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May 17, 2023

Charter School Board  
Indianapolis Metropolitan High School, LLC  
1635 W. Michigan St.  
Indianapolis, IN 46222

We have reviewed the audit report of Indianapolis Metropolitan High School, LLC which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of Indianapolis Metropolitan High School, LLC 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.

In our opinion, Blue & Co., LLC 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 Indianapolis Metropolitan High School, LLC, 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



# INDIANAPOLIS METROPOLITAN HIGH SCHOOL

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

*CPAs / ADVISORS*



**INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC**

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JUNE 30, 2022 AND 2021

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## REPORT OF INDEPENDENT AUDITORS

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Indianapolis Metropolitan High School, LLC (Indianapolis Met), a nonprofit organization, which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, 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 Indianapolis Met 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 audits 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 *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Indianapolis Met 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 Indianapolis Met's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

*Auditor's 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 auditor's 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 generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement 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 Indianapolis Met'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Indianapolis Met'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.

*Supplementary Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information listed in the table of contents 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated, December 14, 2022, on our consideration of Indianapolis Met'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 Indianapolis Met'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 Indianapolis Met's internal control over financial reporting and compliance.

**Blue & Co., LLC**

Indianapolis, Indiana  
December 14, 2022

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2022 AND 2021

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	<b>ASSETS</b>	
	<u>2022</u>	<u>2021</u>
<b>Current assets</b>		
Cash	\$ 702,576	\$ 568,198
Support receivables	403,856	173,858
Prepaid expenses	<u>5,095</u>	<u>4,583</u>
Total current assets	1,111,527	746,639
<b>Property and equipment, net</b>	<u>1,411,602</u>	<u>1,538,068</u>
Total assets	<u><u>\$ 2,523,129</u></u>	<u><u>\$ 2,284,707</u></u>

### LIABILITIES AND NET ASSETS

<b>Current liabilities</b>		
Accounts payable	\$ 50,819	\$ 50,363
Accrued expenses	<u>205,106</u>	<u>80,838</u>
Total current liabilities	255,925	131,201
<b>Net assets</b>		
Without donor restrictions	<u>2,267,204</u>	<u>2,153,506</u>
Total liabilities and net assets	<u><u>\$ 2,523,129</u></u>	<u><u>\$ 2,284,707</u></u>

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See accompanying Notes to the Financial Statements.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
<b>Revenues and support</b>		
State support	\$ 2,887,687	\$ 2,942,731
Federal support	1,206,123	494,671
Student fees	4,752	3,462
Contributions	3,645	13,081
Contributions, in-kind	742,420	742,420
Other	7,043	18,013
Total revenues and support	4,851,670	4,214,378
<b>Expenses</b>		
Wages and benefits	2,433,460	2,088,492
Professional fees	756,846	529,631
Supplies and materials	350,365	75,014
Lunch program	82,564	25,254
Student transportation	36,216	45,890
Extra-curricular activities	27,450	25,852
Rent	842,420	842,420
Occupancy	42,173	14,293
Scholarships	300	150
Depreciation	135,414	147,279
Other	30,764	18,701
Total expenses	4,737,972	3,812,976
Change in net assets without donor restrictions	113,698	401,402
<b>Net assets</b>		
Beginning of year	2,153,506	1,752,104
End of year	<u>\$ 2,267,204</u>	<u>\$ 2,153,506</u>

See accompanying Notes to the Financial Statements.

## INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

### STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2022 AND 2021

	2022		
	Education Services	Management and General	Total
<b>Expenses</b>			
Wages and benefits	\$ 1,882,866	\$ 550,594	\$ 2,433,460
Professional fees	53,481	703,365	756,846
Supplies and materials	340,092	10,273	350,365
Lunch program	82,564	-0-	82,564
Student transportation	36,216	-0-	36,216
Extra-curricular activities	27,450	-0-	27,450
Rent	842,420	-0-	842,420
Occupancy	-0-	42,173	42,173
Scholarships	300	-0-	300
Depreciation	135,414	-0-	135,414
Other	12,487	18,277	30,764
Total expenses	<u>\$ 3,413,290</u>	<u>\$ 1,324,682</u>	<u>\$ 4,737,972</u>
	2021		
	Education Services	Management and General	Total
<b>Expenses</b>			
Wages and benefits	\$ 1,667,409	\$ 421,083	\$ 2,088,492
Professional fees	56,706	472,925	529,631
Supplies and materials	67,555	7,459	75,014
Lunch program	25,254	-0-	25,254
Student transportation	45,890	-0-	45,890
Extra-curricular activities	25,852	-0-	25,852
Rent	842,420	-0-	842,420
Occupancy	-0-	14,293	14,293
Scholarships	150	-0-	150
Depreciation	147,279	-0-	147,279
Other	7,014	11,687	18,701
Total expenses	<u>\$ 2,885,529</u>	<u>\$ 927,447</u>	<u>\$ 3,812,976</u>

See accompanying Notes to the Financial Statements.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Operating activities</b>		
Change in net assets	\$ 113,698	\$ 401,402
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	135,414	147,279
Changes in operating assets and liabilities		
Support receivables	(229,998)	7,911
Prepaid expenses	(512)	2,825
Accounts payable	456	14,173
Accrued expenses	124,268	(31,140)
Related party payable	-0-	(425,000)
Net cash flows from operating activities	<u>143,326</u>	<u>117,450</u>
<b>Investing activities</b>		
Purchases of property and equipment	<u>(8,948)</u>	<u>(5,802)</u>
Change in cash	134,378	111,648
<b>Cash</b>		
Beginning of year	568,198	456,550
End of year	<u>\$ 702,576</u>	<u>\$ 568,198</u>
<b>Supplemental cash flows information</b>		
In-kind rent	\$ 742,420	\$ 742,420

See accompanying Notes to the Financial Statements.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### 1. SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Operations

Indianapolis Metropolitan High School, LLC (Indianapolis Met) is an Indiana public charter high school operating under the ownership and control of Goodwill Education Initiatives, Inc. (GEI). GEI, an Indiana non-profit corporation, provides educational opportunities designed to enable young people and adults to prepare for productive adult lives. GEI operates public charter high schools (Indianapolis Met and Excel Centers, LLC, (Excel Centers) interchangeably referred to herein as "the schools") in central and southern Indiana, under the provisions of the Indiana Charter School laws and the chartering authorities of the Mayor of Indianapolis and the Indiana Charter School Board. Indianapolis Met operates under a charter issued by the Mayor of Indianapolis. GEI is a wholly owned subsidiary of Goodwill of Central and Southern Indiana, Inc. (Goodwill), also an Indiana non-profit corporation.

The schools receive the majority of their funding from the Indiana Department of Education. Their revenues are supplemented with funds from the United States Department of Education, private grants, and gifts. Indianapolis Met completed its 18<sup>th</sup> year of operation on June 30, 2022 and student enrollment for the most recently completed school year was 275 students.

Indianapolis Met primarily serves underprivileged, at-risk students in grades nine through twelve in Indianapolis. Demographically, nearly 85% of Indianapolis Met's students qualify for free or reduced lunch, 84% identify themselves as minority students, 33% have special needs, and the majority of incoming students arrive at Indianapolis Met two or more grade levels behind in reading and math skills.

#### Basis of Accounting

Indianapolis Met prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

#### Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Cash

Indianapolis Met maintains its cash in accounts, which at times, may exceed federally insured limits. Indianapolis Met has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### Support Receivables

Support receivables are amounts due from federal, state, or local government agencies or other organizations for amounts billed for services and not yet paid. The government agencies or other organizations are billed in the period in which services are rendered. Support receivables are reported at the net realizable amount due from the government agencies or other organizations.

Support receivables are recognized at the net amount Indianapolis Met expects to collect based on established collection history. Indianapolis Met recognizes a separate allowance only when it determines there has been an unforeseeable change in an organization's ability to pay subsequent to the delivery of goods and services resulting in an impairment loss. Such account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is considered remote. Indianapolis Met did not record an allowance for doubtful accounts as of June 30, 2022 and 2021.

### Prepaid Expenses

Prepaid expenses relate to advance payments on products or services that will be used for future programs or activities.

### Property, Equipment, and Depreciation

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor replacements are expensed as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from 3-10 years, and is computed on the straight-line method. Depreciation expense was approximately \$135,000 and \$147,000 for 2022 and 2021, respectively.

### Net Assets

Net assets, support, revenues, gains, and losses are classified based on the absence or existence of donor restrictions. Accordingly, the net assets of Indianapolis Met are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### State and Federal Support

Indianapolis Met's revenue is primarily derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by Indianapolis Met as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when Indianapolis Met has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. There were no refundable advances as of June 30, 2022 and 2021. Amounts due after incurring qualifying expenditures are reported as support receivables in the statements of financial position. Support receivables were approximately \$404,000 and \$174,000 as of June 30, 2022 and 2021.

Indianapolis Met receives state funds that have been designated for charter schools from the Indiana Department of Education. The State of Indiana uses a formula based on the number of students enrolled in the school during the year to determine the amount of funds Indianapolis Met receives. Indianapolis Met also receives federal support through a variety of programs administered by the Indiana Department of Education.

Indianapolis Met derives a significant portion of its revenues and support from state and federal funding programs (approximately 84% and 82% in 2022 and 2021, respectively). The receipt of future revenues by Indianapolis Met is subject to among other factors, state and federal policies affecting education, economic conditions, and other conditions which are impossible to predict.

### Contributions

Contributions, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, applicable net assets with restriction are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from donor restrictions.

Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due unless the contribution is clearly intended to support activities of the current year or is received with restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. Indianapolis Met also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### Advertising

Indianapolis Met uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense totaled approximately \$18,000 and \$16,000 during 2022 and 2021, respectively, and is included within professional fees expenses within the statements of activities and changes in net assets.

### Functional Allocation of Expenses

The costs of providing program and supporting services have been summarized on a natural basis in the statements of activities and changes in net assets and have been summarized on a functional basis in the statements of functional expenses. Expenses have been classified as education services and management and general based on actual direct expenditures incurred and cost allocations. Certain costs have been allocated among education services and management and general categories based on an estimate of time and effort spent by Indianapolis Met's personnel. These expenses include wages and benefits. Although the methods used were appropriate, alternative methods may provide different results.

### Income Taxes

Indianapolis Met is a wholly owned LLC of GEI, and as a result, the IRS disregards Indianapolis Met as a separate taxable entity and considers Indianapolis Met as part of GEI for tax reporting purposes. GEI is an Indiana non-profit corporation and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. However, if income was generated from certain activities not directly related to GEI's tax-exempt purposes, such income would be subject to taxation as unrelated business income. GEI is not considered a private foundation as defined in Section 509(a) of the Internal Revenue Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Indianapolis Met and recognize a tax liability if Indianapolis Met has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by Indianapolis Met, and has concluded that as of June 30, 2022 and 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. GEI is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

GEI filed its federal and state income tax returns for periods through June 30, 2021. The income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

### Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about Indianapolis Met's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued. Management's evaluation as of June 30, 2022 identified no conditions or events raising substantial doubt.

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# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### Subsequent Events

Indianapolis Met has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued which is December 14, 2022.

### Recently Issued Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which Indianapolis Met is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

Indianapolis Met is presently evaluating the effects that this ASU will have on its future financial statements, including related disclosures.

## **2. PROPERTY AND EQUIPMENT**

Property and equipment at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 419,433	\$ 419,433
Computer hardware	746,213	746,213
Software	425,252	425,252
Vehicles	252,442	252,442
Furniture	665,464	665,464
Textbooks	32,388	32,388
Work in progress	8,949	-0-
Leasehold improvements	<u>1,529,873</u>	<u>1,529,873</u>
	4,080,014	4,071,065
Accumulated depreciation	<u>(2,668,412)</u>	<u>(2,532,997)</u>
Property and equipment, net	<u>\$ 1,411,602</u>	<u>\$ 1,538,068</u>

As of June 30, 2022, there were no significant construction commitments.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### 3. RETIREMENT PLANS

Indianapolis Met employees are employed and paid by GEI. Certain Indianapolis Met employees (licensed teachers, counselors, and certain administrative staff) are eligible to participate in the Indiana Teachers Retirement Fund (TRF) Defined Benefit Plan (TRF DB) and TRF Defined Contribution Plan (TRF DC). TRF DB 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. TRF DC is a cost-sharing multiple-employer defined contribution plan governed by the State of Indiana and administered by the INPRS Board. By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF DB. Employers may also elect to contribute an additional 3% to TRF DC in lieu of the employee's own contributions. GEI has elected to make the voluntary contribution to TRF DC on behalf of its eligible employees, including employees of Indianapolis Met. Indianapolis Met contributed approximately \$73,000 and \$65,000 to TRF on behalf of its employees for 2022 and 2021, respectively. Should Indianapolis Met elect to withdraw from TRF, Indianapolis Met could be subject to a withdrawal fee. Indianapolis Met's contributions represent an insignificant percentage of the total contributions received by TRF. A copy of the complete annual report for the year ended June 30, 2021 can be obtained at: [www.in.gov/inprs](http://www.in.gov/inprs).

Indianapolis Met employees not eligible for TRF may elect to participate in Goodwill's discretionary thrift plan. For employees not eligible for TRF, Goodwill matches 100% of eligible employees pre-tax contributions, up to 6% of gross income. Goodwill may also make additional discretionary contributions to the plan. Employer matching contributions vest immediately, and employer discretionary contributions vest after three years or in the event of death or disability. Indianapolis Met's expense relating to contributions to the Goodwill thrift plan for 2022 and 2021 was approximately \$22,000 and \$16,000, respectively.

### 4. RELATED PARTY TRANSACTIONS

Indianapolis Met is owned and operated by GEI. GEI provides employees, certain school-specific administrative services, and general management and oversight of Indianapolis Met. GEI charges Indianapolis Met for its expenses related to the services provided. No markup is added to the fees charged to the schools. During 2022 and 2021, Indianapolis Met paid approximately \$492,000 and \$288,000, respectively, to GEI for administrative services and capital recovery charges, which are recorded within professional fees within the statements of activities and changes in net assets.

The FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind" (GIK)) received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued.

Goodwill provides space at its Indianapolis headquarters campus to Indianapolis Met. Indianapolis Met paid approximately \$100,000 in 2022 and 2021 to Goodwill for rental of the facilities space. The non-billed portion of the contributed space is considered an in-kind contribution and is recorded as revenue and expense in the statements of activities and changes in net assets.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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In 2022 and 2021, Goodwill provided approximately \$742,000 of in-kind rent, included in rent expense within the statements of activities and changes in net assets. These in-kind contributions are treated as non-cash transactions and are excluded from the accompanying statements of cash flows. In valuing the contributed rent for the building, which is located in Indianapolis, Indiana, Indianapolis Met estimated the fair value on the basis of comparable rental properties and related prices for similar organizations in the Indianapolis, Indiana real estate market. There are no restrictions on these contributed nonfinancial assets.

Goodwill also pays certain operating expenses, including certain employee benefits, of Indianapolis Met, for which Indianapolis Met fully reimburses Goodwill. No markup is charged. In 2022 and 2021, Indianapolis Met paid Goodwill approximately \$407,000 and \$359,000, respectively. At June 30, 2022 and 2021, Indianapolis Met owed Goodwill \$-0- and \$49,000, respectively, for reimbursable operating expenses, which are included in accounts payable and accrued expenses on the statements of financial position.

Goodwill Foundation of Central and Southern Indiana, Inc. (the Foundation) is an Indiana non-profit corporation related to Goodwill. The Foundation provides grants to Indianapolis Met for new initiatives and college scholarships for qualifying Indianapolis Met graduates. During 2022 and 2021, Indianapolis Met received approximately \$4,000 and \$13,000, respectively, of grant revenue from the Foundation. This revenue is reflected as contributions in the statements of activities and changes in net assets.

Indianapolis Met employees participate in Goodwill's health care benefits plan. Goodwill self-insures for employee and dependent medical benefits up to a per-individual annual maximum of \$500,000, and no aggregate maximum. Goodwill purchases reinsurance which pays individual claims that exceed \$500,000 per year. The reinsurer reviews claims annually and upon renewal of the reinsurance policy each year may establish higher specific maximums on selected individuals with high claims risks. Goodwill purchases claims administration services from a third-party administrator. Indianapolis Met paid premiums to the Goodwill health care plan of approximately \$213,000 and \$198,000 for 2022 and 2021, respectively.

### **5. RISKS AND UNCERTAINTIES**

The majority of revenues relate to legislation enacted by the State of Indiana. Changes in state legislation could significantly affect Indianapolis Met. Additionally, Indianapolis Met is subject to monitoring and audit by state agencies. Those examinations may result in additional liabilities to be imposed on Indianapolis Met.

# INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC

## NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2022 AND 2021

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### 6. COMMITMENTS AND CONTINGENCIES

#### COVID-19

In March 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may continue to adversely impact the local, regional, national, and global economies. The extent to which COVID-19 continues to impact Indianapolis Met's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Impacts include, but are not limited to, additional costs for responding to COVID-19, potential shortages of personnel, potential shortages of supplies, and loss of, or reduction to, revenue. Management believes Indianapolis Met is taking appropriate actions to respond to the pandemic. However, the full impact is unknown and cannot be reasonably estimated at the date the financial statements were available to be issued.

### 7. LIQUIDITY AND AVAILABILITY OF RESOURCES

Indianapolis Met's financial assets available within one year of the June 30, 2022 and 2021 statements of financial position for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 702,576	\$ 568,198
Support receivables	<u>403,856</u>	<u>173,858</u>
Total financial assets	<u>\$ 1,106,432</u>	<u>\$ 742,056</u>

None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. Support receivables are subject to implied time restrictions but are expected to be collected within one year. Indianapolis Met has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**SUPPLEMENTAL INFORMATION**



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

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

Report on the Financial Statements

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 Indianapolis Metropolitan High School, LLC (Indianapolis Met) which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Indianapolis Met'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 Indianapolis Met's internal control. Accordingly, we do not express an opinion on the effectiveness of Indianapolis Met'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 Indianapolis Met'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 have not been identified.

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

Report on Compliance and Other Matters

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

**Blue & Co., LLC**

Indianapolis, Indiana  
December 14, 2022



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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE AND SCHEDULE OF EXPENDITURES OF FEDERAL  
AWARDS REQUIRED BY THE *UNIFORM GUIDANCE***

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

*Opinion on Each Major Federal Program*

We have audited Indianapolis Metropolitan High School, LLC (Indianapolis Met) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Indianapolis Met's major federal programs for the year ended June 30, 2022. Indianapolis Met's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Indianapolis Met complied, in all material respects, with the compliance requirements referred to above is 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 Program*

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Indianapolis Met and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of Indianapolis Met'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 Indianapolis Met's federal programs.

*Auditor's 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 Indianapolis Met'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 generally accepted auditing standards, *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 judgement made by a reasonable user of the report on compliance about Indianapolis Met's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgement 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 Indianapolis Met'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 Indianapolis Met'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 Indianapolis Met'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.

Report on 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 a 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.

Board of Directors  
Indianapolis Metropolitan High School, LLC  
Indianapolis, Indiana

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Indianapolis Met as of and for the year ended June 30, 2022 and have issued our report thereon dated December 14, 2022, which contained an unmodified opinion on those financial statements. 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 the Uniform Guidance, 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.

**Blue & Co., LLC**

Indianapolis, Indiana  
December 14, 2022

**INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Grant ID Number	Expenditures
<b>Major program</b>			
U.S. Department of Education (DOE) through Indiana Department of Education (IDOE) COVID-19 - CARES Act - Education Stabilization Fund	84.425	S425D200013	\$ 717,619
<b>Non-major programs</b>			
DOE - through IDOE - Special Education Cluster - Grants to States	84.027	H027A210084	81,200
DOE - through IDOE - Supportive Effective Instruction State Grants	84.367	S367A210013	18,181
DOE - through IDOE - Title I Grants to Local Educational Agencies	84.010	S010A210014	253,585
DOE - through IDOE - Title IV - Student Support and Academic Enrichment Program	84.424	S424A210015	13,316
DOE - through IDOE - National School Lunch Program	10.555	Not Available	122,222
Total non-major programs			<u>488,504</u>
Total federal expenditures			<u>\$ 1,206,123</u>

**Note A – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal grant activity of Indianapolis Metropolitan High School, LLC (Indianapolis Met) for the year ended June 30, 2022, and is presented on the accrual basis of accounting. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the *Uniform Guidance*). Therefore, some of the amounts presented in this SEFA may differ from amounts presented in or used in the preparation of the basic financial statements. The basic financial statement classifications may include other financial activity for reporting purposes.

**Note B – Summary of Significant Accounting Policies**

Expenditures on the SEFA 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. Indianapolis Met has elected not to use the 10% de minimis indirect cost rate as allowed under the *Uniform Guidance*.

**Note C – Sub-Recipient Pass Through**

Indianapolis Met did not pass through any federal awards to subrecipients during 2022. In addition, there were no federal awards expended in the form of non-cash assistance and there were no loan guarantees outstanding or extended during 2022.

**Note D – Fair Market Value of Donated Personal Protective Equipment (Unaudited)**

During 2022, Indianapolis Met did not receive donated personal protective equipment from federal sources.

See Report of Independent Auditors on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance* on page 20.

**INDIANAPOLIS METROPOLITAN HIGH SCHOOL, LLC**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2022

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**Section I – Summary of Audit Results:**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?  yes  none reported

Significant deficiency(ies) identified that are not considered to be material weakness(es) noted?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

***Federal Awards***

Internal controls over major programs:

Material weakness(es) identified?  yes  none reported

Significant deficiency(ies) identified that are not considered to be material weakness(es) noted?  yes  none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?  yes  no

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 - CARE Act Education Stabilization Fund

Dollar threshold used to distinguish between type A and B programs: \$750,000

Auditee qualified as low-risk auditee?  yes  no

**Section II - Findings Related to Financial Statements Reported in Accordance With Government Auditing Standards:**

No matters reported

**Section III - Findings and Questioned Costs Relating to Federal Awards:**

No matters reported

**Section IV - Summary Schedule of Prior Audit Findings:**

No matters reported

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## INDIANAPOLIS METROPOLITAN HIGH SCHOOLS, LLC

OTHER REPORT  
YEAR ENDED JUNE 30, 2022

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The report presented herein was prepared in addition to another official report prepared for Indianapolis Metropolitan High School, LLC as listed below:

Supplemental Audit Report of Indianapolis Metropolitan High School, LLC

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*.