



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

May 19, 2023

Charter School Board  
Dynamic Minds Academy, Inc.  
8350 Craig Street  
Indianapolis, IN 46250

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

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

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

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

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**DYNAMIC MINDS ACADEMY, INC.**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report

For the Years Ended June 30, 2022 and 2021



## TABLE OF CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT .....</b>	<b>1 - 2</b>
 <b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position.....	3
Statements of Activities and Change in Net Assets .....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 11
 <b>OTHER REPORT .....</b>	 <b>12</b>



# Donovan CPAs

## *Independent Auditors' Report*

The Board of Directors  
Dynamic Minds Academy, Inc.

### **Opinion**

We have audited the accompanying financial statements of Dynamic Minds Academy, Inc. (the "School"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022 and 2021, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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 the School's ability to continue as a going concern for one year after the date that the financial statements are issued.

---

[www.cpadonovan.com](http://www.cpadonovan.com)

Avon | 5151 E. US Hwy 36, Avon, IN 46123 | 317.745.6411

Indianapolis | 9292 N. Meridian Street, Suite 150, Indianapolis, IN 46260 | 317.844.8300

## **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 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, 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 the School'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 the School's ability to continue as a going concern for a reasonable period of time.

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

DONOVAN



Indianapolis, Indiana

January 27, 2023, except for Note 11, which is as of May 9, 2023

**DYNAMIC MINDS ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 231,831	\$ 541,125
Grants receivable	63,387	78,025
Other receivable	12,516	-
Prepaid expenses	-	5,156
	307,734	624,306
<i>Total current assets</i>		
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold improvements	14,863	14,863
Equipment	72,568	-
Less: accumulated depreciation	(14,060)	-
	73,371	14,863
<i>Property and equipment, net</i>		
<b>TOTAL ASSETS</b>	<b>\$ 381,105</b>	<b>\$ 639,169</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 155,753	\$ 191,384
Due to Charter School Capital, Inc.	-	245,000
	155,753	436,384
<i>Total current liabilities</i>		
<b>LONG-TERM LIABILITIES</b>		
Deferred rent payable	84,000	90,000
<i>Total liabilities</i>	239,753	526,384
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	141,352	112,785
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 381,105</b>	<b>\$ 639,169</b>

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

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

	<u>2022</u>	<u>2021</u>
<b>REVENUE AND SUPPORT</b>		
State education support	\$ 1,748,343	\$ 1,605,293
Medicaid reimbursement	1,297,322	791,390
Grant revenue	907,136	666,951
Contributions	4,703	362
Other revenue	5,638	810
<i>Total revenue and support</i>	<u>3,963,142</u>	<u>3,064,806</u>
<b>EXPENSES</b>		
Program services	3,449,333	2,882,892
Management and general	485,242	376,399
<i>Total expenses</i>	<u>3,934,575</u>	<u>3,259,291</u>
<b>CHANGE IN NET ASSETS FROM OPERATIONS</b>	28,567	(194,485)
<b>PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS INCOME</b>	<u>-</u>	<u>181,100</u>
<b>CHANGE IN NET ASSETS</b>	28,567	(13,385)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>112,785</u>	<u>126,170</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 141,352</u></u>	<u><u>\$ 112,785</u></u>

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

**DYNAMIC MINDS ACADEMY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>			<u>2021</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Professional services	\$ 1,785,902	\$ 53,709	\$ 1,839,611	\$ 1,197,584	\$ 54,868	\$ 1,252,452
Salaries and wages	873,986	284,804	1,158,790	938,762	212,879	1,151,641
Employee benefits	218,251	28,554	246,805	252,616	21,086	273,702
Classroom and office supplies	236,679	425	237,104	174,242	3,577	177,819
Occupancy	210,000	-	210,000	246,000	-	246,000
Staff development	48,592	-	48,592	8,938	-	8,938
Authorizer fees	-	36,204	36,204	-	30,886	30,886
Insurance	-	34,895	34,895	-	31,640	31,640
Advertising	-	26,180	26,180	-	-	-
Food costs	20,021	-	20,021	-	-	-
Equipment	18,908	-	18,908	35,355	-	35,355
Depreciation	14,060	-	14,060	-	-	-
Information technology	11,895	-	11,895	27,763	-	27,763
Interest	-	10,629	10,629	-	16,874	16,874
Travel	8,600	-	8,600	108	-	108
Repairs and maintenance	-	7,792	7,792	-	820	820
Other	2,439	2,050	4,489	1,524	3,769	5,293
<i>Total functional expenses</i>	<u>\$ 3,449,333</u>	<u>\$ 485,242</u>	<u>\$ 3,934,575</u>	<u>\$ 2,882,892</u>	<u>\$ 376,399</u>	<u>\$ 3,259,291</u>

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

**DYNAMIC MINDS ACADEMY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2022 and 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 28,567	\$ (13,385)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,060	-
Paycheck Protection Program loan forgiveness income	-	(181,100)
Changes in certain assets and liabilities:		
Grants receivable	14,638	(66,039)
Other receivable	(12,516)	-
Prepaid expenses	5,156	11,902
Accounts payable and accrued expenses	(35,631)	60,357
Refundable advance	-	(33,936)
Deferred rent payable	<u>(6,000)</u>	<u>12,000</u>
<i>Net cash provided by (used in) operating activities</i>	8,274	(210,201)
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(72,568)	(14,863)
<b>FINANCING ACTIVITIES</b>		
Net proceeds from (payments to) Charter School Capital, Inc.	<u>(245,000)</u>	<u>245,000</u>
<b>NET CHANGE IN CASH</b>	(309,294)	19,936
<b>CASH, BEGINNING OF YEAR</b>	<u>541,125</u>	<u>521,189</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 231,831</u></u>	<u><u>\$ 541,125</u></u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	\$ 10,629	\$ 16,874

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

**DYNAMIC MINDS ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General – Dynamic Minds Academy, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter school established under Indiana Code 20-24. The School offers students on the autism spectrum an optimal learning environment specifically designed to meet diverse sensory needs, multiple modes of learning, and is structured to support students in both group and independent work. The School is sponsored by Education One, L.L.C. ("Education One") through Trine University and served approximately 105 students in grades kindergarten through twelfth grade during both the 2021-2022 and 2020-2021 school year.

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

- net assets without donor restrictions - which include unrestricted resources available for the operating objectives of the School; and
- net assets with donor restrictions - which represent resources restricted by donors for specific time or purpose.

As of June 30, 2022 and 2021, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. As of June 30, 2022 and 2021, there were no cash equivalents.

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

Property and Equipment – Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and small equipment purchases are charged to expense as incurred. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method; leasehold improvements over 40 years and equipment over 5 years.

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

**DYNAMIC MINDS ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

Subsequent Events – The School evaluated subsequent events through January 27, 2023, the date these financial statements were available to be issued, except for Note 11, which is as of May 9, 2023. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**NOTE 2 - REVENUE RECOGNITION**

Revenue Recognition Policy – Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School 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 paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

The School pays for Applied Behavioral Analysis therapy, which is reimbursed through Medicaid. The revenue is recognized in an amount equal to expenses at the time they are incurred.

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

The School also receives contributions and grants from other agencies and individuals, which are recorded in accordance with the terms of the underlying agreements.

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

**NOTE 3 - PAYCHECK PROTECTION PROGRAM**

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act which includes a provision for the Paycheck Protection Program (“PPP”) administered through the Small Business Administration. On April 24, 2020, the School was granted a PPP loan from The Huntington National Bank in the amount of \$181,100 pursuant to the PPP under Division A, Title I of the CARES. The School was notified in November 2020 that the entire balance of the PPP loan was forgiven, and therefore recorded PPP loan forgiveness income for the full amount during the year ended June 30, 2021.

**DYNAMIC MINDS ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

**NOTE 4 - DUE TO CHARTER SCHOOL CAPITAL, INC.**

The School has a Receivables Purchase Agreement (“RPA”) with Charter School Capital, Inc. (“CSC”) to sell, transfer, and otherwise convey to CSC without recourse all of the School’s rights, title, and interest in, to, and under certain basic grant and other receivables. Under the terms of the RPA, the School’s sale limit during the term of the RPA is a maximum of \$388,200 at any one time outstanding. During the years ended June 30, 2022 and 2021, the School executed the sale of receivables totaling \$230,000 and \$728,400, respectively, for a cost of \$10,629 and \$16,874, respectively, which is presented as interest expense. Outstanding receivables owed to CSC as of June 30, 2022 and 2021, were \$-0- and \$245,000, respectively.

**NOTE 5 - LEASE**

The School leases its school facility from an unrelated party through June 30, 2024. The lease payments escalate over the term of the lease. In accordance with U.S. GAAP, the School is required to record rent expense using the straight-line method over the term of the lease. The difference between recorded rent expense and the actual cash outflow is presented on the statements of financial position as deferred rent payable. For the years ended June 30, 2022 and 2021, rent payments totaled \$252,000 and \$234,000, respectively, and rent expense was \$246,000 for both years.

Deferred rent payable as of June 30, 2022 and 2021 was \$84,000 and \$90,000, respectively.

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

2023	\$	252,000
2024		276,000

**NOTE 6 - RETIREMENT PLANS**

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides that the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers’ Retirement Fund (“TRF”), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School’s contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2022 (the latest year reported), TRF was approximately 92% funded. For the years ended June 30, 2022 and 2021, the School contributed 5.5% of defined compensation to each employee’s retirement plan account of choice. Retirement plan expense was \$117,113 and \$78,207 for the years ended June 30, 2022 and 2021, respectively.

**DYNAMIC MINDS ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

**NOTE 7 - COMMITMENT**

The charter agreement with Education One remains in effect until June 30, 2024 and is renewable thereafter by mutual consent. As the sponsoring organization, Education One exercises certain oversight responsibilities. Education One assesses a fee in an amount equal to no more than 3% of the basic tuition amount received by the School. The fees were \$36,204 and \$30,886 for the years ended June 30, 2022 and 2021, respectively. In addition, the charter agreement requires the School to establish an escrow account of \$50,000 should a dissolution occur, which has been established and is included with cash on the statements of financial position.

**NOTE 8 - RISKS AND UNCERTAINTIES**

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

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

Bank deposits are maintained at The Huntington National Bank and are insured up to the FDIC insurance limit. As of June 30, 2022, and at times during the year, cash balances exceeded the FDIC insured limit.

**NOTE 9 - LIQUIDITY**

Financial assets held by the School include cash and grants and other receivables. Following is a schedule of financial assets and the ability thereof to meet cash needs for general expenditures as of June 30:

	<u>2022</u>	<u>2021</u>
Financial assets	\$ 307,734	\$ 619,150
Less: receivables factored as of June 30 (Note 4)	-	(245,000)
Less: escrow for dissolution (Note 7)	<u>(50,000)</u>	<u>(50,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 257,734</u>	<u>\$ 324,150</u>

**DYNAMIC MINDS ACADEMY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2022 and 2021**

**NOTE 9 - LIQUIDITY, Continued**

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

**NOTE 10 - FUNCTIONAL EXPENSE REPORTING**

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

**NOTE 11 - FINANCIAL STATEMENT REISSUANCE**

After issuance of the June 30, 2022 financial statements dated January 27, 2023, management determined accounts payable as of June 30, 2022 and professional fees for the year ended June 30, 2022 were overstated by \$77,791. The accompanying financial statements were corrected and reissued on May 9, 2023.

**DYNAMIC MINDS ACADEMY, INC.**  
**OTHER REPORT**  
**For the Year Ended June 30, 2022**

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

Supplemental Audit Report of Dynamic Minds Academy, Inc.

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