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AN EQUAL OPPORTUNITY EMPLOYER

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July 19, 2022

Charter School Board
Purdue Polytechnic High School
49 W Maryland St.
Indianapolis, IN 46204

We have reviewed the audit report of Purdue Polytechnic High School which was opined upon by Greenwalt CPAs, Inc., 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 Purdue Polytechnic High School 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 findings in the report on pages 30 through 31. Management's Corrective Action Plan can be found on pages 33 through 34.

In our opinion, Greenwalt CPAs, Inc. 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 Purdue Polytechnic High School, was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

PURDUE POLYTECHNIC HIGH SCHOOL

FINANCIAL STATEMENTS

Together with Independent Auditors' Report

JUNE 30, 2021 AND 2020

PURDUE POLYTECHNIC HIGH SCHOOL

TABLE OF CONTENTS JUNE 30, 2021 AND 2020

Independent Auditors' Report	2
Statements of Financial Position	4
Statements of Activities	5
Statements of Cash Flows	7
Notes to Financial Statements	9
Independent Auditors' Report on Supplementary Information	18
Statements of Financial Position by School June 30, 2021	19
Statements of Activities by School for the Year Ended June 30, 2021	20
Statements of Financial Position by School June 30, 2020	21
Statements of Activities by School for the Year Ended June 30, 2020	22
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>	23
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance Required by the Uniform Guidance	25
Schedule of Expenditures of Federal Awards	28
Schedule of Findings and Questioned Costs	30
Other Report	32
Corrective Action Plan	33



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

We have audited the accompanying financial statements of Purdue Polytechnic High School (an Indiana public charter school, "PPHS"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities 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 audit. We conducted our audit 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 and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, and *Guidelines for the Audits of Charter Schools Performed by Private Examiners* established by the Indiana State Board of Accounts. 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 auditor considers 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position PPHS as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated May 20, 2022, on our consideration of PPHS'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 solely 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 the effectiveness of PPHS's 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 PPHS's internal control over financial reporting and compliance.

Greenwald CPAs, Inc.

May 20, 2022

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 1,193,461	\$ 2,069,309
Grants receivable	735,174	443,157
Prepaid expenses	208,917	266,020
	<hr/>	<hr/>
<i>Total current assets</i>	2,137,552	2,778,486
	<hr/>	<hr/>
NON-CURRENT GRANT RECEIVABLE	1,092,130	-
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT		
Furniture	1,427,032	770,932
Equipment	751,745	479,506
Computer equipment	438,418	363,049
Textbooks	20,739	4,593
Leasehold improvements	404,300	14,229
Vehicles	202,621	202,621
Assets not placed in service	-	679,841
Accumulated depreciation	(1,315,354)	(732,281)
	<hr/>	<hr/>
<i>Total property and equipment, net</i>	1,929,501	1,782,490
	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ 5,159,183</u>	<u>\$ 4,560,976</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 155,300	\$ 84,050
Payroll and other accrued expenses	380,086	742,519
Paycheck Protection Program refundable advance	-	649,117
	<hr/>	<hr/>
<i>Total current liabilities</i>	535,386	1,475,686
	<hr/>	<hr/>

COMMITMENTS (NOTES 4 AND 5)

NET ASSETS		
Without donor restrictions	2,314,326	2,170,548
Without donor restrictions - board designated	60,000	40,000
	<hr/>	<hr/>
<i>Total net assets without donor restrictions</i>	2,374,326	2,210,548
	<hr/>	<hr/>
With donor restrictions	2,249,471	874,742
	<hr/>	<hr/>
<i>Total net assets</i>	4,623,797	3,085,290
	<hr/>	<hr/>
<i>Total liabilities and net assets</i>	<u>\$ 5,159,183</u>	<u>\$ 4,560,976</u>

PURDUE POLYTECHNIC HIGH SCHOOL

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021

WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2021	2020
REVENUE AND SUPPORT				
Private funding	\$ 489,982	\$ 3,272,030	\$ 3,762,012	\$ 1,910,440
State funding	6,388,857	-	6,388,857	4,153,488
Federal funding	1,677,740	-	1,677,740	648,927
Other income	70,940	-	70,940	280,725
Net assets released from restrictions	1,897,301	(1,897,301)	-	-
<i>Total revenue and support</i>	<u>10,524,820</u>	<u>1,374,729</u>	<u>11,899,549</u>	<u>6,993,580</u>
EXPENSES				
Salaries and wages	4,796,700	-	4,796,700	3,066,088
Employee benefits	1,100,068	-	1,100,068	854,534
Staff development and recruitment	29,482	-	29,482	38,784
Professional services	1,145,878	-	1,145,878	1,174,810
Transportation	82,467	-	82,467	62,796
Food cost	91,629	-	91,629	141,790
Repairs and maintenance	105,554	-	105,554	80,967
Classroom, kitchen and office supplies	839,765	-	839,765	331,376
Information technology	91,898	-	91,898	136,893
Occupancy	1,228,209	-	1,228,209	792,199
Depreciation	583,073	-	583,073	403,202
Insurance	43,426	-	43,426	38,748
Other	222,893	-	222,893	147,102
<i>Total expenses</i>	<u>10,361,042</u>	<u>-</u>	<u>10,361,042</u>	<u>7,269,289</u>
CHANGE IN NET ASSETS	163,778	1,374,729	1,538,507	(275,709)
NET ASSETS, BEGINNING OF YEAR	<u>2,210,548</u>	<u>874,742</u>	<u>3,085,290</u>	<u>3,360,999</u>
NET ASSETS, END OF YEAR	<u>\$ 2,374,326</u>	<u>\$ 2,249,471</u>	<u>\$ 4,623,797</u>	<u>\$ 3,085,290</u>

PURDUE POLYTECHNIC HIGH SCHOOL

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2020
REVENUE AND SUPPORT			
Private funding	\$ 552,836	\$ 1,357,604	\$ 1,910,440
State funding	4,153,488	-	4,153,488
Federal funding	648,927	-	648,927
Other income	280,725	-	280,725
Net assets released from restrictions	2,213,831	(2,213,831)	-
	<u>7,849,807</u>	<u>(856,227)</u>	<u>6,993,580</u>
<i>Total revenue and support</i>			
EXPENSES			
Salaries and wages	3,066,088	-	3,066,088
Employee benefits	854,534	-	854,534
Staff development and recruitment	38,784	-	38,784
Professional services	1,174,810	-	1,174,810
Transportation	62,796	-	62,796
Food cost	141,790	-	141,790
Repairs and maintenance	80,967	-	80,967
Classroom, kitchen and office supplies	331,376	-	331,376
Information technology	136,893	-	136,893
Occupancy	792,199	-	792,199
Depreciation	403,202	-	403,202
Insurance	38,748	-	38,748
Other	147,102	-	147,102
	<u>7,269,289</u>	<u>-</u>	<u>7,269,289</u>
<i>Total expenses</i>			
CHANGE IN NET ASSETS	580,518	(856,227)	(275,709)
NET ASSETS, BEGINNING OF YEAR	<u>1,630,030</u>	<u>1,730,969</u>	<u>3,360,999</u>
NET ASSETS, END OF YEAR	<u>\$ 2,210,548</u>	<u>\$ 874,742</u>	<u>\$ 3,085,290</u>

NET CHANGE IN CASH

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from private funding	\$ 3,762,012	\$ 1,910,440
Cash received from state and federal funding	6,682,450	4,969,768
Cash received from other income sources	70,940	280,725
Cash paid to suppliers and employees	<u>(10,673,709)</u>	<u>(5,837,636)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>(158,307)</u>	<u>1,323,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(717,541)</u>	<u>(1,320,787)</u>
NET CHANGE IN CASH	(875,848)	2,510
CASH, BEGINNING OF YEAR	<u>2,069,309</u>	<u>2,066,799</u>
CASH, END OF YEAR	<u><u>\$ 1,193,461</u></u>	<u><u>\$ 2,069,309</u></u>
NON-CASH OPERATING ACTIVITIES		
In-kind services	<u><u>\$ 274,843</u></u>	<u><u>\$ 357,583</u></u>
NON-CASH INVESTING ACTIVITIES		
Property and equipment purchases in accounts payable	<u><u>\$ 12,543</u></u>	<u><u>\$ -</u></u>

RECONCILIATION OF CHANGE IN NET ASSETS TO
 NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS	\$ 1,538,507	\$ (275,709)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Depreciation	583,073	403,202
<i>Increase (decrease) in operating assets</i>		
Grants receivable	(1,384,147)	167,353
Prepaid expenses	57,103	(179,675)
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	58,707	(1,017)
Payroll and other accrued expenses	(362,433)	560,026
Paycheck Protection Program refundable advance	(649,117)	649,117
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (158,307)</u>	<u>\$ 1,323,297</u>

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Purdue Polytechnic High School ("PPHS") is an Indiana public charter high school that was created through the vision of leaders at Purdue University and the City of Indianapolis. PPHS opened with the mission to offer the most beneficial educational experience for students who want to pursue high-tech and STEM-related careers. The school's mission is to create an environment of academic excellence characterized by industry-focused experiential learning; mentors who nurture, guide and trust; and students who develop a natural thirst to learn in preparation for their lifelong journeys. PPHS' main sources of revenue and support are from state and federal education funding and private grants.

PPHS operates three charter high schools. PPHS Schweitzer Center at Englewood Campus and PPHS North Campus are both authorized by the Office of Education Innovation of the Office of the Mayor of the City of Indianapolis (OEI). PPHS South Bend Campus is authorized by the Indiana Charter School Board.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

SUMMARIZED COMPARATIVE INFORMATION

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with PPHS' financial statements as of and for the year ended June 30, 2020, from which the summarized information was derived.

CASH AND CASH EQUIVALENTS

For purposes on the statements of cash flows, PPHS considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021 and 2020.

At June 30, 2021 and 2020, PPHS maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of approximately \$998,000 and \$1,925,000, respectively.

GRANTS RECEIVABLE AND PRIVATE FUNDING

Contributions and grants are recognized when the donor makes an unconditional promise to give to PPHS and are recorded at their fair values as revenues and assets in the period the promise is received. Contributions and grants with donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. A portion of PPHS' revenue is the product of cost reimbursement grants. Accordingly, PPHS recognizes revenue under these grants as costs are incurred.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

GRANTS RECEIVABLE AND PRIVATE FUNDING, CONTINUED

Grants receivable were due as follows at June 30:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 735,174	\$ 443,157
One to five years	<u>1,092,130</u>	<u>-</u>
	<u>\$ 1,827,304</u>	<u>\$ 443,157</u>

There was no allowance for doubtful accounts at June 30, 2021 or 2020.

PROPERTY AND EQUIPMENT

Property and equipment purchases are recorded at cost. Donated property and equipment are reported at fair value at the date of donation. Depreciation is computed on the straight-line method over estimated useful lives ranging from 3 to 15 years once property and equipment are placed in service. Routine maintenance and repairs are charged to expense as incurred.

PAYCHECK PROTECTION PROGRAM REFUNDABLE ADVANCE

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). These funds can be used for costs related to payroll, employee health care, rent, and utilities. On April 7, 2020, PPHS received \$649,117 from a financial institution under the PPP. The interest rate is 1%, the loan term is two years which begins after the lender makes a determination on forgiveness or 10 months after the 24-week expenditure period. However, to the extent the funds are used for qualifying expenses under the program, PPHS may apply for loan forgiveness. At June 30, 2020, PPHS expected to meet the PPP's eligibility criteria and has concluded that the PPP loan represents, in substance, a grant that is expected to be forgiven. As such, PPHS elected to account for the loan as a conditional grant in accordance with FASB ASC 958-605. As such, the loan was presented as a refundable advance in the statement of financial position. PPHS recognized the loan as federal funding support in 2021 when the loan was forgiven.

NET ASSETS

The financial statements have been prepared in accordance with Accounting Standards for the Preparation of Financial Statements of Not-for-Profit Organizations. These standards require the financial statements to report information regarding its assets, liabilities, and net assets and its revenue, expenses, and other changes in net assets according to net asset class. The PPHS maintains the following classifications of net assets:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objections of PPHS. These include revenues and expenses which may be used at the discretion of the management and Board of Directors to support PPHS' purpose and operations.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

NET ASSETS, CONTINUED

Net Assets Without Donor Restrictions, Continued

Board-designated net assets consist of escrow amounts designated for any potential dissolution of PPHS. PPHS' charters requires that each school establish an account held in escrow of \$30,000 no later than December of the third year of operations. At June 30, PPHS held the following amounts in escrow which have been presented as board designated net assets without donor restrictions in the statements of financial position:

	<u>2021</u>	<u>2020</u>
Englewood campus	\$ 30,000	\$ 30,000
North campus	20,000	10,000
South Bend campus	10,000	-
	<u>\$ 60,000</u>	<u>\$ 40,000</u>

Net Assets with Donor Restrictions

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature whereby the donor has stipulated a specific purpose or time period. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted promises to give, contributions and grants are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported as net assets released from restrictions in statements of activities.

At June 30, net assets were restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Startup cost	\$ 552,144	\$ 626,723
Training and technology	201,923	177,571
Makers Lab	11,353	11,353
College and career pathways	546,921	-
Learning mentors and coaches	912,130	-
Leadership development	25,000	-
Counseling initiatives	-	59,095
	<u>\$ 2,249,471</u>	<u>\$ 874,742</u>

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

STATE AND FEDERAL FUNDING REVENUE RECOGNITION

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, PPHS receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment and 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.

CONTRIBUTED SERVICES

Pursuant to the Not-for-Profit Organizations Revenue Recognition Accounting Standards for contributed services, contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by PPHS. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

PPHS received \$274,843 and \$298,477 of in-kind contributions during 2021 and 2020, respectively, for staffing at the school. These in-kind contributions have been included in private funding on the statements of activities. They have been treated as non-cash activities for the purposes of the statements of cash flows.

CONCENTRATION OF CREDIT RISK

The majority of state funding relates to legislation enacted by the State of Indiana and grants awarded under state programs. Changes in state legislation could significantly affect PPHS. State funding represented 54% and 59% of PPHS total revenue during 2021 and 2020, respectively.

TAX STATUS

PPHS is an Indiana not-for-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. PPHS is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

Subsequent events have been considered through May 20, 2022 which was the date the financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

The majority of PPHS revenue is derived from state funding. PPHS also receives contributions with donor restrictions to be used in accordance with the associated purpose restrictions as well as support without donor restrictions including contributions from individuals, organizations and government agencies.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

The following table reflects the PPHS's financial assets as of June 30, reduced by amounts that are not available to meet general expenditures within one year of the Statement of Financial Position date because of donor restrictions or board designations.

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 1,193,461	\$ 2,069,309
Grants receivable	<u>1,827,304</u>	<u>443,157</u>
Total financial assets available for use within one year	<u>3,020,765</u>	<u>2,512,466</u>
Board designated net assets	(60,000)	(40,000)
Net assets with donor restrictions	<u>(2,249,471)</u>	<u>(874,742)</u>
Total financial assets not available for use:	<u>(2,309,471)</u>	<u>(914,742)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 711,294</u>	<u>\$ 1,597,742</u>

3. LINE OF CREDIT

PPHS has a line of credit which expires in March 2028. The line allows for maximum borrowings of \$400,000 and a variable interest rate per annum equal to the current yield of the Purdue Investment Pool Cash Loan Fund as of June 30th each year, plus one hundred (100) basis points (1%). There was no balance outstanding on the line of credit at June 30, 2021 and 2020.

4. OPERATING LEASES

In June 2018 PPHS entered into an agreement to lease space for its downtown location located within the Indianapolis Circle Centre Mall until June 2020. Rent expense for the fiscal year 2020 was \$507,710. Effective September 2019, PPHS entered into a seven-year leasing agreement for its Englewood campus. Rent expense for the fiscal year 2021 was \$684,158.

PPHS also leases equipment under operating leases with various expiration dates through June 2022. Lease expense for equipment was \$20,766 and \$18,060 for fiscal years 2021 and 2020, respectively.

Effective July 2019, PPHS entered into a ten-year lease agreement for its North campus that includes annual minimum lease payments beginning in fiscal year 2020. Lease payments are equal to 15% of the per-student state revenue, multiplied by the number of students enrolled, with minimum students equal to no less than 100 for year one and 250 thereafter. Rent expense for the fiscal years 2021 and 2020 was \$232,053 and \$96,915, respectively.

Effective June 2020, PPHS entered into a one-year lease agreement for its South Bend campus that includes annual minimum lease payments totaling \$68,000 beginning in fiscal year 2021. Rent expense for the fiscal year 2021 was \$72,960. The lease was extended through July 31, 2022 requiring monthly rent payments of \$5,667.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. OPERATING LEASES, CONTINUED

Future minimum payments for operating leases are as follows for the years ending June 30:

2022	\$	1,117,045
2023		1,007,112
2024		1,001,446
2025		1,001,446
2026		1,008,946
Thereafter		<u>2,369,566</u>
Total	\$	<u><u>7,505,561</u></u>

5. INNOVATION CHARTER SCHOOL NETWORK AGREEMENT

PPHS has an agreement with The Board of School Commissioners of the City of Indianapolis to be an Innovation Network Charter School through June 2022. As part of the agreement, PPHS has authorized its Basic Tuition Support from the State of Indiana to flow through Indianapolis Public Schools (IPS). Beginning July 1, 2018, through the term of the agreement, IPS may deduct \$2,083 monthly from PPHS' Basic Tuition Support for services IPS renders in connection with the agreement.

6. RETIREMENT PLANS

PPHS provides retirement benefits for teaching personnel by participating in the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are determined annually by the INPRS Board. In 2021 and 2020, PPHS contributed 5.5% of compensation for teaching faculty to TRF. Should PPHS elect to withdraw from TRF, PPHS could be subject to a withdrawal fee. PPHS' contributions represent an insignificant percentage of the total contributions received by TRF.

As of June 30, 2020 (the latest year reported). TRF was more than 90% funded. A copy of the complete annual report for the year ended June 30, 2020 can be obtained at:

https://www.in.gov/inprs/files/INPRSConsolidatedAR_FY20_Introductory.pdf

In fiscal years 2021 and 2020, the retirement plan expense under the TRF was \$92,719 and \$80,603, respectively.

PPHS provides a 403(b) defined contribution plan to employees who are 18 years of age or older and who were not eligible for TRF. PPHS provided a discretionary contribution for participating employees of \$185,405 and \$141,000, during fiscal years 2021 and 2020, respectively.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

7. FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a natural classification basis in the statement of activities. Following is a summary of expenses comprising program services, management and general, and fundraising for the years ended June 30:

<u>2021</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 3,585,437	\$ 2,311,330	\$ -	\$ 5,896,767
Professional services	510,663	635,215	-	1,145,878
Food cost	91,629	-	-	91,629
Classroom, kitchen and office supplies	682,355	157,410	-	839,765
Information technology	91,898	-	-	91,898
Occupancy	1,228,209	-	-	1,228,209
Depreciation	583,073	-	-	583,073
Other	472,516	11,307	-	483,823
	<u>\$ 7,245,780</u>	<u>\$ 3,115,262</u>	<u>\$ -</u>	<u>\$ 10,361,042</u>

<u>2020</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 2,623,301	\$ 1,281,510	\$ 15,811	\$ 3,920,622
Professional services	468,790	706,020	-	1,174,810
Food cost	141,790	-	-	141,790
Classroom, kitchen and office supplies	275,753	55,623	-	331,376
Information technology	136,893	-	-	136,893
Occupancy	792,199	-	-	792,199
Depreciation	403,202	-	-	403,202
Other	358,397	10,000	-	368,397
	<u>\$ 5,200,325</u>	<u>\$ 2,053,153</u>	<u>\$ 15,811</u>	<u>\$ 7,269,289</u>

Expenses have been allocated based on time and effort.

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

8. FEDERAL, STATE, AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Financial Report (AFR).

Program Name	Grantor Name	Assistance Listing Number	Revenue	Expense	Funding Type
National School Lunch Program	Indiana Department of Education	10.555	\$ 80,982	\$ 69,349	Federal grant passed through state or local government
Title I, Part A	Indiana Department of Education	84.010	224,509	224,509	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B)	Indiana Department of Education	84.027A	111,009	111,009	Federal grant passed through state or local government
Title IV, Part A	Indiana Department of Education	84.424A	31,691	31,691	Federal grant passed through state or local government
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	23,457	23,457	Federal grant passed through state or local government
Charter Schools Program State Educational Agencies (SEA) Grant	Indiana Department of Education	84.282A	388,406	388,406	Federal grant passed through state or local government
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	Indiana Department of Education	84.425D	161,773	161,773	Federal grant passed through state or local government
Governor's Emergency Education Relief (GEER) Fund	Indiana Department of Education	84.425C	6,798	6,798	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	4,919,865	4,919,865	State or local government
State Special Education Grant	Indiana Department of Education	N/A	539,372	539,372	State or local government

PURDUE POLYTECHNIC HIGH SCHOOL

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

8. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Vocational Education	Indiana Department of Education	N/A	275,000	275,000	State or local government
State Lunch Match	Indiana Department of Education	N/A	1,311	1,311	State or local government
Summer School Reimbursement	Indiana Department of Education	N/A	12,086	12,086	State or local government
High Ability Grant	Indiana Department of Education	N/A	30,486	30,486	State or local government
Textbook Reimbursement	Indiana Department of Education	N/A	34,951	34,951	State or local government
Mediation Testing	Indiana Department of Education	N/A	2,987	2,987	State or local government
Secured Schools Safety Grant	Indiana Department of Education	N/A	15,000	15,000	State or local government
Non-English Speaking Program	Indiana Department of Education	N/A	6,665	6,665	State or local government
Teacher Appreciation Grant	Indiana Department of Education	N/A	26,073	26,073	State or local government
State Connectivity	Indiana Department of Education	N/A	2,311	2,311	State or local government
Charter School Grant	Indiana Department of Education	N/A	522,750	522,750	State or local government
		Total	\$ 7,417,482	\$ 7,405,849	

9. RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared a worldwide pandemic due to the outbreak of a novel strain of coronavirus, called COVID-19. PPHS began its 2020-2021 school year in August 2020 with a blend of in-person and virtual students. The extent of the impact of COVID-19 on PPHS' operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on students, faculty, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact PPHS' financial condition or results of operations is uncertain.



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

We have audited the financial statements of Purdue Polytechnic High School as of and for the year ended June 30, 2021, and our report thereon dated May 20, 2022, which expressed an unmodified opinion on those financial statements, appears on page two. 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 for the year ended June 30, 2021, as required by the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the financial statements. The statements of financial position and activities by school as of and for the years ended June 30, 2021 and 2020, in Exhibits I through IV, are presented for purposes of additional analysis rather than to present financial position and results of operations of the schools, 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 audits of 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 and the statements of financial position and activities by school as of and for the year ended June 30, 2021 are fairly stated, in all material respects, in relation to financial statements as a whole.

Greenwalt CPAs, Inc.

May 20, 2022

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF FINANCIAL POSITION BY SCHOOL
 JUNE 30, 2021

Exhibit I

	<u>ENGLEWOOD</u>	<u>NORTH</u>	<u>SOUTH BEND</u>	<u>NETWORK</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
<u>ASSETS</u>						
CURRENT ASSETS						
Cash	\$ 1,889,712	\$ 550,980	\$ (573,038)	\$ (674,193)	\$ -	\$ 1,193,461
Grants receivable	406,208	142,307	161,659	25,000	-	735,174
Prepaid expenses	51,528	32,038	17,314	108,037	-	208,917
<i>Total current assets</i>	<u>2,347,448</u>	<u>725,325</u>	<u>(394,065)</u>	<u>(541,156)</u>	<u>-</u>	<u>2,137,552</u>
NON-CURRENT GRANT RECEIVABLE	<u>1,092,130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,092,130</u>
PROPERTY AND EQUIPMENT						
Furniture	1,065,128	206,626	133,129	22,149	-	1,427,032
Equipment	555,574	135,072	47,727	13,372	-	751,745
Computer equipment	339,650	75,562	23,206	-	-	438,418
Textbooks	4,593	16,146	-	-	-	20,739
Leasehold improvements	391,400	-	12,900	-	-	404,300
Vehicles	93,121	109,500	-	-	-	202,621
Accumulated depreciation	(1,063,350)	(201,149)	(39,305)	(11,550)	-	(1,315,354)
<i>Total property and equipment, net</i>	<u>1,386,116</u>	<u>341,757</u>	<u>177,657</u>	<u>23,971</u>	<u>-</u>	<u>1,929,501</u>
<i>Total assets</i>	<u>\$ 4,825,694</u>	<u>\$ 1,067,082</u>	<u>\$ (216,408)</u>	<u>\$ (517,185)</u>	<u>\$ -</u>	<u>\$ 5,159,183</u>
<u>LIABILITIES AND NET ASSETS</u>						
CURRENT LIABILITIES						
Accounts payable	\$ 131,294	\$ 11,612	\$ 9,321	\$ 3,073	\$ -	\$ 155,300
Payroll and other accrued expenses	150,840	63,505	45,015	120,726	-	380,086
<i>Total current liabilities</i>	<u>282,134</u>	<u>75,117</u>	<u>54,336</u>	<u>123,799</u>	<u>-</u>	<u>535,386</u>
NET ASSETS (DEFICIT)						
Without donor restrictions	2,984,849	399,202	(283,544)	(786,181)	-	2,314,326
Without donor restrictions - board designated	30,000	20,000	10,000	-	-	60,000
<i>Total net assets (deficit) without donor restrictions</i>	<u>3,014,849</u>	<u>419,202</u>	<u>(273,544)</u>	<u>(786,181)</u>	<u>-</u>	<u>2,374,326</u>
With donor restrictions	1,528,711	572,763	2,800	145,197	-	2,249,471
<i>Total net assets (deficit)</i>	<u>4,543,560</u>	<u>991,965</u>	<u>(270,744)</u>	<u>(640,984)</u>	<u>-</u>	<u>4,623,797</u>
<i>Total liabilities and net assets (deficit)</i>	<u>\$ 4,825,694</u>	<u>\$ 1,067,082</u>	<u>\$ (216,408)</u>	<u>\$ (517,185)</u>	<u>\$ -</u>	<u>\$ 5,159,183</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit II

	ENGLEWOOD	NORTH	SOUTH BEND	NETWORK	ELIMINATIONS	TOTAL
REVENUE AND SUPPORT						
Private funding	\$ 2,966,743	\$ 170,476	\$ 486,460	\$ 138,333	\$ -	\$ 3,762,012
State funding	4,817,435	1,258,043	313,379	-	-	6,388,857
Federal funding	960,247	405,776	175,927	135,790	-	1,677,740
Other Income	38,022	21,007	981	748,910	(737,980)	70,940
<i>Total revenue and support</i>	<u>8,782,447</u>	<u>1,855,302</u>	<u>976,747</u>	<u>1,023,033</u>	<u>(737,980)</u>	<u>11,899,549</u>
EXPENSES						
Salaries and wages	2,370,605	990,659	562,890	872,546	-	4,796,700
Employee benefits	506,696	222,220	142,543	228,609	-	1,100,068
Staff development and recruitment	787	15,174	2,487	11,034	-	29,482
Professional services	975,739	221,506	51,397	635,216	(737,980)	1,145,878
Transportation	65,696	16,771	-	-	-	82,467
Food cost	52,325	10,907	28,397	-	-	91,629
Repairs and maintenance	67,656	34,138	940	2,820	-	105,554
Classroom, kitchen and office supplies	311,835	211,096	269,366	47,468	-	839,765
Information technology	15,671	15,754	935	59,538	-	91,898
Occupancy	865,743	269,810	86,386	6,270	-	1,228,209
Depreciation	425,327	112,108	39,306	6,332	-	583,073
Insurance	-	-	-	43,426	-	43,426
Other	152,787	37,376	12,093	20,637	-	222,893
<i>Total expenses</i>	<u>5,810,867</u>	<u>2,157,519</u>	<u>1,196,740</u>	<u>1,933,896</u>	<u>(737,980)</u>	<u>10,361,042</u>
CHANGE IN NET ASSETS	2,971,580	(302,217)	(219,993)	(910,863)	-	1,538,507
NET ASSET TRANSFERS	(568,365)	17,709	12,797	537,859	-	-
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>2,140,345</u>	<u>1,276,473</u>	<u>(63,548)</u>	<u>(267,980)</u>	<u>-</u>	<u>3,085,290</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 4,543,560</u>	<u>\$ 991,965</u>	<u>\$ (270,744)</u>	<u>\$ (640,984)</u>	<u>\$ -</u>	<u>\$ 4,623,797</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF FINANCIAL POSITION BY SCHOOL
 JUNE 30, 2020

Exhibit III

	<u>ENGLEWOOD</u>	<u>NORTH</u>	<u>SOUTH BEND</u>	<u>NETWORK</u>	<u>TOTAL</u>
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	\$ 1,459,553	\$ 900,900	\$ (66,556)	\$ (224,588)	\$ 2,069,309
Grants receivable	268,630	161,130	5,132	8,265	443,157
Prepaid expenses	69,702	61,423	27,625	107,270	266,020
<i>Total current assets</i>	<u>1,797,885</u>	<u>1,123,453</u>	<u>(33,799)</u>	<u>(109,053)</u>	<u>2,778,486</u>
PROPERTY AND EQUIPMENT					
Furniture	580,428	190,504	-	-	770,932
Equipment	370,294	77,901	-	31,311	479,506
Computer equipment	287,487	75,562	-	-	363,049
Textbooks	4,593	-	-	-	4,593
Leasehold improvements	14,229	-	-	-	14,229
Vehicles	93,121	109,500	-	-	202,621
Assets not placed in service	679,841	-	-	-	679,841
Accumulated depreciation and amortization	(638,022)	(89,041)	-	(5,218)	(732,281)
<i>Total property and equipment, net</i>	<u>1,391,971</u>	<u>364,426</u>	<u>-</u>	<u>26,093</u>	<u>1,782,490</u>
<i>Total assets</i>	<u>\$ 3,189,856</u>	<u>\$ 1,487,879</u>	<u>\$ (33,799)</u>	<u>\$ (82,960)</u>	<u>\$ 4,560,976</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Accounts payable	\$ 42,144	\$ 14,608	\$ -	\$ 27,298	\$ 84,050
Payroll and other accrued expenses	642,574	48,264	29,749	21,932	742,519
Paycheck protection program refundable advance	364,793	148,534	-	135,790	649,117
<i>Total current liabilities</i>	<u>1,049,511</u>	<u>211,406</u>	<u>29,749</u>	<u>185,020</u>	<u>1,475,686</u>
NET ASSETS (DEFICIT)					
Without donor restrictions	2,006,869	638,434	(63,548)	(411,207)	2,170,548
Without donor restrictions - board designated	30,000	10,000	-	-	40,000
<i>Total net assets (deficit) without donor restrictions</i>	<u>2,036,869</u>	<u>648,434</u>	<u>(63,548)</u>	<u>(411,207)</u>	<u>2,210,548</u>
With donor restrictions	103,476	628,039	-	143,227	874,742
<i>Total net assets (deficit)</i>	<u>2,140,345</u>	<u>1,276,473</u>	<u>(63,548)</u>	<u>(267,980)</u>	<u>3,085,290</u>
<i>Total liabilities and net assets (deficit)</i>	<u>\$ 3,189,856</u>	<u>\$ 1,487,879</u>	<u>\$ (33,799)</u>	<u>\$ (82,960)</u>	<u>\$ 4,560,976</u>

PURDUE POLYTECHNIC HIGH SCHOOL
 STATEMENTS OF ACTIVITIES BY SCHOOL
 FOR THE YEAR ENDED JUNE 30, 2020

Exhibit IV

	<u>ENGLEWOOD</u>	<u>NORTH</u>	<u>SOUTH BEND</u>	<u>NETWORK</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
REVENUE AND SUPPORT						
Private funding	\$ 1,380,225	\$ 46,995	\$ 1,000	\$ 482,220	\$ -	\$ 1,910,440
State funding	3,543,318	610,170	-	-	-	4,153,488
Federal funding	337,449	311,478	-	-	-	648,927
Other Income	159,537	33,791	4,132	477,740	(394,475)	280,725
<i>Total revenue and support</i>	<u>5,420,529</u>	<u>1,002,434</u>	<u>5,132</u>	<u>959,960</u>	<u>(394,475)</u>	<u>6,993,580</u>
EXPENSES						
Salaries and wages	1,714,615	662,276	53,230	635,967	-	3,066,088
Employee benefits	491,666	182,119	13,138	167,611	-	854,534
Staff development and recruitment	13,881	14,903	-	10,000	-	38,784
Professional services	801,644	60,621	1,000	706,020	(394,475)	1,174,810
Transportation	52,798	9,998	-	-	-	62,796
Food cost	119,204	22,586	-	-	-	141,790
Repairs and maintenance	57,196	22,005	-	1,766	-	80,967
Classroom, kitchen and office supplies	262,357	68,066	953	-	-	331,376
Information technology	75,244	4,008	-	57,641	-	136,893
Occupancy	652,373	130,442	-	9,384	-	792,199
Depreciation	310,758	87,226	-	5,218	-	403,202
Insurance	-	-	-	38,748	-	38,748
Other	129,006	17,508	359	229	-	147,102
<i>Total expenses</i>	<u>4,680,742</u>	<u>1,281,758</u>	<u>68,680</u>	<u>1,632,584</u>	<u>(394,475)</u>	<u>7,269,289</u>
CHANGE IN NET ASSETS	739,787	(279,324)	(63,548)	(672,624)	-	(275,709)
NET ASSET TRANSFERS	(108,571)	137,947	-	(29,376)	-	-
NET ASSETS, BEGINNING OF YEAR	<u>1,509,129</u>	<u>1,417,850</u>	<u>-</u>	<u>434,020</u>	<u>-</u>	<u>3,360,999</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 2,140,345</u>	<u>\$ 1,276,473</u>	<u>\$ (63,548)</u>	<u>\$ (267,980)</u>	<u>\$ -</u>	<u>\$ 3,085,290</u>



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*

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

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 of America, the financial statements of Purdue Polytechnic High School (PPHS), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated May 20, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the PPHS'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 PPHS's internal control. Accordingly, we do not express an opinion on the effectiveness of PPHS'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of PPHS's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021 – 001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether PPHS'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 non-compliance 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 PPHS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering PPHS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Greenwald CPAs, Inc.

May 20, 2022



REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Purdue Polytechnic High School:

Report on Compliance for Each Major Federal Program

We have audited Purdue Polytechnic High School's (PPHS) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of PPHS's major federal programs for the year ended June 30, 2021. PPHS'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the compliance for each of PPHS'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 of America; 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 PPHS'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 on PPHS's compliance.

Basis for Qualified Opinion on 84.282A Charter Schools Program State Educational Agencies (SEA) Grant

As described in finding 2021-003 in the accompanying schedule of findings and questioned costs, PPHS did not comply with the requirements regarding 84.282A Charter Schools Program State Educational Agencies (SEA) Grant procurement. Compliance with such requirements is necessary, in our opinion, for PPHS to comply with the requirements applicable to that program.

Qualified Opinion on 84.282A Charter Schools Program State Educational Agencies (SEA) Grant

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, PPHS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 84.282A Charter Schools Program State Educational Agencies (SEA) Grant for the year ended June 30, 2021.

Opinion on Each of the Other Major Federal Program

In our opinion, PPHS 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 other major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of PPHS 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 PPHS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine the 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 PPHS's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-003 to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002 to be a significant deficiency.

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.

Greenwald CPAs, Inc.

May 20, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	FY2020-2021 DWTN	\$ 52,973
		FY2020-2021 North	12,042
		FY2020-2021 SBend	4,334
<i>Total National Child Nutrition Cluster, School Lunch Program, and U.S. Department of Agriculture</i>			69,349
U.S. DEPARTMENT OF EDUCATION			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A190014	22,288
		S010A200014	170,605
		S010A190014	4,806
		S010A200014	26,810
<i>Total Title I, Part A</i>			224,509
Special Education Cluster (IDEA)			
Special Education - Grants to States (IDEA, Part B)	84.027A	20611-604-PN01	3,900
		21611-604-PN01	70,057
		20611-627-DY01	11,566
		21611-627-PN01	17,114
		21611-636-DY01	8,372
<i>Total Special Education Cluster (IDEA)</i>			111,009
Student Support and Academic Enrichment			
Title IV Part A	84.424A	S424A190015	538
		S424A200015	11,153
		S424A190015	10,000
		S424A200015	10,000
<i>Total Student Support and Academic Enrichment</i>			31,691
Supporting Effective Instruction State Grants			
	84.367	S367A190013	10,145
		S367A200013	6,581
		S367A190013	2,199
		S367A200013	4,532
<i>Total for Supporting Effective Instruction</i>			23,457
Charter Schools Program State Educational Agencies (SEA) Grant			
	84.282A	A58-0-200T-6163	108,980
		A58-9-190T-5558	127,119
		A58-1-210T-7309	152,307
<i>Total for Charter Schools Program State Educational Agencies (SEA) Grant</i>			388,406

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF EDUCATION, CONTINUED			
Education Stabilization Fund Cluster			
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	S425D200013	124,504
		S425D200013	27,269
		S425D200013	<u>10,000</u>
<i>Total for Elementary and Secondary School Emergency Relief (ESSER I and II) Fund</i>			<u>161,773</u>
<i>Total Indiana Department of Education</i>			<u>1,010,194</u>
Passed through Perry Township Schools			
Education Stabilization Fund Cluster			
Governor's Emergency Education Relief (GEER) Fund	84.425C		3,399
			<u>3,399</u>
<i>Total Governor's Emergency Education Relief (GEER) Fund</i>			<u>6,798</u>
<i>Total Education Stabilization Fund Cluster</i>			<u>168,571</u>
<i>Total U.S. Department of Education</i>			<u>947,643</u>
<i>Total expenditures of federal awards</i>			<u>\$ 1,016,992</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Purdue Polytechnic High School (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, Costs 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, or cash flows of the School.

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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

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

A. SUMMARY OF AUDIT RESULTS

Financial Statements

- | | | |
|---|---|---|
| 1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| Material weakness(es) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> none reported |
| 3. Noncompliance material to financial statements noted? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

Federal Awards

- | | | |
|---|---|--|
| 4. Internal control over major federal programs: | | |
| Material weakness(es) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> none reported |
| 5. Type of auditors' report issued on compliance for major federal programs: | Qualified | |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | <input checked="" type="checkbox"/> yes | <input type="checkbox"/> no |
| 7. Identification of major program: | <u>Assistance Listing Numbers</u> | <u>Name of Federal Program or Cluster</u> |
| | 84.010 | Title I, Part A, Grants to Local Education Agencies |
| | 84.282A | Charter Schools Program State Educational Agencies (SEA) Grant |
| 8. Dollar threshold used to distinguish between type A and type B programs: | \$750,000 | |
| 9. Auditee qualified as low-risk auditee? | <input type="checkbox"/> yes | <input checked="" type="checkbox"/> no |

B. FINDINGS - FINANCIAL STATEMENT AUDIT

Finding 2021-001

Criteria: According to FASB ASC 958-310-25-1, unconditional promises to give should be recognized as revenue in the period promised.

Condition: During the audit, we noted a sizable grant that met the requirements for recognition, however, management had only recorded a portion of the award, not the entire amount that was promised.

Context: An unconditional grant of \$1,850,000, \$1,600,000 of which is to be paid over 10 years, was only partially recognized as revenue.

Cause: Grant agreements were not stored in a centralized location accessible to key members of management and the outsourced accountant.

Effect: An audit adjustment was made to increase grant receivable and revenue by \$1,162,130.

Recommendation: We recommend that grant agreements be stored in a location accessible to key members of management. We also recommend that management consider establishing a checklist or standardized agenda to be covered in regular financial meetings that would include a discussion regarding any new grants.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Finding 2021-002 US DEPARTMENT OF EDUCATION 84.010 Title I, Part A, Grants to Local Education Agencies for the year ended June 30, 2021 passed through the Indiana Department of Education S010A190014, S010A200014

Criteria: An LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty (Title I, Section 1113). Eligibility for Title I in Indiana is determined on the Eligible School Summary of the Title I application. Enrollment and Poverty numbers are automatically pulled from the Indiana Department of Education's (IDOE) Official Pupil Enrollment (PE) count for each school into the Eligible School Summary page of the Title I application. These numbers are used to calculate percent poverty which is then used to rank schools for Title I eligibility. Schools are required to maintain enrollment data for students. The collection of Real Time (RT) data is required under IC 20-19-3-9-4. IDOE is required to obtain and maintain information in such a manner that permits any person with authorization to accurately determine where a student is enrolled and attending classes within two (2) regular instructional days of the date of inquiry. Schools are required to submit RT data at least once per week. This is done through a file upload to the Title I Application Center.

Condition: Poverty level determination by student is based on information provided by parents on the application for free and reduced lunch. Students who qualify for government assistance receive direct certification which is determined using an IDOE database. Direct certification data and free and reduced lunch application data is entered into the School's student database software. The School's student database software is used to generate the data that is uploaded to the Title I Application Center. The School was unable to provide free and reduced lunch applications for some of the non-direct certification students tested (see context below).

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Finding 2021-002, Continued

Cause: The School does not have a monitoring control whereby individual student eligibility and required supporting documentation is periodically reviewed.

Potential effect: The School may have reported inaccurate poverty-level information to IDOE.

Questioned costs: Unknown

Context: A total sample of forty (40) students classified as poverty eligible within the School's system were tested. Twenty-four (24) of the forty (40) students tested were non-direct certification. The School was unable to provide the free and reduced lunch application for three (3) of the twenty-four (24) non-direct certification students.

Recommendation: We recommend that the School implement an electronic document retention solution whereby applications are stored at the time they are processed.

Views of Responsible Officials: See attached Corrective Action Plan.

Finding 2021-003 US DEPARTMENT OF EDUCATION 84.282A Charter Schools Program State Educational Agencies (SEA) Grant for the year ended June 30, 2021 passed through the Indiana Department of Education A-58-0-200T-6163, A-58-9-190T-5558, A-58-1-210T-7309

Criteria: In accordance with CFR 200.318(i) The non-federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: Rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. In addition, in accordance with CFR 200.318(a) the non-federal entity must have and use documented procurement procedures consistent with federal procurement standards.

Condition: Expenditures tested that met the small purchase threshold (purchases with a cost between \$10,000 and \$250,000) did not have documentation detailing the history of procurement.

Cause: While the School has documented procurement policies, the policies do not address retention of procurement records.

Potential effect: The School's procurement policies may not have been followed.

Questioned costs: \$127,312

Context: A total sample of twelve (12) expenditures totaling \$165,480 were tested. Four (4) expenditures totaling \$127,312 in the sample met the small acquisition threshold (\$10,000 to \$250,000).

Recommendation: We recommend that the School revise its procurement policies to include document retention requirements. In addition, we recommend that all School personnel involved in the procurement process be trained on the School's procurement policies. Lastly, we recommend that the School's expenditure approval process include the review of procurement documentation for purchases that exceed the micropurchase threshold.

Views of Responsible Officials: See attached Corrective Action Plan.

PURDUE POLYTECHNIC HIGH SCHOOL

OTHER REPORT

JUNE 30, 2021

The reports presented herein were prepared in addition to another report prepared for Purdue Polytechnic High School as listed below:

Supplemental Audit Report of Purdue Polytechnic High School

Purdue Polytechnic High School
Corrective Action Plan
SY 2020-2021 Audit
May 10, 2022

Greenwalt CPAs, Inc.
5342 West Vermont St.
Indianapolis, IN 46224

The findings from the July 1, 2020 – June 30, 2021 audit and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

2021-001

Criteria: According to FASB ASC 958-310-25-1, unconditional promises to give recognized as revenue in the period promised.

Condition – During the audit, a sizeable grant that met the requirements for recognition was recorded as revenue over the life of the grant. The Criteria above, however, requires that the entire amount of the unconditional grant be recorded when it was received.

Corrective Action Plan – gifts/grants that meet the requirements outlined in FASB ASC 958-310-25-1, will be appropriately recognized as revenue in the period promised by management.

Contact Person(s) Responsible for CAP – Sharnell J. Johnson, Director of Finance.

Anticipated completion date – effective immediately. We will work with Greenwalt with any questions or concerns.

2021-002

Criteria – A LEA must serve eligible schools or attendance areas in rank order according to their percentage of poverty (Title I, Section 1113).

Condition – Poverty level determinate by student is based on information provided by parents on the application for free and reduced lunch. Students who qualify for government assistance receive direct certification which is determined using an IDOE database. The school was unable to provide free and reduced lunch applications for some of the non-direct certification students tested.

Corrective Action Plan – we will implement an electronic free and reduced lunch form beginning on July 1, 2022 for the school to complete for each student who is not a direct certification student. A document retention guide will be added to accounting policies manual and additional training will be provided to the campus Office Managers responsible for retaining this documentation.

Contact Person(s) Responsible for CAP – Tanisha Adams, Registrar.

Anticipated completion date – effective immediately, May 19, 2022. We have created the electronic form and updated our registration process.

2021-003

Criteria - In accordance with CFR 200.318(i) The non-federal entity must maintain records sufficient to detail the history of procurement.

Condition – Expenditures tested that met the small purchase threshold (purchases with a cost between \$10,000 and \$250,000) did not have documentation detailing the history of procurement.

Corrective Action Plan – document retention requirements will be added our procurement policies. Training on those policies will be provided to staff involved with procurement.

Contact Person(s) Responsible for CAP – Sharnell J. Johnson, Director of Finance and Eric Stewart, Director of Technology & Facilities.

Anticipated completion date – May 2022