,409 |
| Special Education - Preschool Grants | 84.173A | 21619-552-PN01 | 2,153 |
| State Charter School Facilities Incentive Grants | 84.282D | | 459,017 |
| 21st Century Community Learning Centers | 84.287 | | 76,134 |
| Education Stabilization Fund | | | |
| Governor's Emergency Education Relief Fund | 84.425C | S425C200018 | 50,079 |
| Elementary and Secondary School Emergency Relief Fund | 84.425D | 7000-S425D200013 | 347,200 |
| | 84.425D | S425D210013 | 198,683 |
| | 84.425D | | <u>694</u> |
| <i>Total U.S. Department of Education</i> | | | <u>1,829,819</u> |
| <i>Total federal awards expended</i> | | | \$ <u><u>1,983,964</u></u> |

See independent auditors' report and accompanying notes to this schedule

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, 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 Indiana Math and Science Academy - Indianapolis, 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, 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.



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Math and Science Academy - Indianapolis, 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 dated December 9, 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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

DONOVAN

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

Indianapolis, Indiana
December 9, 2021



Donovan CPAs

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

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

Report on Compliance for Each Major Federal Program

We have audited Indiana Math and Science Academy - Indianapolis, Inc.'s (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Indiana Math and Science Academy - Indianapolis, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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
December 9, 2021

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, 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 federal programs:

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

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

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

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 84.425C & 84.425D | Education Stabilization Fund |

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

II. Financial Statement Findings

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

INDIANA MATH AND SCIENCE ACADEMY - INDIANAPOLIS, INC.

OTHER REPORT

For the Year Ended June 30, 2021

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

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

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