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February 24, 2022

Charter School Board
Ignite Achievement Academy, Inc.
1002 W 25th St.
Indianapolis, IN 46208


We have reviewed the audit report of Ignite Achievement 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 Ignite Achievement 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 Regarding Termination of IPS Innovation Network Charter Agreement paragraph included in the Independent Auditors' Report and further detailed in Note 2.

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 Ignite Achievement Academy, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

The audited Financial Statements and Supplemental Audit Report are filed in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

IGNITE ACHIEVEMENT 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
Ignite Achievement Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ignite Achievement 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 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 Ignite Achievement 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.

Emphasis of Matter Regarding Termination of IPS Innovation Network Charter Agreement

As discussed in Note 2 to the financial statements, Ignite Achievement Academy, Inc. recorded in-kind contributions and offsetting expenses from Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools (“IPS”), a related party, totaling \$1,716,780 and \$1,438,765 during the years ended June 30, 2021 and 2020, respectively. These in-kind transactions represent approximately 25% of the School’s operating budget for the year ended June 30, 2021 and 22% of the School’s operating budget for the year ended June 30, 2020. In December 2021, the School received notification from IPS that the Innovation Network Charter School Agreement will not be renewed at the conclusion of the initial term on June 30, 2022. Our opinion is not modified with respect to this matter.

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 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 January 28, 2022 on our consideration of Ignite Achievement 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 Ignite Achievement Academy, Inc.’s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
January 28, 2022

IGNITE ACHIEVEMENT ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 667,103	\$ 1,126,606
Grants receivable	271,338	91,135
Prepaid expenses	<u>28,559</u>	<u>14,161</u>
<i>Total current assets</i>	<u>967,000</u>	<u>1,231,902</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	1,152,370	901,031
Leasehold improvements	55,107	55,107
Vehicles	49,599	-
Less: accumulated depreciation	<u>(329,513)</u>	<u>(182,764)</u>
<i>Property and equipment, net</i>	<u>927,563</u>	<u>773,374</u>
TOTAL ASSETS	<u><u>\$ 1,894,563</u></u>	<u><u>\$ 2,005,276</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 157,090	\$ 192,255
Paycheck Protection Program note payable	<u>-</u>	<u>466,600</u>
<i>Total liabilities</i>	157,090	658,855
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>1,737,473</u>	<u>1,346,421</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,894,563</u></u>	<u><u>\$ 2,005,276</u></u>

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

IGNITE ACHIEVEMENT 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 Indianapolis Public Schools	\$ 3,121,995	\$ 3,117,363
In-kind contributions from Indianapolis Public Schools	1,716,780	1,438,765
Grants	2,100,421	1,880,257
Contributions	6,653	29,818
Interest	1,186	1,265
Other	8,244	14,625
	<u>6,955,279</u>	<u>6,482,093</u>
 <i>Total revenue and support</i>		
EXPENSES		
Program services	6,068,873	5,315,508
Management and general	961,955	1,130,174
	<u>7,030,827</u>	<u>6,445,682</u>
 <i>Total expenses</i>		
CHANGE IN NET ASSETS FROM OPERATIONS	(75,548)	36,411
 PAYCHECK PROTECTION PROGRAM		
NOTE PAYABLE FORGIVENESS INCOME	<u>466,600</u>	<u>-</u>
CHANGE IN NET ASSETS	391,052	36,411
NET ASSETS, BEGINNING OF YEAR	<u>1,346,421</u>	<u>1,310,010</u>
NET ASSETS, END OF YEAR	<u>\$ 1,737,473</u>	<u>\$ 1,346,421</u>

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

IGNITE ACHIEVEMENT 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:						
Occupancy	\$ 1,023,940	\$ 53,892	\$ 1,077,832	\$ 855,005	\$ 45,000	\$ 900,005
Student transportation	492,921	-	492,921	398,925	-	398,925
Student supports	96,260	-	96,260	88,375	-	88,375
Security services	24,884	24,883	49,767	25,730	25,730	51,460
<i>Total in-kind expenses</i>	<u>1,638,005</u>	<u>78,775</u>	<u>1,716,780</u>	<u>1,368,035</u>	<u>70,730</u>	<u>1,438,765</u>
Direct expenses:						
Salaries and wages	2,092,278	369,226	2,461,504	2,292,063	404,482	2,696,545
Professional services	808,667	412,278	1,220,945	234,563	547,314	781,877
Employee benefits	383,897	52,350	436,247	444,743	60,647	505,390
Information technology	287,780	-	287,780	216,664	-	216,664
Food costs	200,522	-	200,522	160,874	-	160,874
Staff development	173,427	-	173,427	141,631	-	141,631
Classroom and office supplies	138,451	24,432	162,883	83,133	14,671	97,804
Depreciation	146,749	-	146,749	107,447	-	107,447
Repairs and maintenance	103,070	-	103,070	191,216	10,064	201,280
Insurance	46,515	-	46,515	39,838	-	39,838
Occupancy	11,638	612	12,250	-	-	-
Equipment rental	10,682	-	10,682	13,035	-	13,035
Travel and meetings	4,626	4,625	9,251	13,789	13,789	27,578
Student transportation	2,909	-	2,909	-	-	-
Other	19,657	19,657	39,313	8,477	8,477	16,954
<i>Total direct expenses</i>	<u>4,430,868</u>	<u>883,180</u>	<u>5,314,047</u>	<u>3,947,473</u>	<u>1,059,444</u>	<u>5,006,917</u>
<i>Total functional expenses</i>	<u>\$ 6,068,873</u>	<u>\$ 961,955</u>	<u>\$ 7,030,827</u>	<u>\$ 5,315,508</u>	<u>\$ 1,130,174</u>	<u>\$ 6,445,682</u>

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

IGNITE ACHIEVEMENT 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	\$ 391,052	\$ 36,411
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program note payable forgiveness income	(466,600)	-
Depreciation	146,749	107,447
Changes in certain assets and liabilities:		
Grants receivable	(180,203)	1,654
Prepaid expenses	(14,398)	484
Accounts payable and accrued expenses	<u>(35,165)</u>	<u>33,751</u>
 <i>Net cash provided by (used in) operating activities</i>	 (158,565)	 179,747
INVESTING ACTIVITIES		
Purchases of property and equipment	(300,938)	(413,085)
FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program note payable	<u>-</u>	<u>466,600</u>
NET CHANGE IN CASH	(459,503)	233,262
CASH, BEGINNING OF YEAR	<u>1,126,606</u>	<u>893,344</u>
CASH, END OF YEAR	<u>\$ 667,103</u>	<u>\$ 1,126,606</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Ignite Achievement 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 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 charter is effective through June 30, 2024 and is renewable thereafter by mutual consent. The School provided educational instruction to approximately 430 students in grades kindergarten through six during the 2020-2021 school year (405 students during the 2019-2020 school year).

The School operates under an Innovation Network Charter School Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), to operate a charter school within an IPS building. The agreement is for a term of five years, ending June 30, 2022. Under the agreement, IPS will pay to the School the amount the School would receive from the State of Indiana for state basic tuition support and complexity grant funding as if the School were a traditional charter school. In December 2021, the School received notification from IPS that the Innovation Network Charter School Agreement will not be renewed at the conclusion of the initial term on June 30, 2022. See Note 2 for further discussion.

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.

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

Furniture and equipment	5 - 10 years
Leasehold improvements	15 years
Vehicles	5 years

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. 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 January 28, 2022, 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 - TERMINATION OF IPS INNOVATION NETWORK CHARTER AGREEMENT

During the year ended June 30, 2021 and 2020, the School recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling \$1,716,780 and \$1,438,765, respectively. These in-kind transactions represent approximately 25% of the School's operating budget for the year ended June 30, 2021 and 22% of the School's operating budget for the year ended June 30, 2020. In December 2021, the School received notification from IPS that the Innovation Network Charter School Agreement will not be renewed at the conclusion of the initial term on June 30, 2022.

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

**NOTE 2 - TERMINATION OF IPS INNOVATION NETWORK CHARTER AGREEMENT,
Continued**

Management of the School intends to continue operations as a charter school under a charter granted by OEI during the 2022-2023 school year. These plans will require the School to identify alternate occupancy options since the building currently occupied by the School is owned by IPS and provided for use under the Innovation Network Charter Agreement. Additionally, IPS provided in-kind services to the School covering certain student transportation, student supports, and security services. These services will either need to be covered by, or eliminated from, the operating budget of the School during the 2022-2023 school year.

Management has worked diligently over the past several years to improve the financial position of the School. As of June 30, 2021, the School had net assets of approximately \$1,737,000, and financial assets available to meet general expenditures within the next year of approximately \$938,000 (see Note 10).

The School and OEI have agreed to charter amendments that will mitigate the loss of IPS's in-kind contributions. Specifically, the charter will be amended to require a minimum of 70 students in a kindergarten through sixth grade setting. The School is in the process of securing a new facility. The facilities under consideration have been zoned and permitted as schools and no additional costs for outfitting the facilities as a school will be necessary. The School has engaged with a public relations team that will help with a rebranding effort. The School has already begun the process of student enrollment with soft commitments from parents thus far already exceeding the minimum enrollment requirements by 100%.

The accompanying financial statements do not include any adjustments that might be necessary if the School is unable to continue as a going concern.

NOTE 3 - 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.

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

NOTE 3 - REVENUE RECOGNITION, Continued

Revenue Recognition – The majority of the revenue comes from IPS as part of the Innovation Network Charter School Agreement. Funding from IPS is received monthly. 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 recognizes 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 change in net assets.

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 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 May 4, 2020, the School was granted a note payable from First Financial Bank in the amount of \$466,600 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 March 20, 2021 and was therefore recorded as PPP note payable forgiveness income during the year ended June 30, 2021.

NOTE 5 - LINE OF CREDIT

The School has an authorized line of credit in the amount of \$100,000 with First Financial Bank maturing in July 2022. As of June 30, 2021 and 2020, no draws were made on this line of credit.

NOTE 6 - LEASES

The School leases office equipment under operating leases that expire in fiscal year 2023. Total lease expense was \$10,682 and \$13,035 for the years ended June 30, 2021 and 2020, respectively.

Minimum lease obligations are as follows for the years ending June 30:

2022	\$	8,070
2023		4,840

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

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 year ended June 30, 2021, the School contributed 5.5% of defined compensation to each employee's retirement plan account of choice (7.5% for the year ended June 30, 2020). 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.

Retirement plan expense was \$19,667 and \$31,408 during the years ended June 30, 2021 and 2020, respectively.

NOTE 8 - COMMITMENT

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI began assessing a fee equal to 1% of the student-based allocation funding from IPS received by the School during the year ended June 30, 2021. Total fees during the year ended June 30, 2021 were \$23,677. No management fees were paid during the year ended June 30, 2020.

The charter agreement with OEI requires the School to establish an escrow account of no less than \$30,000 should a dissolution occur. As of June 30, 2021 this escrow account is established and fully-funded. The balance of the escrow account is included in the cash balance on the statements of financial position.

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 are provided by IPS and are calculated based on legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. The School also receives substantial financial assistance from IPS in the form of in-kind contributions covering occupancy, student transportation, students supports, and security services. Changes to the Innovation Network Charter School Agreement with IPS could significantly affect the School (See Note 2). 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.

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

NOTE 9 - RISKS AND UNCERTAINTIES, Continued

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, all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at First Financial Bank and are insured up to the FDIC insurance limit. As of and throughout the years ended June 30, 2021 and 2020, cash exceeded the insured limit.

NOTE 10 - LIQUIDITY

Financial assets held by the School include cash and grants receivable totaling \$938,441 and \$1,217,741 as of June 30, 2021 and 2020, respectively. Included in the financial assets as of June 30, 2021 is an escrow account with a balance of \$30,000 to be used in the event of a dissolution of the School. With the exception of the escrow account, all financial assets 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. In addition, the School has a line of credit with \$100,000 available to meet cash needs for general expenditures.

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 each expense. Salaries and benefits are allocated approximately 85% and 15% between program services and management and general, respectively, based on staffing levels.

SUPPLEMENTARY INFORMATION

IGNITE ACHIEVEMENT 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		\$ 65,436
National School Lunch Program	10.555		<u>124,081</u>
<i>Total for U.S. Department of Agriculture</i>			<u>189,517</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	435,903
Title I, School Improvement Grants	84.010	18611-001-PN01	85,964
Title II, Part A; Supporting Effective Instruction State Grants	84.367A	S367A200013	4,099
Title II, Part A; Supporting Effective Instruction State Grants		S367A190013	32,472
Title II, Part A; Supporting Effective Instruction State Grants		7000-S367A180013	25,550
Title IV, Part A; Student Support and Academic Enrichment	84.424	S424A200015	17,844
Title IV, Part A; Student Support and Academic Enrichment		S424A190015	31,462
Special Education Cluster			
Special Education - Grants to States	84.027	20611-606-DN01	36,285
Charter Schools Program	84.282A	U282A170017	306,810
Education Stabilization Fund			
Governor's Emergency Education Relief Fund	84.425C		6,798
Elementary and Secondary School Emergency Relief Fund	84.425D	7000-S425D200013	373,021
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	<u>91,744</u>
<i>Total for U.S. Department of Education</i>			<u>1,447,952</u>
<i>Total federal awards expended</i>			<u>\$ 1,637,469</u>

See independent auditors' report and accompanying notes to this schedule

IGNITE ACHIEVEMENT 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 Ignite Achievement Academy, Inc. (the “School”) under programs of the federal government for the year ended June 30, 2021. The information in the 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
Ignite Achievement 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 Ignite Achievement 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 dated January 28, 2022.

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.

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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
January 28, 2022



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
Ignite Achievement Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited Ignite Achievement 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.

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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
January 28, 2022

IGNITE ACHIEVEMENT 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>
84.425C	Education Stabilization Fund: Governor's Emergency Education Relief Fund
84.425D	Elementary and Secondary School Emergency Relief Fund
84.282A	Charter Schools Program

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.

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

FINDING NO. 2020-001 LACK OF FINANCIAL OVERSIGHT
MATERIAL WEAKNESS

Condition

Several material adjustments were required to be proposed and recorded during the audit for the financial statements to be free of material misstatement.

Current Status

Corrective action was taken.

FINDING NO. 2020-002 CASH MANAGEMENT
SIGNIFICANT DEFICIENCY

Federal Agency: U.S. Department of Agriculture
CFDA Number: 10.553, 10.555
Federal Program: Child Nutrition Cluster

Condition

Based on the School's expense reporting, a three-month average of expenditures would be approximately \$46,000. The School was carrying a balance in excess of the three-month average of expenditures in five of the twelve months under audit, including a balance of approximately \$57,000 as of June 30, 2020.

Current Status

Corrective action was taken.

FINDING NO. 2020-003 PROCUREMENT
SIGNIFICANT DEFICIENCY

Federal Agency: U.S. Department of Education
CFDA Number: 84.282A
Federal Program: Charter Schools Program

Condition

The School's procurement policies do not include wording or procedures to ensure the School is complying with 2 CFR 200.318, which states, "The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §200.317 through 200.327."

Current Status

Corrective action was taken.

IGNITE ACHIEVEMENT 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 Ignite Achievement 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*.