



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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March 15, 2023

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

We have reviewed the audit report of Global Preparatory Academy, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report*, the financial statements included in the report present fairly the financial condition of Global Preparatory Academy, Inc. as of June 30, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

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

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

Tammy R. White, CPA
Deputy State Examiner

GLOBAL PREPARATORY ACADEMY, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2022 and 2021



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Independent Auditors' Report

The Board of Directors
Global Preparatory Academy, Inc.

Opinion

We have audited the financial statements of Global Preparatory Academy, Inc. which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Global Preparatory Academy, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Global Preparatory Academy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Preparatory Academy, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Global Preparatory Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Preparatory Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 November 30, 2022 on our consideration of Global Preparatory Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Global Preparatory Academy, Inc.'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 Global Preparatory Academy, Inc.'s internal control over financial reporting and compliance.

Emphasis of Matter

As discussed in Note 3 to the financial statements, Global Preparatory Academy, Inc. recorded in-kind contributions and offsetting expenses from Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), a related party, totaling \$3,397,326 and \$2,175,399 during the years ended June 30, 2022 and 2021, respectively. These in-kind transactions represent approximately 27% of total revenue and support and 28% of total expenses for the year ended June 30, 2022 (24% and 25%, respectively, in 2021). These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of Global Preparatory Academy, Inc. as presented. Our opinion is not modified with respect to this matter.

DONOVAN



Indianapolis, Indiana
November 30, 2022

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 3,330,443	\$ 3,344,435
Grants receivable	507,399	173,594
Prepaid expenses	<u>28,557</u>	<u>-</u>
<i>Total current assets</i>	<u>3,866,399</u>	<u>3,518,029</u>
PROPERTY AND EQUIPMENT		
Land	35,000	35,000
Buildings and improvements	254,637	240,000
Furniture and equipment	90,886	70,861
Vehicles	38,650	-
Less: accumulated depreciation	<u>(58,763)</u>	<u>(28,844)</u>
<i>Property and equipment, net</i>	<u>360,410</u>	<u>317,017</u>
TOTAL ASSETS	<u><u>\$ 4,226,809</u></u>	<u><u>\$ 3,835,046</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of note payable	\$ 50,000	\$ 50,000
Accounts payable and accrued expenses	297,893	412,897
Refundable advances	<u>67,308</u>	<u>63,353</u>
<i>Total current liabilities</i>	415,201	526,250
LONG-TERM LIABILITIES		
Note payable, net of current portion	<u>225,000</u>	<u>275,000</u>
<i>Total liabilities</i>	640,201	801,250
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>3,586,608</u>	<u>3,033,796</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 4,226,809</u></u>	<u><u>\$ 3,835,046</u></u>

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

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
Student-based allocation funding from IPS	\$ 5,473,634	\$ 4,736,523
Grants and contributions	3,805,798	2,174,511
In-kind contributions from Indianapolis Public Schools	3,397,326	2,175,399
Interest	2,586	2,579
Other	31,272	10,187
	<u>12,710,616</u>	<u>9,099,199</u>
 <i>Total revenue and support</i>		
EXPENSES		
Program services	10,154,306	7,130,768
Management and general	2,003,498	1,687,931
	<u>12,157,804</u>	<u>8,818,699</u>
 <i>Total expenses</i>		
CHANGE IN NET ASSETS	552,812	280,500
NET ASSETS, BEGINNING OF YEAR	<u>3,033,796</u>	<u>2,753,296</u>
NET ASSETS, END OF YEAR	<u>\$ 3,586,608</u>	<u>\$ 3,033,796</u>

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

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>			<u>2021</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	\$ 2,240,676	\$ -	\$ 2,240,676	\$ 1,263,866	\$ -	\$ 1,263,866
Repairs, maintenance, and utilities	548,116	-	548,116	184,735	-	184,735
Student transportation	520,693	-	520,693	653,649	-	653,649
Security services	-	87,841	87,841	-	73,149	73,149
<i>Total in-kind expenses</i>	<u>3,309,485</u>	<u>87,841</u>	<u>3,397,326</u>	<u>2,102,250</u>	<u>73,149</u>	<u>2,175,399</u>
Direct expenses:						
Salaries and wages	3,716,265	1,006,982	4,723,247	2,673,274	946,309	3,619,583
Employee benefits	801,695	236,602	1,038,297	616,062	201,027	817,089
Professional services	582,341	418,332	1,000,673	568,186	276,143	844,329
Classroom and office supplies	645,095	132,485	777,580	260,373	89,721	350,094
Food costs	455,507	-	455,507	276,243	-	276,243
Staff development	411,412	-	411,412	196,068	-	196,068
Small equipment purchases	90,025	-	90,025	326,817	-	326,817
Information technology	36,317	18,030	54,347	-	5,367	5,367
Insurance	44,495	-	44,495	59,313	-	59,313
Advertising	-	37,784	37,784	-	33,809	33,809
Authorizer fees	-	37,724	37,724	-	34,075	34,075
Depreciation	29,919	-	29,919	14,672	-	14,672
Travel and meetings	-	24,606	24,606	-	9,821	9,821
Student transportation	12,251	-	12,251	698	-	698
Occupancy	12,031	-	12,031	4,443	-	4,443
Interest	3,125	-	3,125	3,625	-	3,625
Other	4,343	3,112	7,455	28,744	18,510	47,254
<i>Total direct expenses</i>	<u>6,844,821</u>	<u>1,915,657</u>	<u>8,760,478</u>	<u>5,028,518</u>	<u>1,614,782</u>	<u>6,643,300</u>
<i>Total functional expenses</i>	<u>\$ 10,154,306</u>	<u>\$ 2,003,498</u>	<u>\$ 12,157,804</u>	<u>\$ 7,130,768</u>	<u>\$ 1,687,931</u>	<u>\$ 8,818,699</u>

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

GLOBAL PREPARATORY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 552,812	\$ 280,500
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,919	14,672
Changes in certain assets and liabilities:		
Grants receivable	(333,805)	(120,383)
Prepaid expenses	(28,557)	-
Accounts payable and accrued expenses	(115,004)	271,463
Refundable advances	3,955	7,406
	109,320	453,658
<i>Net cash provided by operating activities</i>	109,320	453,658
INVESTING ACTIVITIES		
Purchases of property and equipment	(73,312)	(275,000)
FINANCING ACTIVITIES		
Repayments of note payable	(50,000)	(50,000)
NET CHANGE IN CASH	(13,992)	128,658
CASH, BEGINNING OF YEAR	3,344,435	3,215,777
CASH, END OF YEAR	\$ 3,330,443	\$ 3,344,435
SUPPLEMENTAL INFORMATION		
Cash paid for interest	\$ 3,125	\$ 3,625

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

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Global Preparatory Academy, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates as a public charter school under Indiana Code 20-24. The School is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The charter is effective through June 30, 2023 and is renewable thereafter by mutual consent. The School served approximately 635 students in kindergarten through seventh grade during the 2021-2022 school year (approximately 610 students in kindergarten through sixth grade during the 2020-2021 school year).

The School operates under an Innovation Network School Management Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"). The agreement extends through June 30, 2027. Under the agreement, IPS will pay to the School the amount it would receive from the State of Indiana for state basic tuition support and complexity grant funding as if it were a traditional charter school. The agreement can be terminated by either party with 30 days written notice for material breach of the agreement, by IPS at the end of the school year for poor academic performance given written notice to the school 180 days prior, or by both parties by mutual consent effective as of a mutually agreeable date.

Financial Statement Presentation – The School reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions, which include unrestricted resources 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, 2022 and 2021, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, 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, 2022 and 2021.

Grants Receivable – Grants receivable relate primarily to activities funded under federal programs and legislation enacted by the State of Indiana. The School believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Taxes on Income – The School received a determination from the U.S. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2022 and 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined there are no material contingent tax liabilities or questionable tax positions. The tax years ended after June 30, 2018 are open to audit for both federal and state purposes.

Subsequent Events – The School evaluated subsequent events through November 30, 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 - REVENUE RECOGNITION

Revenue Recognition Policy – The majority of revenue comes from IPS as part of the Innovation Network School Management Agreement. Under the agreement with IPS, the School receives an amount per student in equal portion as if the School functioned as a traditional charter school. Funding from IPS is received monthly. Revenue is recognized in the year in which the educational services are rendered.

A significant portion of the School's revenue is the product of cost reimbursement grants. The School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Incurring approved costs under the grants is considered satisfaction of the performance obligations.

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

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 3 - VALUATION OF IN-KIND SERVICES

Effective July 1, 2021, the School adopted ASU No. 2020-07 *Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The amendments in this update are required to be applied retrospectively to each prior reporting period presented. The School has applied the provisions of this ASU to the June 30, 2022 and 2021 financial statements. There was no material impact to the financial statements. The only in-kind contributions received by the School are from IPS and are disaggregated on the statements of activities and change in net assets and there are no restrictions set on these amounts.

The School has recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling \$3,397,326 and \$2,175,399 during the years ended June 30, 2022 and 2021, respectively. These in-kind transactions represent approximately 27% of total revenue and support and 28% of total expenses for the year ended June 30, 2022 (24% and 25%, respectively, in 2021). The values of these in-kind services are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented.

NOTE 4 - NOTE PAYABLE

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

	<u>2022</u>	<u>2021</u>
Note payable to State Board of Education, payable \$25,000 semi-annually (January 1 and July 1) plus interest at 1.00% per annum	\$ 275,000	\$ 325,000
Less: current portion	<u>(50,000)</u>	<u>(50,000)</u>
Long-term portion	\$ <u>225,000</u>	\$ <u>275,000</u>

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

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

2023	\$ 50,000
2024	50,000
2025	50,000
2026	50,000
2027	50,000
Thereafter	<u>25,000</u>
	\$ <u>275,000</u>

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 5 - REFUNDABLE ADVANCES

The School has been awarded grants to provide educational instruction that are deemed to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The School had refundable grant advances in excess of expenditures of \$67,308 and \$63,353 as of June 30, 2022 and 2021, respectively.

NOTE 6 - 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, 2022, the School contributed 6% of defined compensation to each employee's retirement account (5.5% for the year ended June 30, 2021). Retirement plan expense was \$155,440 and \$133,891 for the years ended June 30, 2022 and 2021, respectively.

Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2021 (the latest year reported), TRF was over 100% funded.

NOTE 7 - RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2022 and 2021, all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at The National Bank of Indianapolis and are insured up to the FDIC insurance limit. As of both June 30, 2022 and 2021 and regularly throughout the years then ended, funds held at The National Bank of Indianapolis exceeded FDIC insurance limits.

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2022 and 2021

NOTE 8 - COMMITMENTS

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI assesses a fee equal to 1% of the basic tuition support received by the School. The fee was \$37,724 and \$34,075 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 - LIQUIDITY

The School's financial assets include cash and grants receivable totaling \$3,837,842 and \$3,518,029 as of June 30, 2022 and 2021, respectively, all of which are available to meet cash needs for general expenditures within one year.

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10 - FUNCTIONAL EXPENSE REPORTING

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

SUPPLEMENTARY INFORMATION

GLOBAL PREPARATORY ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>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		\$ 264,397
National School Lunch Program	10.555		490,784
Fresh Fruit and Vegetable Program	10.582		<u>15,917</u>
<i>Total U.S. Department of Agriculture</i>			<u>771,098</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A: Grants to Local Educational Agencies			
	84.010	S010A200014	199,111
	84.010	S010A210014	269,984
Title II, Part A: Supporting Effective Instruction State Grants			
	84.367	S367A200013	9,500
	84.367	S367A210013	22,611
Title III, Part A: English Language Acquisition State Grants			
	84.365A	S365A190014	16,543
	84.365A	S365A210014	22,693
Title IV: Student Support and Academic Enrichment Program			
	84.424A	S424A200015	14,950
	84.424A	S424A210015	5,100
Special Education Cluster			
Special Education - Grants to States	84.027	22611-598-PN01	78,740
	84.027	21611-598-PN01	43,773
	84.027	21619-598-PN01	4,678
Special Education - ARP	84.027X	2261-598-ARP	1,728
Charter Schools Program	84.282A		231,565
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	157,120
	84.425D	S425D210013	805,915
	84.425D	S425U200013	<u>178,264</u>
<i>Total U.S. Department of Education</i>			<u>2,062,275</u>

See independent auditors' report and accompanying notes to this schedule

GLOBAL PREPARATORY ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2022

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>			
Pass-through Indiana Family and Social Services			
Build, Learn, Grow Stabilization Grant	93.575		<u>12,160</u>
<i>Total federal awards expended</i>			\$ <u>2,845,533</u>

See independent auditors' report and accompanying notes to this schedule

GLOBAL PREPARATORY ACADEMY, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of Global Preparatory Academy, Inc. (the “School”) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, change in net assets, functional expenses, or cash flows of the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

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



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

The Board of Directors
Global Preparatory Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Global Preparatory Academy, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2022, 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 November 30, 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.

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 stylized and connected, with a prominent loop at the end of the word.

Indianapolis, Indiana
November 30, 2022



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

The Board of Directors
Global Preparatory Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited Global Preparatory Academy, Inc.'s (the "School") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget Compliance Supplement* that could have a direct and material effect on the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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, 2022.

Report on Internal Control over Compliance

Management of the School is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN



Indianapolis, Indiana
November 30, 2022

GLOBAL PREPARATORY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2022

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>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Education Stabilization Fund
Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.

GLOBAL PREPARATORY ACADEMY, INC.
OTHER REPORT
For the Year Ended June 30, 2022

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

Supplemental Audit Report of Global Preparatory Academy, Inc.

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