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January 21, 2022

Charter School Board
Indiana Math and Science Academy - North Indianapolis, Inc.
7435 N Keystone Ave.
Indianapolis, IN 46240

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

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

**INDIANA MATH AND SCIENCE ACADEMY -
NORTH INDIANAPOLIS, INC.**

FINANCIAL STATEMENTS
Together with Independent Auditors' Report
For the Years Ended June 30, 2021 and 2020



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses.....	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 11
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards	12
Notes to the Schedule of Expenditures of Federal Awards.....	13
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 <i>GOVERNMENT AUDITING STANDARDS</i>	14 - 15
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE <i>UNIFORM GUIDANCE</i>	16 - 17
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	18
OTHER REPORT	19



Donovan CPAs

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Math and Science Academy - North 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 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 Indiana Math and Science Academy - North 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* (“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 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 - North 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 - North Indianapolis, Inc.’s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
December 9, 2021

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,900,515	\$ 1,628,588
Grants receivable	361,620	94,586
Prepaid expenses	<u>-</u>	<u>62,532</u>
<i>Total current assets</i>	<u>2,262,135</u>	<u>1,785,706</u>
PROPERTY AND EQUIPMENT		
Leasehold improvements	108,844	108,844
Furniture and equipment	232,504	504,422
Less: accumulated depreciation	<u>(224,563)</u>	<u>(473,881)</u>
<i>Property and equipment, net</i>	<u>116,785</u>	<u>139,385</u>
TOTAL ASSETS	<u><u>\$ 2,378,920</u></u>	<u><u>\$ 1,925,091</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Paycheck Protection Program note payable	\$ -	\$ 747,700
Accounts payable and accrued expenses	797,725	741,513
Due to affiliated entity	65,783	37,669
Refundable advances	<u>15,292</u>	<u>80,400</u>
<i>Total current liabilities</i>	878,800	1,607,282
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>1,500,120</u>	<u>317,809</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,378,920</u></u>	<u><u>\$ 1,925,091</u></u>

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

INDIANA MATH AND SCIENCE ACADEMY - NORTH 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	\$ 5,452,632	\$ 5,104,640
Grant revenue	2,806,282	1,888,181
Student fees	9,613	16,144
Other contributions	1,000	3,599
Other income	91,253	85,067
	<hr/>	<hr/>
<i>Total revenue and support</i>	8,360,780	7,097,631
	<hr/>	<hr/>
EXPENSES		
Program services	6,223,610	5,563,430
Management and general	1,702,559	1,401,038
	<hr/>	<hr/>
<i>Total expenses</i>	7,926,169	6,964,468
	<hr/>	<hr/>
CHANGE IN NET ASSETS FROM OPERATIONS	434,611	133,163
PAYCHECK PROTECTION PROGRAM		
NOTE PAYABLE FORGIVENESS INCOME	747,700	-
	<hr/>	<hr/>
CHANGE IN NET ASSETS	1,182,311	133,163
NET ASSETS, BEGINNING OF YEAR	317,809	184,646
	<hr/>	<hr/>
NET ASSETS, END OF YEAR	\$ 1,500,120	\$ 317,809
	<hr/> <hr/>	<hr/> <hr/>

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

INDIANA MATH AND SCIENCE ACADEMY - NORTH 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	\$ 3,194,634	\$ 728,096	\$ 3,922,730	\$ 2,614,581	\$ 622,933	\$ 3,237,514
Occupancy	976,915	-	976,915	994,531	-	994,531
Employee benefits	596,084	184,379	780,463	525,305	151,404	676,709
Classroom, kitchen, and office supplies	704,114	11,373	715,487	167,400	12,091	179,491
Administrative services	-	654,316	654,316	-	510,464	510,464
Transportation services	216,095	-	216,095	525,734	-	525,734
Other professional services	143,242	58,132	201,374	170,284	45,186	215,470
Textbooks	124,022	-	124,022	71,970	-	71,970
Food service	77,102	-	77,102	326,809	-	326,809
Depreciation	52,665	-	52,665	55,589	-	55,589
Repairs and maintenance	48,016	-	48,016	51,550	-	51,550
Authorizer oversight fee	-	40,919	40,919	-	38,143	38,143
Staff development and recruitment	32,077	3,915	35,992	26,883	1,210	28,093
Other	58,644	21,429	80,073	32,794	19,607	52,401
	<u>\$ 6,223,610</u>	<u>\$ 1,702,559</u>	<u>\$ 7,926,169</u>	<u>\$ 5,563,430</u>	<u>\$ 1,401,038</u>	<u>\$ 6,964,468</u>
<i>Total functional expenses</i>						

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

INDIANA MATH AND SCIENCE ACADEMY - NORTH 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	\$ 1,182,311	\$ 133,163
Paycheck Protection Program note payable forgiveness income	(747,700)	-
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	52,665	55,589
Change in certain assets and liabilities:		
Grants receivable	(267,034)	30,529
Prepaid expenses	62,532	(62,532)
Accounts payable and accrued expenses	56,212	331,823
Due to affiliated entity	28,114	(216,028)
Refundable advances	<u>(65,108)</u>	<u>73,127</u>
 <i>Net cash provided by operating activities</i>	 301,992	 345,671
INVESTING ACTIVITIES		
Purchases of property and equipment	(30,065)	(15,553)
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program note payable	<u>-</u>	<u>747,700</u>
NET CHANGE IN CASH	271,927	1,077,818
CASH, BEGINNING OF YEAR	<u>1,628,588</u>	<u>550,770</u>
CASH, END OF YEAR	<u><u>\$ 1,900,515</u></u>	<u><u>\$ 1,628,588</u></u>

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

INDIANA MATH AND SCIENCE ACADEMY - NORTH 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 - North 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 ("OEI") of the Mayor of the City of Indianapolis. The School provided educational instruction to approximately 730 students in grades kindergarten through twelve during the 2020-2021 academic school year (690 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 grants 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 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:

Leasehold improvements	10 to 40 years
Furniture and equipment.....	3 to 5 years

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

INDIANA MATH AND SCIENCE ACADEMY - NORTH 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.

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

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 3 - REFUNDABLE ADVANCES

The School has been awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered 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 \$15,292 and \$80,400 as of June 30, 2021 and 2020, respectively.

NOTE 4 - 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 \$747,700 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 January 22, 2021 and was therefore recorded as PPP note payable forgiveness income during the year ended June 30, 2021.

NOTE 5 - LEASES

The School leases its school facilities from Experimental Learning and Entrepreneurship Foundation, Inc. The lease agreement extends through July 31, 2024. The lease provides for monthly rental payments with nominal increases annually over the term of the agreement. Under the lease, the School is responsible for repairs, maintenance, and utilities. The School also leases office equipment under operating leases which expire in September 2021.

Total lease expense under operating leases was \$765,841 and \$762,320 for the years ended June 30, 2021 and 2020, respectively.

Minimum future operating lease payments with noncancelable lease terms in excess of one year are as follows for the years ending June 30:

2022	\$	788,391
2023		806,572
2024		826,653
2025		69,027

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 6 - 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 \$235,011 and \$190,582 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 - 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, 2024 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 \$40,919 and \$38,143 for the years ended June 30, 2021 and 2020, respectively.

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 \$654,316 and \$510,464 for the years ended June 30, 2021 and 2020, respectively. This agreement is renewable annually.

NOTE 8 - 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, which is regularly exceeded.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

NOTE 9 - LIQUIDITY

The School's financial assets include cash and grants receivable. Financial assets at June 30, 2021 and 2020 total \$2,262,135 and \$1,723,174, respectively, all of which are available to meet cash needs for general expenditures within the next 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 10 - 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 - NORTH 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		\$ 26,605
National School Lunch Program	10.555		<u>53,743</u>
<i>Total U.S. Department of Agriculture</i>			<u>80,348</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	468,637
Title II, Part A;			
Supporting Effective Instruction State Grants	84.367	S367A200013	44,444
Title III, Part A;			
English Language Acquisition State Grants	84.365		13,833
Title IV, Part A;			
Student Support and Academic Enrichment	84.424A	S424A200015	34,635
	84.424A	S424A200015	11,000
Special Education Cluster			
Special Education - Grants to States	84.027	21611-537-PN01	148,909
Special Education - Preschool Grants	84.173	21619-537-PN01	1,968
21st Century Community Learning Centers	84.287		148,486
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	370,159
	84.425D	S425D210013	<u>630,552</u>
<i>Total U.S. Department of Education</i>			<u>1,922,702</u>
<i>Total federal awards expended</i>			<u>\$ 2,003,050</u>

See independent auditors' report and accompanying notes to this schedule

INDIANA MATH AND SCIENCE ACADEMY - NORTH 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 - North 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.



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
Indiana Math and Science Academy - North 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 - North 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 letters are cursive and slightly slanted to the right.

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 - North Indianapolis, Inc.

Report on Compliance for Each Major Federal Program

We have audited Indiana Math and Science Academy - North Indianapolis, 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 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 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 - North 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 - NORTH 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 and 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 - NORTH 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 - North 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*.