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March 15, 2023

Charter School Board  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis  
3980 Meadows Dr.  
Indianapolis, IN 46205

We have reviewed the audit report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis, which was opined upon by Greenwalt CPAs, Inc., 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 Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis 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 finding included in the report on page 30. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on pages 32 and 33.

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

In addition to the report presented herein, a Supplemental Audit Report for Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis, 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.

Handwritten signature of Tammy R. White in cursive.

Tammy R. White, CPA  
Deputy State Examiner

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AVONDALE MEADOWS ACADEMY, INC. D/B/A  
UNITED SCHOOLS OF INDIANAPOLIS

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2022 AND 2021

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GREENWALT<sup>CPAs</sup>

We Deliver Peace of Mind

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AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

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JUNE 30, 2022 AND 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (a network of Indiana public charter schools, USI), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USI as of June 30, 2022 and 2021, and the changes in its net assets and its 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources and Guidelines for Audits for Charter Schools performed by Private Examiners* established by the Indiana State Board of Accounts. 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 USI and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that 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 USI's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## 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, *Government Auditing Standards*, and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources and Guidelines for Audits for Charter Schools performed by Private Examiners*, 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 USI'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 USI'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 audit.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022 on our consideration of USI's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of USI'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 USI's internal control over financial reporting and compliance.

*Greenwald CPAs, Inc.*

December 13, 2022

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 STATEMENTS OF FINANCIAL POSITION  
 JUNE 30, 2022 AND 2021

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>	<u>LIABILITIES AND NET ASSETS</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	\$ 2,797,214	\$ 2,765,453	Accounts payable	\$ 53,820	\$ 63,164
Investments	175,191	183,645	Payroll and other accrued expenses	1,265,404	1,266,688
Accounts receivable			Current portion of long-term debt	<u>365,000</u>	<u>325,000</u>
Grants	821,192	791,361			
Other	120,156	124,111	<i>Total current liabilities</i>	1,684,224	1,654,852
Prepaid expenses and deposits	<u>155,754</u>	<u>143,009</u>			
<i>Total current assets</i>	<u>4,069,507</u>	<u>4,007,579</u>	<b>LONG-TERM LIABILITIES, NET</b>		
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>2,476,655</u>	<u>2,313,934</u>	Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	<u>19,451,041</u>	<u>19,789,883</u>
<b>PROPERTY AND EQUIPMENT</b>			<i>Total liabilities</i>	<u>21,135,265</u>	<u>21,444,735</u>
Land	564,800	564,800	<b>COMMITMENT (NOTE 5)</b>		
Buildings and building improvements	19,152,073	18,876,846	<b>NET ASSETS</b>		
Furniture and equipment	1,473,024	1,419,279	Without donor restrictions	1,843,826	1,196,511
Textbooks	363,844	340,250	Without donor restrictions - board designated	<u>90,000</u>	<u>90,000</u>
Computers and software	461,420	454,665	<i>Total net assets without donor restrictions</i>	1,933,826	1,286,511
Accumulated depreciation	<u>(5,207,287)</u>	<u>(4,745,102)</u>	With donor restrictions	<u>284,945</u>	<u>501,005</u>
<i>Total property and equipment, net</i>	<u>16,807,874</u>	<u>16,910,738</u>	<i>Total net assets</i>	<u>2,218,771</u>	<u>1,787,516</u>
<i>Total assets</i>	<u>\$ 23,354,036</u>	<u>\$ 23,232,251</u>	<i>Total liabilities and net assets</i>	<u>\$ 23,354,036</u>	<u>\$ 23,232,251</u>

See accompanying notes to financial statements.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
State education support	\$ 6,842,271	\$ 1,811,621	\$ 8,653,892	\$ 7,427,080	\$ 1,339,320	\$ 8,766,400
Federal funding	5,454,439	-	5,454,439	3,306,388	-	3,306,388
Student fees	28,526	-	28,526	8,803	-	8,803
Contributions and grants	158,686	-	158,686	1,178,657	-	1,178,657
Investment income	2,843	-	2,843	2,336	-	2,336
In-kind	-	-	-	85,879	-	85,879
Special events, net of expenses of \$35,661 and \$16,860 in 2022 and 2021, respectively	50,689	-	50,689	48,345	-	48,345
Other	16,758	-	16,758	187,497	-	187,497
Net asset released from restriction	2,027,681	(2,027,681)	-	1,158,993	(1,158,993)	-
<i>Total revenue and support</i>	<u>14,581,893</u>	<u>(216,060)</u>	<u>14,365,833</u>	<u>13,403,978</u>	<u>180,327</u>	<u>13,584,305</u>
<b>EXPENSES (NOTE 10)</b>						
Salaries and wages	8,564,632	-	8,564,632	7,715,907	-	7,715,907
Professional services	1,126,271	-	1,126,271	890,907	-	890,907
Food cost	826,581	-	826,581	439,358	-	439,358
Repairs, maintenance, and supplies	975,955	-	975,955	1,160,796	-	1,160,796
Occupancy	408,422	-	408,422	368,615	-	368,615
Depreciation	692,327	-	692,327	745,059	-	745,059
Interest	1,101,627	-	1,101,627	1,117,876	-	1,117,876
Other	238,763	-	238,763	134,306	-	134,306
<i>Total expenses</i>	<u>13,934,578</u>	<u>-</u>	<u>13,934,578</u>	<u>12,572,824</u>	<u>-</u>	<u>12,572,824</u>
<b>CHANGE IN NET ASSETS</b>	647,315	(216,060)	431,255	831,154	180,327	1,011,481
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,286,511</u>	<u>501,005</u>	<u>1,787,516</u>	<u>455,357</u>	<u>320,678</u>	<u>776,035</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,933,826</u>	<u>\$ 284,945</u>	<u>\$ 2,218,771</u>	<u>\$ 1,286,511</u>	<u>\$ 501,005</u>	<u>\$ 1,787,516</u>

See accompanying notes to financial statements.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 431,255	\$ 1,011,481
<b>ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Depreciation	692,327	745,059
Loss on disposal of property and equipment	37,988	17,139
Realized and unrealized (gain) loss on investments	2,113	(2,336)
<i>(Increase) decrease in operating assets</i>		
Grants receivable	(29,831)	(417,104)
Other receivables	3,955	(97,508)
Prepaid expenses and deposits	(12,745)	12,738
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	(9,344)	45,232
Payroll and other accrued expenses	(55,987)	224,785
Refundable advance of PPP funds	-	(1,125,000)
<i>Net cash and cash equivalents provided by operating activities</i>	<u>1,059,731</u>	<u>414,486</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of investments	(183,176)	(15,250)
Proceeds from sale of investments	189,517	33,995
Purchases of property and equipment	(572,748)	(139,077)
<i>Net cash and cash equivalents used in investing activities</i>	<u>(566,407)</u>	<u>(120,332)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal repayment of long-term debt	(298,842)	(258,841)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	194,482	35,313
<b>CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, BEGINNING OF YEAR</b>	<u>5,079,387</u>	<u>5,044,074</u>
<b>CASH AND CASH EQUIVALENTS AND CASH RESTRICTED FOR BOND REDEMPTION, END OF YEAR</b>	5,273,869	5,079,387
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>(2,476,655)</u>	<u>(2,313,934)</u>
<b>TOTAL CASH AND CASH EQUIVALENTS IN CURRENT ASSETS</b>	<u>\$ 2,797,214</u>	<u>\$ 2,765,453</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest expense	<u>\$ 1,101,627</u>	<u>\$ 1,117,876</u>
<b>NON-CASH OPERATING ACTIVITIES</b>		
In-kind contributions	<u>\$ -</u>	<u>\$ 85,879</u>
<b>NON-CASH INVESTING ACTIVITIES</b>		
Property and equipment purchases included in other accrued expenses	<u>\$ 54,703</u>	<u>\$ -</u>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### GENERAL

Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. USI (formerly named Challenge Foundation Academy, Inc.) is the organizer of three charter schools located in Indianapolis, Indiana. Each of the schools is a public charter school established under Indiana Code 20-24 and sponsored by the City of Indianapolis Mayor's Office of Education Innovation (OEI). USI's main sources of revenue and support are from state and federal education funding.

Avondale Meadows Academy (Avondale), which opened in 2006, is a K-5 tuition-free quality public charter school founded on the Core Knowledge curriculum. The core focus is to provide an outstanding education for children equipping them with the knowledge, wisdom, core values, and behaviors to be successful in life. The mission of Avondale is to provide a rigorous and relevant college-preparatory program, grounded in the belief in the ability of every child to succeed at high levels.

Vision Academy at Riverside (Vision), which opened in 2014, is K-8. Vision provides every scholar in its school a college-preparatory education. Vision couples a literacy-based, content-rich academic program with a unique Vision curriculum, focused on goal setting and individual passions. Vision also offers every scholar ample after-school and extra-curricular opportunity as well as a rich array of family involvement opportunities, designed to ensure every scholar has the skills and support to succeed in college and in life.

Avondale Meadows Middle School (AMMS), which opened in July 2017, is a free, public, neighborhood charter school serving grades 6 - 8. AMMS offers a strong Core Knowledge curriculum which complements Indiana's Academic Standards and Common Core Standards. This curriculum is integrated with and supported by enVision Mathematics and Reader's and Writer's Workshop, which is intended to prepare students for college.

There are certain transactions that occur during the normal course of business between Avondale, Vision, and AMMS. These transactions have been eliminated for reporting purposes.

#### BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements have been prepared on an accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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

For purposes of the statement of cash flows, USI considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were cash equivalents of \$3,477,971 and \$3,314,512 at June 30, 2022 and 2021, respectively.

At June 30, 2022 and 2021, USI maintained cash in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) of \$250,000 by approximately \$2.7 million and \$2.6 million, respectively.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Investment income and gains and losses on investments are reported in the statements of activities as increases or decreases in net assets without donor restrictions.

Accounting Standards for Fair Value Measurement define fair value as the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Those standards also establish a three-level fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, giving highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability.

Fair values measured on a recurring basis at June 30 are as follows:

	<u>2022</u> <u>Totals</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Other Observable Inputs <u>(Level 3)</u>
<u>INVESTMENTS</u>				
Corporate and government bonds	\$ 175,191	\$ 175,191	\$ -	\$ -

	<u>2021</u> <u>Totals</u>	Quoted Prices in Active Markets for Identical Assets <u>(Level 1)</u>	Significant Other Observable Inputs <u>(Level 2)</u>	Significant Other Observable Inputs <u>(Level 3)</u>
<u>INVESTMENTS</u>				
Corporate and government bonds	\$ 183,645	\$ 183,645	\$ -	\$ -

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### INVESTMENTS AND FAIR VALUE MEASUREMENTS, CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. The methods for determining fair value have not changed in fiscal year 2022.

- Government and corporate bonds: Valued based on quoted market prices.

The cost of investments at June 30, 2022 and 2021 was \$175,591 and \$181,567, respectively.

#### GRANTS AND ACCOUNTS RECEIVABLE

Grants receivable relate to activities funded under private grants and federal and state programs. Management believes that USI is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. All grants and accounts receivable are due within one year.

#### PROPERTY AND EQUIPMENT

Purchases of property and equipment greater than \$1,000 that materially increase value or extend useful lives are capitalized and are recorded at cost. Computer purchases exceeding \$300 are recorded at cost and capitalized. Donated property and equipment is recorded at estimated fair market value on the date of contribution. Routine maintenance and repairs and minor replacement costs are charged to expense as incurred.

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

Buildings and improvements	40 years
Furniture, equipment, and vehicles	5 years
Textbooks	4 years
Computers and software	3 years

#### NET ASSETS

USI maintains the following classes of net assets:

- Net assets without donor restrictions – represent net assets that the Board of Directors has discretionary control to use in carrying on the operations of USI in accordance with its articles of incorporation and by-laws. See Note 6.
- Net assets with donor restrictions – represent net assets restricted by the donor, grantor, or other outside party for a specific purpose, time period, or in perpetuity.

#### REVENUE RECOGNITION

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, USI 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.

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

#### REVENUE RECOGNITION, CONTINUED

A portion of USI's revenue is the product of cost reimbursement grants. Accordingly, USI recognizes revenue under these grants as costs are incurred.

#### CONTRIBUTIONS AND GRANTS

Unconditional contributions and grants are measured at their fair values and are reported as an increase in net assets in the period they are promised. USI reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### ADVERTISING

Advertising expenses totaled \$85,210 and \$107,778 for fiscal years 2022 and 2021, respectively. USI's policy is to record advertising expenditures in the period in which they are incurred.

#### TAX STATUS

USI is exempt from income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code, however, USI would be subject to tax on income unrelated to its tax-exempt purpose. USI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

#### NEW ACCOUNTING PRONOUNCEMENT

In fiscal year 2022, USI adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. Adoption of this standard did not have significant impact on the financial statements, with the exception of increased disclosures.

#### SUBSEQUENT EVENTS

USI evaluated subsequent events through December 13, 2022, which is the date these financial statements were available to be issued.

### 2. AVAILABLE RESOURCES AND LIQUIDITY

USI regularly monitors liquidity required to meet its operations and other commitments. USI has various sources of liquid assets at its disposal. Per OEI guidelines, USI is required to have 45 days cash on hand.

For purposes of analyzing resources available to meet general expenditures over 12-month period, USI considers all expenditures related to ongoing activities as well as the supporting operations to be general expenditures.

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

2. AVAILABLE RESOURCES AND LIQUIDITY, CONTINUED

Financial assets available for general expenditure, within one year, consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end		
Cash and cash equivalents without restriction	\$ 2,797,214	\$ 2,765,453
Investments	175,191	183,645
Grants receivable	821,192	791,361
Accounts receivable	120,156	124,111
Total financial assets available for use within one year	<u>3,913,753</u>	<u>3,864,570</u>
Board designated net assets	(90,000)	(90,000)
Net assets with donor restrictions	<u>(284,945)</u>	<u>(501,005)</u>
Total financial assets not available for use within one year	<u>(374,945)</u>	<u>(591,005)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 3,538,808</u>	<u>\$ 3,273,565</u>

3. IN-KIND CONTRIBUTIONS

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 USI.

Contributions of tangible assets are recognized at fair value when received. In-kind contributions have been reported separately in the statements of activities. They have been treated as non-cash activities for the purposes of the statements of cash flows.

Volunteers provide program services throughout the year that do not meet the recognition criteria for contributed services. These services include volunteering at events, picking up donations, and various clerical tasks. The value of these services has not been reflected in the statements of activities.

There were no in-kind contributions for the fiscal year ended June 30, 2022. Total in-kind contributions received for the fiscal year ended June 30, 2021 were \$85,879. All goods received were utilized for program services. Contributed goods in-kind were hot spots and other COVID-19 related supplies.

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 4. LONG-TERM DEBT

Long-term debt consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
2017 Series Bonds	\$ 20,470,000	\$ 20,795,000
Less: current portion	(365,000)	(325,000)
Less: unamortized discount on 2017 series bonds	(413,927)	(430,484)
Less: deferred loan costs	<u>(240,032)</u>	<u>(249,633)</u>
Long-term, net	<u>\$ 19,451,041</u>	<u>\$ 19,789,883</u>

In June 2018, USI obtained financing for the purpose of refinancing the previously existing Series 2013 bonds, paying off a development lease arrangement, and constructing a new building for AMMS through the sale of Educational Facilities Multipurpose Revenue Bonds, Series 2017, issued by the Indiana Finance Authority. The Series 2017 bonds are payable in a series of escalating payments of principal and interest beginning in July 2019 and January 2018, respectively, with the final payment due in July 2047. The bonds have an interest rate beginning at 5.0% and rising to 5.375% by July 2038. The bonds are secured by land, buildings, and other business assets.

The Series 2017 bonds require the establishment of a debt reserve fund of \$1,442,968 that will assist with final payment of the bonds. A bond escrow account with a balance of \$905,782 and \$870,966 at June 30, 2022 and 2021, respectively, was also established in conjunction with the Series 2017 bond agreement to secure against defeasance on the bonds. Pursuant to the bond agreement in fiscal year 2022, USI created a repairs and replacement reserve to assist with future building improvements, additions, and repairs. The balance was \$127,905 at June 30, 2022. These accounts are reported as cash restricted for bond redemption in the statements of financial position.

The loan agreements contain certain covenants that limit USI's ability to incur indebtedness or guarantees, purchase or dispose of assets, or change the nature of the business. The agreement also contains financial maintenance covenants establishing a minimum debt service coverage ratio and days cash on hand requirement.

Costs associated with securing financing, have been deferred and are being amortized over the term of the bonds using the straight-line method.

Future maturities of long-term debt at June 30 are as follows:

2023	\$ 365,000
2024	385,000
2025	400,000
2026	425,000
2027	445,000
Thereafter	<u>18,450,000</u>
	<u>\$ 20,470,000</u>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 5. REFUNDABLE ADVANCE OF PPP FUNDS

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 could be used for costs related to payroll, employee health care, rent, and utilities. In April 2020, USI obtained \$1,125,000 from a financial institution under the PPP. The interest rate was 1%, the loan term was two years which began after the lender made a determination on forgiveness or 10 months after the 24-week expenditure period and would be paid at the end of the two-year term; however, to the extent the funds were used for qualifying expenses under the program, USI could apply for loan forgiveness. USI met the conditions of forgiveness in fiscal year 2021, and as such, the loan was recognized as grant income.

### 6. OPERATING LEASES

USI leases equipment under operating leases with various expiration dates through May 2026. Total expense under operating leases for fiscal years 2022 and 2021 was \$62,514 and \$60,986, respectively.

Future minimum rental payments required under operating leases are as follows:

2023	\$	93,335
2024		49,808
2025		49,808
2026		45,657
		<u>45,657</u>
	\$	<u>238,608</u>

### 7. BOARD DESIGNATED NET ASSETS

The Charters for Avondale, Vision, and AMMS require that each establish an account held in escrow of \$30,000 no later than December of the third year of operations. The escrow is designated for any potential dissolution costs of the schools. Board designated net assets were as follows at June 30:

	<u>2022</u>	<u>2021</u>
Avondale	\$ 30,000	\$ 30,000
Vision	30,000	30,000
AMMS	30,000	30,000
	<u>\$ 90,000</u>	<u>\$ 90,000</u>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent resources received from grantors and donors that were not expended for restricted purposes. Net assets with donor restrictions as of June 30 were available for the following purposes:

	<u>2022</u>	<u>2021</u>
School lunch program	\$ 27,753	\$ 237,239
Textbook program	105,830	84,817
Teacher awards and bonuses	135,091	149,273
Teacher continuing education	-	21,359
Other programs	16,271	8,317
	<u>\$ 284,945</u>	<u>\$ 501,005</u>

Net assets were released from donor restrictions by satisfying the restricted purposes. The following purpose restrictions were accomplished during the years ended June 30:

	<u>2022</u>	<u>2021</u>
School lunch program	\$ 977,623	\$ 139,509
Textbook program	51,057	69,965
Teacher awards and bonuses	14,181	17,159
Teacher continuing education	21,359	123,993
Facility costs	893,000	735,750
Other programs	70,461	72,617
	<u>\$ 2,027,681</u>	<u>\$ 1,158,993</u>

### 9. RETIREMENT PLANS

USI provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by 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. USI contributed 5.5% of compensation for teaching faculty to TRF related to fiscal year 2022 and 2021. Should USI elect to withdraw from TRF, USI could be subject to a withdrawal fee. USI's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2021 (the latest year reported), TRF was 89% funded. A copy of the complete annual report for the year ended June 30, 2021 can be obtained at:

<https://www.in.gov/inprs/files/INPRSAnnualReport2021-IntroductorySection.pdf>

# AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### 9. RETIREMENT PLANS, CONTINUED

USI also offers a 403(b) defined contribution retirement plan. Non-teaching personnel and teachers who opt to not participate in TRF are eligible for benefits under the 403(b) plan. Under the 403(b) plan, USI contributes 7.5% of employee's compensation.

For fiscal years 2022 and 2021, retirement plan expense under both plans was \$331,661 and \$290,674, respectively.

### 10. RISKS AND UNCERTAINTIES

USI provides education services to families residing in Marion County 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 could significantly affect USI. Additionally, USI is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on USI.

Financial instruments that potentially subject USI to concentrations of credit risk consist principally of revenues from the State of Indiana. For 2022 and 2021, the basic state tuition support was 60.2% and 53.1% of total revenue, respectively. At June 30, 2022 and 2021, substantially all of the grants receivable balance was due from the State of Indiana.

### 11. 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>2022</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 5,087,680	\$ 3,350,906	\$ 126,046	\$ 8,564,632
Professional services	376,902	749,369	-	1,126,271
Food cost	826,581	-	-	826,581
Repairs, maintenance, and supplies	763,029	212,926	-	975,955
Occupancy	408,422	-	-	408,422
Depreciation	692,327	-	-	692,327
Interest	1,101,627	-	-	1,101,627
Other	238,763	-	-	238,763
	<u>\$ 9,495,331</u>	<u>\$ 4,313,201</u>	<u>\$ 126,046</u>	<u>\$ 13,934,578</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

11. FUNCTIONAL EXPENSE REPORTING, CONTINUED

<u>2021</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 4,890,740	\$ 2,704,753	\$ 120,414	\$ 7,715,907
Professional services	254,085	636,822	-	890,907
Food cost	439,358	-	-	439,358
Repairs, maintenance, and supplies	963,735	197,061	-	1,160,796
Occupancy	368,615	-	-	368,615
Depreciation	745,059	-	-	745,059
Interest	1,117,876	-	-	1,117,876
Other	131,293	-	3,013	134,306
	<u>\$ 8,910,761</u>	<u>\$ 3,538,636</u>	<u>\$ 123,427</u>	<u>\$ 12,572,824</u>

12. 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	\$ 921,744	\$ 1,015,612	Federal grant passed through state or local government
Title I, Part A, Grants to Local Educational Agencies	Indiana Department of Education	84.010	1,015,223	1,015,223	Federal grant passed through state or local government
Special Education Cluster (IDEA, Part B)	Indiana Department of Education	84.027	274,622	274,622	Federal grant passed through state or local government
Special Education Cluster - Special Education	Indiana Department of Education	84.173	13,528	13,528	Federal grant passed through state or local government
Charter Schools	Indiana Department of Education	84.282A	115,625	122,728	Federal grant passed through state or local government

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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

Supporting Effective Instruction State Grants	Indiana Department of Education	84.367A	78,937	78,937	Federal grant passed through state or local government
Student Support and Academic Enrichment Program	Indiana Department of Education	84.424A	69,790	69,790	Federal grant passed through state or local government
The American Rescue Plan Elementary and Secondary School Emergency	Indiana Department of Education	84.425U	471,337	471,337	Federal grant passed through state or local government
The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA)	Indiana Department of Education	84.425D	2,494,932	2,494,932	Federal grant passed through state or local government
The Coronavirus Aid, Relief, and Economic security Act (Education Stabilization)	Indiana Department of Education	84.425D	4,955	4,955	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	7,024,908	7,024,908	State or local government
State Special Education Grant	Indiana Department of Education	N/A	415,826	415,826	State or local government
Charter School Grant	Indiana Department of Education	N/A	893,000	893,000	State or local government
Medicaid Reimbursement	Indiana Department of Education	N/A	27,653	27,653	State or local government
Textbook Reimbursement	Indiana Department of Education	N/A	72,070	72,070	State or local government
Mediation Testing	Indiana Department of Education	N/A	14,680	14,680	State or Local Government

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2022 AND 2021

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

Non-English-Speaking Program	Indiana Department of Education	N/A	15,410	15,410	State or local government
Teacher Appreciation Grants	Indiana Department of Education	N/A	33,324	33,324	State or local government
Secured School Safety Program	Indiana Department of Homeland Security	N/A	86,806	86,806	State or local government
IPS State Referendum	Indianapolis Public School System	N/A	64,000	64,000	State or local government
		Total	\$ 14,108,370	\$ 14,209,341	



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

We have audited the financial statements of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI) as of and for the years ended June 30, 2022 and 2021, and our report thereon dated December 13, 2022, which expressed an unmodified opinion on those financial statements, appears on page one. 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, as required by 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 the purpose of additional analysis and is not a required part of the financial statements. Exhibits I and II are presented for purposes of additional analysis, rather than to present financial position and results of operations by school and are not a required part of the financial statements. The schedule of expenditures of federal awards and Exhibits I and II are the responsibility of management and were derived from and relate 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 for the year ended June 30, 2022, and the statements of financial position and activities by school as of and for the years ended June 30, 2022 and 2021, are fairly stated, in all material respects, in relation to the financial statements as a whole.

*Greenwalt CPAs, Inc.*

December 13, 2022

**ASSETS**

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 992,983	\$ 1,269,665	\$ 382,558	\$ 152,008	\$ -	\$ 2,797,214
Investments	-	-	-	175,191	-	175,191
Accounts receivable						
Grants	249,486	419,777	151,929	-	-	821,192
Other	77,276	-	-	42,880	-	120,156
Prepaid expenses and deposits	56,541	52,455	18,529	28,229	-	155,754
<i>Total current assets</i>	<u>1,376,286</u>	<u>1,741,897</u>	<u>553,016</u>	<u>398,308</u>	<u>-</u>	<u>4,069,507</u>
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>1,819,464</u>	<u>444,145</u>	<u>213,046</u>	<u>-</u>	<u>-</u>	<u>2,476,655</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	5,058,558	8,767,189	5,326,326	-	-	19,152,073
Furniture and equipment	600,847	575,824	294,076	2,277	-	1,473,024
Textbooks	206,548	121,631	35,665	-	-	363,844
Computers and software	161,533	92,419	201,676	5,792	-	461,420
Accumulated depreciation	(1,846,663)	(2,404,282)	(949,811)	(6,531)	-	(5,207,287)
<i>Total property and equipment, net</i>	<u>4,745,623</u>	<u>7,152,781</u>	<u>4,907,932</u>	<u>1,538</u>	<u>-</u>	<u>16,807,874</u>
<i>Total assets</i>	<u>\$ 7,941,373</u>	<u>\$ 9,338,823</u>	<u>\$ 5,673,994</u>	<u>\$ 399,846</u>	<u>\$ -</u>	<u>\$ 23,354,036</u>
<b>LIABILITIES AND NET ASSETS (ACCUMULATED DEFICIT)</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 27,166	\$ 13,610	\$ 10,425	\$ 2,619	\$ -	\$ 53,820
Payroll and other accrued expenses	429,190	535,082	239,848	61,284	-	1,265,404
Current portion of long-term debt	99,280	179,580	86,140	-	-	365,000
<i>Total current liabilities</i>	<u>555,636</u>	<u>728,272</u>	<u>336,413</u>	<u>63,903</u>	<u>-</u>	<u>1,684,224</u>
<b>LONG-TERM LIABILITIES, NET</b>						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	<u>5,291,888</u>	<u>9,568,542</u>	<u>4,590,611</u>	<u>-</u>	<u>-</u>	<u>19,451,041</u>
<i>Total liabilities</i>	<u>5,847,524</u>	<u>10,296,814</u>	<u>4,927,024</u>	<u>63,903</u>	<u>-</u>	<u>21,135,265</u>
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>						
Without donor restrictions	2,033,679	(1,062,721)	672,016	200,852	-	1,843,826
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	90,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	<u>2,063,679</u>	<u>(1,032,721)</u>	<u>702,016</u>	<u>200,852</u>	<u>-</u>	<u>1,933,826</u>
With donor restrictions	<u>30,170</u>	<u>74,730</u>	<u>44,954</u>	<u>135,091</u>	<u>-</u>	<u>284,945</u>
<i>Total net assets (accumulated deficit)</i>	<u>2,093,849</u>	<u>(957,991)</u>	<u>746,970</u>	<u>335,943</u>	<u>-</u>	<u>2,218,771</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 7,941,373</u>	<u>\$ 9,338,823</u>	<u>\$ 5,673,994</u>	<u>\$ 399,846</u>	<u>\$ -</u>	<u>\$ 23,354,036</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 SCHEDULE OF ACTIVITIES BY SCHOOL  
 FOR THE YEAR ENDED JUNE 30, 2022

Exhibit I  
 Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
State education support	\$ 3,199,643	\$ 3,894,844	\$ 1,559,405	\$ -	\$ -	\$ 8,653,892
Federal funding	2,272,171	2,417,361	764,907	-	-	5,454,439
Student fees	10,916	5,998	11,612	-	-	28,526
Contributions and grants	550	22,500	-	135,636	-	158,686
Investment income	693	-	-	2,150	-	2,843
Special events, net of expense of \$35,661	-	-	-	50,689	-	50,689
Other	5,848	2,006	1,902	987,128	(980,126)	16,758
<i>Total revenue and support</i>	<u>5,489,821</u>	<u>6,342,709</u>	<u>2,337,826</u>	<u>1,175,603</u>	<u>(980,126)</u>	<u>14,365,833</u>
<b>EXPENSES</b>						
Salaries and wages	3,000,843	3,634,957	1,177,079	751,753	-	8,564,632
Professional services	754,169	760,106	373,146	218,976	(980,126)	1,126,271
Food cost	326,474	380,527	119,580	-	-	826,581
Repairs, maintenance, and supplies	375,566	372,357	157,500	70,532	-	975,955
Occupancy	170,412	125,086	112,924	-	-	408,422
Depreciation	202,641	265,835	221,918	1,933	-	692,327
Interest	299,594	542,056	259,977	-	-	1,101,627
Other	81,521	62,277	30,274	64,691	-	238,763
<i>Total expenses</i>	<u>5,211,220</u>	<u>6,143,201</u>	<u>2,452,398</u>	<u>1,107,885</u>	<u>(980,126)</u>	<u>13,934,578</u>
<b>CHANGE IN NET ASSETS</b>	278,601	199,508	(114,572)	67,718	-	431,255
<b>TRANSFER OF NET ASSETS</b>	7,064	(41,644)	(1,239)	35,819	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	<u>1,808,184</u>	<u>(1,115,855)</u>	<u>862,781</u>	<u>232,406</u>	<u>-</u>	<u>1,787,516</u>
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 2,093,849</u>	<u>\$ (957,991)</u>	<u>\$ 746,970</u>	<u>\$ 335,943</u>	<u>\$ -</u>	<u>\$ 2,218,771</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 SCHEDULE OF FINANCIAL POSITION BY SCHOOL  
 JUNE 30, 2021

Exhibit II  
 Page 1 of 2

**ASSETS**

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>CURRENT ASSETS</b>						
Cash and cash equivalents	\$ 1,160,550	\$ 1,118,862	\$ 447,417	\$ 38,624	\$ -	\$ 2,765,453
Investments	-	-	-	183,645	-	183,645
Accounts receivable						
Grants	243,434	473,610	74,317	-	-	791,361
Other	59,070	30,720	12,240	22,081	-	124,111
Prepaid expenses and deposits	18,326	22,253	16,669	85,761	-	143,009
<i>Total current assets</i>	<u>1,481,380</u>	<u>1,645,445</u>	<u>550,643</u>	<u>330,111</u>	<u>-</u>	<u>4,007,579</u>
<b>CASH RESTRICTED FOR BOND REDEMPTION</b>	<u>1,679,948</u>	<u>428,463</u>	<u>205,523</u>	<u>-</u>	<u>-</u>	<u>2,313,934</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	564,800	-	-	-	-	564,800
Buildings and building improvements	4,856,934	8,695,685	5,324,227	-	-	18,876,846
Furniture and equipment	596,170	549,717	271,115	2,277	-	1,419,279
Textbooks	193,941	112,385	33,924	-	-	340,250
Computers and software	158,638	88,559	201,676	5,792	-	454,665
Accumulated depreciation	(1,831,710)	(2,180,900)	(727,894)	(4,598)	-	(4,745,102)
<i>Total property and equipment, net</i>	<u>4,538,773</u>	<u>7,265,446</u>	<u>5,103,048</u>	<u>3,471</u>	<u>-</u>	<u>16,910,738</u>
<i>Total assets</i>	<u>\$ 7,700,101</u>	<u>\$ 9,339,354</u>	<u>\$ 5,859,214</u>	<u>\$ 333,582</u>	<u>\$ -</u>	<u>\$ 23,232,251</u>
<b>LIABILITIES AND NET ASSETS (ACCUMULATED DEFICIT)</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 11,337	\$ 28,750	\$ 9,253	\$ 13,824	\$ -	\$ 63,164
Payroll and other accrued expenses	408,079	531,362	239,895	87,352	-	1,266,688
Current portion of long-term debt	88,400	159,900	76,700	-	-	325,000
<i>Total current liabilities</i>	<u>507,816</u>	<u>720,012</u>	<u>325,848</u>	<u>101,176</u>	<u>-</u>	<u>1,654,852</u>
<b>LONG-TERM LIABILITIES, NET</b>						
Long-term debt, net of current portion, unamortized bond discount, and deferred bond issuance costs	<u>5,384,101</u>	<u>9,735,197</u>	<u>4,670,585</u>	<u>-</u>	<u>-</u>	<u>19,789,883</u>
<i>Total liabilities</i>	<u>5,891,917</u>	<u>10,455,209</u>	<u>4,996,433</u>	<u>101,176</u>	<u>-</u>	<u>21,444,735</u>
<b>NET ASSETS (ACCUMULATED DEFICIT)</b>						
Without donor restrictions	1,600,062	(1,250,406)	763,721	83,134	-	1,196,511
Without donor restrictions - board designated	30,000	30,000	30,000	-	-	90,000
<i>Total net assets without donor restrictions (accumulated deficit)</i>	<u>1,630,062</u>	<u>(1,220,406)</u>	<u>793,721</u>	<u>83,134</u>	<u>-</u>	<u>1,286,511</u>
With donor restrictions	<u>178,122</u>	<u>104,551</u>	<u>69,060</u>	<u>149,272</u>	<u>-</u>	<u>501,005</u>
<i>Total net assets (accumulated deficit)</i>	<u>1,808,184</u>	<u>(1,115,855)</u>	<u>862,781</u>	<u>232,406</u>	<u>-</u>	<u>1,787,516</u>
<i>Total liabilities and net assets (accumulated deficit)</i>	<u>\$ 7,700,101</u>	<u>\$ 9,339,354</u>	<u>\$ 5,859,214</u>	<u>\$ 333,582</u>	<u>\$ -</u>	<u>\$ 23,232,251</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 SCHEDULE OF ACTIVITIES BY SCHOOL  
 FOR THE YEAR ENDED JUNE 30, 2021

Exhibit II  
 Page 2 of 2

	AVONDALE	VISION	AMMS	USI	ELIMINATIONS	TOTAL
<b>REVENUE AND SUPPORT</b>						
State education support	\$ 3,411,345	\$ 3,869,251	\$ 1,485,804	\$ -	\$ -	\$ 8,766,400
Federal funding	1,261,564	1,511,971	532,719	134	-	3,306,388
Student fees	2,129	1,525	5,149	-	-	8,803
Contributions and grants	497,745	337,055	221,609	122,248	-	1,178,657
Investment income	114	-	-	2,222	-	2,336
In-kind	29,520	30,480	12,240	13,639	-	85,879
Special events, net of expense of \$9,023	-	-	-	48,345	-	48,345
Other	20,660	16,109	8,935	1,003,248	(861,455)	187,497
<i>Total revenue and support</i>	<u>5,223,077</u>	<u>5,766,391</u>	<u>2,266,456</u>	<u>1,189,836</u>	<u>(861,455)</u>	<u>13,584,305</u>
<b>EXPENSES</b>						
Salaries and wages	2,746,239	2,997,890	1,096,808	874,970	-	7,715,907
Professional services	642,527	641,890	286,359	181,586	(861,455)	890,907
Food cost	196,705	186,668	55,985	-	-	439,358
Repairs, maintenance, and supplies	335,849	462,051	226,775	136,121	-	1,160,796
Occupancy	158,837	112,848	96,930	-	-	368,615
Depreciation	231,000	278,207	233,983	1,869	-	745,059
Interest	304,014	550,050	263,812	-	-	1,117,876
Other	32,709	24,814	18,080	58,703	-	134,306
<i>Total expenses</i>	<u>4,647,880</u>	<u>5,254,418</u>	<u>2,278,732</u>	<u>1,253,249</u>	<u>(861,455)</u>	<u>12,572,824</u>
<b>CHANGE IN NET ASSETS</b>	575,197	511,973	(12,276)	(63,413)	-	1,011,481
<b>TRANSFER OF NET ASSETS</b>	(146,260)	(266,011)	2,820	409,451	-	-
<b>NET ASSETS (ACCUMULATED DEFICIT), BEGINNING OF YEAR</b>	<u>1,379,247</u>	<u>(1,361,817)</u>	<u>872,237</u>	<u>(113,632)</u>	<u>-</u>	<u>776,035</u>
<b>NET ASSETS (ACCUMULATED DEFICIT), END OF YEAR</b>	<u>\$ 1,808,184</u>	<u>\$ (1,115,855)</u>	<u>\$ 862,781</u>	<u>\$ 232,406</u>	<u>\$ -</u>	<u>\$ 1,787,516</u>

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
Passed through the Indiana Department of Education			
<u>Child Nutrition Cluster</u>			
National School Lunch Program	10.555	2020-2021-9645	\$ 415,806
		2020-2021-9040	126,671
		2020-2021-9935	402,380
		2020-2021-9935, 2020-2021-9645, 2020-2021-9040	<u>70,755</u>
COVID 19 National School Lunch Program			<u>70,755</u>
<i>Total Child Nutrition Cluster, Indiana Department of Education, and U.S. Department of Agriculture</i>			<u>1,015,612</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A200014-9645	3,912
		S010A210014-9645	348,388
		S010A200014-9040	7,641
		S010A210014-9040	111,708
		S010A210014-9935	334,329
		S010A200014-9935B	15,924
		S010A200014-9935	134,191
		S010A210014-9935B	<u>59,130</u>
<i>Total Title I, Part A</i>			<u>1,015,223</u>
Special Education Cluster (IDEA)			
Special Education Grants to States (IDEA, Part B)	84.027A	H173A190104	3,134
		H027A190084	180,119
		H027A210084	<u>37,218</u>
<i>Total Special Education Grants to States (IDEA, Part B)</i>			<u>220,471</u>
COVID-19 Special Education Grants to States (IDEA, Part B)	84.027X	H027X210084	<u>54,151</u>
Special Education Cluster - Special Education Preschool Grants (IDEA)			
	84.173A	H173A190104	4,398
		H173A210104	<u>5,351</u>
<i>Total Special Education Cluster - Special Education Preschool Grants (IDEA)</i>			<u>9,749</u>
COVID 19 Special Education Preschool Grants (IDEA)	84.173X	H173X210104	<u>3,779</u>
<i>Total Special Education Cluster (IDEA)</i>			<u>288,150</u>
Public Charter Schools Quality Counts			
	84.282A	U282A200017	35,172
		A58-1-210T-5183	<u>87,556</u>
<i>Total Public Charter Schools Quality Counts</i>			<u>122,728</u>
Supporting Effective Instruction State Grants	84.367A	S367A210013	<u>78,937</u>
Student Support and Academic Enrichment Program	84.424A	S367A210013	<u>69,790</u>

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION, CONTINUED</b>			
Passed through the Indiana Department of Education, Continued			
Education Stabilization Fund			
COVID -19 The Coronavirus Aid, Relief, and Economic security Act (CARES Act) (Education Stabilization Fund)	84.425D	S425D200013	4,955
COVID-19 The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) (Education Stabilization Fund II)	84.425D	S425D210013	2,494,932
COVID-19 The American Rescue Plan Elementary and Secondary School Emergency Relief (Education Stabilization Fund III)	84.425U	S425U210013	<u>471,337</u>
<i>Total Education Stabilization Fund</i>			<u>2,971,224</u>
<i>Total Indiana Department of Education and U.S. Department of Education</i>			<u>4,546,052</u>
<i>Total expenditures of federal awards</i>			<u>\$ 5,561,664</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 USI 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, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of USI, it is not intended to and does not present the financial position, changes in net assets, or cash flows of USI.

**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.

**3. INDIRECT COST RATE**

USI has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance except for federal awards granted by the US Department of Education. The US Department of Education requires a de minimis indirect cost rate of 8-percent.



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  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

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 Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis (USI), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered USI's internal control over financial reporting (internal control) as a basis for designing 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 USI's internal control. Accordingly, we do not express an opinion on the effectiveness of USI'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 USI'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 or significant deficiencies may exist that were not identified.

## Report on Compliance and Other Matters

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

*Greenwald CPA.s, Inc.*

December 13, 2022



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

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Avondale Meadows Academy, Inc.  
d/b/a United Schools of Indianapolis:

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

We have audited Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis' (USI) compliance with the types of compliance requirements identified as subject to audit in in the *OMB Compliance Supplement* that could have a direct and material effect on each of USI's major federal programs for the year ended June 30, 2022. USI's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, USI 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.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of USI and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of USI's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to USI's federal programs.

## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on USI's compliance based on our audit. 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, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about USI's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 USI's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of USI's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 USI's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed and instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on USI's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. USI's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control

over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.*

December 13, 2022

**AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS**  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2022

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**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?   | _____yes   | ___X___no            |
| Significant deficiency(ies) identified?   | _____yes   | ___X___none reported |
| 3. Noncompliance material to financial statements noted?  | _____yes   | ___X___no            |

Federal Awards

- |   |   |   |
|---|---|---|
| 4. Internal control over major federal programs:  |   |   |
| Material weakness(es) identified?   | _____yes  | ___X___no   |
| Significant deficiency(ies) identified?   | ___X___yes  | _____none reported  |
| 5. Type of auditors' report issued on compliance for major federal programs:                          | Unmodified  |   |
| 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | _____yes  | ___X___no   |
| 7. Identification of major program:   | <u>Assistance Listing Numbers</u><br>84.425D, 84.425U | <u>Name of Federal Program or Cluster</u><br>Education Stabilization Fund |
| 8. Dollar threshold used to distinguish between type A and type B programs:                           | \$  | 750,000   |
| 9. Auditee qualified as low-risk auditee?   | ___X___yes  | _____no   |

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

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

Finding 2022-001

*Identification of federal program:* US DEPARTMENT OF EDUCATION 84.425D and 84.425U, Education Stabilization Fund

*Criteria:* Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction) (2 CFR section 200.327; Appendix II.D. to 2 CFR Part 200). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.327).

*Condition:* An LEA must use ESF funds for minor remodeling, renovation or construction contracts that are over \$2,000 and use laborers and mechanics that must meet Davis-Bacon prevailing wage requirements.

*Cause:* USI failed to timely notify a certain contractor about the Davis-Bacon Act contract clause requirements related to the prevailing wage rate for contractors and subcontractors.

*Potential effect:* This certain contractor may not have used the appropriate prevailing wage rate for contractors and subcontractors.

*Questioned costs:* None.

*Context:* A total sample of one (1) item related to a certain contractors HVAC project was selected as a part of allowable cost testing for the Education Stabilization Fund. Although the contractor did not include the appropriate prevailing wage rate clauses within the construction contracts, the contractor was able to provide certified payroll totals for the period under audit. However, the certified payrolls were not provided weekly, as required, they were provided after the project was complete.

*Recommendation:* We recommend that USI provide timely communication related to the prevailing wage rate requirements for contracts with future contractors. USI should also ensure that the proper prevailing wage rate clauses are included in future contracts.

*Views of Responsible Officials:* See attached Corrective Action Plan.

**D. PRIOR YEAR FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None

AVONDALE MEADOWS ACADEMY, INC. D/B/A UNITED SCHOOLS OF INDIANAPOLIS  
OTHER REPORT  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

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

Supplemental Audit Report of Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis



## CORRECTIVE ACTION PLAN

December 13, 2022

To: U.S. Department of Education

Avondale Meadows Academy, Inc. d/b/a United Schools of Indianapolis respectfully submits the following corrective action plan for the year ended June 30, 2022.

Name and address of independent public accounting firm:

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

Audit period:

Finding 2022-001

Identification of federal program: US DEPARTMENT OF EDUCATION 84.425D and 84.425U, Education Stabilization Fund

Criteria: Nonfederal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the DOL regulations (29 CFR Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction) (2 CFR section 200.327; Appendix II.D. to 2 CFR Part 200). This includes a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6; the A-102 Common Rule (section 36(i)(5)); OMB Circular A-110 (2 CFR Part 215, Appendix A, Contract Provisions); 2 CFR Part 176, Subpart C; and 2 CFR section 200.327).

Condition: An LEA must use ESF funds for minor remodeling, renovation or construction contracts that are over \$2,000 and use laborers and mechanics that must meet Davis-Bacon prevailing wage requirements.

Potential effect: This certain contractor may not have used the appropriate prevailing wage rate for contractors and subcontractors.

Questioned costs: None.

Context: A total sample of one (1) item related to a certain contractors HVAC project was selected as a part of allowable cost testing for the Education Stabilization Fund. Although the contractor did not include the appropriate prevailing wage rate clauses within the construction contracts, the contractor was able to provide certified payroll totals for the period under audit. However, the certified payrolls were not provided weekly, as required, they were provided after the project was complete.

Cause: USI failed to timely notify a certain contractor about the Davis-Bacon Act contract clause requirements related to the prevailing wage rate for contractors and subcontractors.



**UNITED SCHOOLS  
OF INDIANAPOLIS**

Recommendation: We recommend that USI provide timely communication related to the prevailing wage rate requirements for contracts with future contractors. USI should also ensure that the proper prevailing wage rate clauses are included in future contracts.

At the time of requesting a bid for services, management will notify all future contractors of the need for prevailing wage rate requirements and the clauses to be included in the contracts.

If the U.S. Department of Justice has questions regarding this plan, please call Janie Seivers at 317.550.3363.

Sincerely yours,

Janie Seivers, Director of Business Affairs