



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B61538

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

June 2, 2023

Charter School Board
Ignite Achievement Academy, Inc.
1002 W 25th St.
Indianapolis, IN 46208

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

We call your attention to the Emphasis of Matter Regarding Termination of IPS Innovation Network Charter Agreement paragraph included in the Independent Auditors' Report and further detailed in Note 2.

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

In addition to the report presented herein, a Supplemental Audit Report for Ignite Achievement Academy, Inc., was prepared in accordance with the guidelines established by the Indiana 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

IGNITE ACHIEVEMENT ACADEMY, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2022 and 2021



TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities and Change in Net Assets	5
Statements of Functional Expenses.....	6
Statements of Cash Flows	7
Notes to the Financial Statements.....	8 - 12
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	13
Notes to the Schedule of Expenditures of Federal Awards.....	14
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	15 - 16
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE <i>UNIFORM GUIDANCE</i>	17 - 18
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	19
OTHER REPORT	20



Donovan CPAs

Independent Auditors' Report

The Board of Directors
Ignite Achievement Academy, Inc.

Opinion

We have audited the financial statements of Ignite Achievement 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 accompanying financial statements 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") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 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 the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023 on our consideration of the School'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 the School'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 the School's internal control over financial reporting and compliance.

Emphasis of Matter Regarding Termination of IPS Innovation Network Charter School Agreement

As discussed in Note 2 to the financial statements, the School was informed by Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), a related party, that the Innovation Network Charter School Agreement under which the School had been operating will not be renewed at the conclusion of the initial term on June 30, 2022. The Innovation Network Charter School Agreement provided in-kind contributions and offsetting expenses totaling \$1,399,941 and \$1,716,780 during the years ended June 30, 2022 and 2021, respectively. These in-kind transactions represent approximately 18% of the School's operating budget for the year ended June 30, 2022 (25% for 2021). These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented. Our opinion is not modified with respect to these matters.

DONOVAN



Indianapolis, Indiana
February 8, 2023

IGNITE ACHIEVEMENT ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,012,451	\$ 667,103
Grants receivable	89,324	271,338
Prepaid expenses	<u>14,000</u>	<u>28,559</u>
<i>Total current assets</i>	<u>1,115,775</u>	<u>967,000</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	1,167,827	1,152,370
Leasehold improvements	55,107	55,107
Vehicles	49,599	49,599
Less: accumulated depreciation	<u>(518,184)</u>	<u>(329,513)</u>
<i>Property and equipment, net</i>	<u>754,349</u>	<u>927,563</u>
TOTAL ASSETS	<u><u>\$ 1,870,124</u></u>	<u><u>\$ 1,894,563</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 125,144	\$ 157,090
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>1,744,980</u>	<u>1,737,473</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,870,124</u></u>	<u><u>\$ 1,894,563</u></u>

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

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

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
Student-based allocation funding from Indianapolis Public Schools	\$ 3,319,216	\$ 3,121,995
In-kind contributions from Indianapolis Public Schools	1,399,941	1,716,780
Grants	3,122,031	2,100,421
Contributions	450	6,653
Interest	637	1,186
Other	10,790	8,244
	<u>7,853,065</u>	<u>6,955,279</u>
 <i>Total revenue and support</i>		
EXPENSES		
Program services	6,418,629	6,068,872
Management and general	1,426,929	961,955
	<u>7,845,558</u>	<u>7,030,827</u>
 <i>Total expenses</i>		
CHANGE IN NET ASSETS FROM OPERATIONS	7,507	(75,548)
PAYCHECK PROTECTION PROGRAM		
NOTE PAYABLE FORGIVENESS INCOME	<u>-</u>	<u>466,600</u>
CHANGE IN NET ASSETS	7,507	391,052
NET ASSETS, BEGINNING OF YEAR	<u>1,737,473</u>	<u>1,346,421</u>
NET ASSETS, END OF YEAR	<u>\$ 1,744,980</u>	<u>\$ 1,737,473</u>

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

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

	<u>2022</u>			<u>2021</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
In-kind expenses:						
Occupancy	\$ 1,011,776	\$ 53,251	\$ 1,065,027	\$ 1,023,940	\$ 53,892	\$ 1,077,832
Student transportation	269,729	-	269,729	492,921	-	492,921
Student supports	12,120	-	12,120	96,260	-	96,260
Security services	<u>26,533</u>	<u>26,532</u>	<u>53,065</u>	<u>24,884</u>	<u>24,883</u>	<u>49,767</u>
<i>Total in-kind expenses</i>	<u>1,320,158</u>	<u>79,783</u>	<u>1,399,941</u>	<u>1,638,005</u>	<u>78,775</u>	<u>1,716,780</u>
Direct expenses:						
Salaries and wages	2,043,525	360,622	2,404,147	2,092,278	369,226	2,461,504
Professional services	1,203,144	734,974	1,938,118	808,667	412,278	1,220,945
Employee benefits	493,859	67,345	561,204	383,897	52,350	436,247
Classroom and office supplies	233,192	41,151	274,343	138,451	24,432	162,883
Information technology	246,782	27,420	274,202	287,780	-	287,780
Food costs	244,718	-	244,718	200,522	-	200,522
Staff development	163,055	28,775	191,830	173,427	-	173,427
Depreciation	150,938	37,734	188,672	146,749	-	146,749
Repairs and maintenance	158,825	-	158,825	103,070	-	103,070
Travel and meetings	30,972	30,972	61,944	4,626	4,625	9,251
Insurance	48,495	8,558	57,053	46,515	-	46,515
Occupancy	36,328	1,912	38,240	11,638	612	12,250
Equipment rental	9,700	-	9,700	10,682	-	10,682
Student transportation	4,211	-	4,211	2,909	-	2,909
Other	<u>30,728</u>	<u>7,682</u>	<u>38,410</u>	<u>19,656</u>	<u>19,657</u>	<u>39,313</u>
<i>Total direct expenses</i>	<u>5,098,471</u>	<u>1,347,146</u>	<u>6,445,617</u>	<u>4,430,867</u>	<u>883,180</u>	<u>5,314,047</u>
<i>Total functional expenses</i>	<u>\$ 6,418,629</u>	<u>\$ 1,426,929</u>	<u>\$ 7,845,558</u>	<u>\$ 6,068,872</u>	<u>\$ 961,955</u>	<u>\$ 7,030,827</u>

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

IGNITE ACHIEVEMENT ACADEMY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 7,507	\$ 391,052
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Paycheck Protection Program note payable forgiveness income	-	(466,600)
Depreciation	188,672	146,749
Changes in certain assets and liabilities:		
Grants receivable	182,014	(180,203)
Prepaid expenses	14,559	(14,398)
Accounts payable and accrued expenses	<u>(31,946)</u>	<u>(35,165)</u>
 <i>Net cash provided by (used in) operating activities</i>	 360,806	 (158,565)
 INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(15,458)</u>	<u>(300,938)</u>
 NET CHANGE IN CASH	 345,348	 (459,503)
 CASH, BEGINNING OF YEAR	 <u>667,103</u>	 <u>1,126,606</u>
 CASH, END OF YEAR	 <u>\$ 1,012,451</u>	 <u>\$ 667,103</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Ignite Achievement Academy, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates as a public charter school established under Indiana Code 20-24, and is sponsored by the Office of Education Innovation ("OEI") of the Mayor of the City of Indianapolis. The charter is effective through June 30, 2024 and is renewable thereafter by mutual consent. The School provided educational instruction to approximately 360 students in grades kindergarten through six during the 2021-2022 school year (405 students during the 2020-2021 school year).

The School operated under an Innovation Network Charter School Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools ("IPS"), to operate a charter school within an IPS building. The agreement was for a term of five years, ending June 30, 2022. Under the agreement, IPS paid to the School the amount the School would receive from the State of Indiana for state basic tuition support and complexity grant funding as if the School were a traditional charter school. In December 2021, the School received notification from IPS that the Innovation Network Charter School Agreement would not be renewed at the conclusion of the initial term on June 30, 2022. Subsequent to June 30, 2022, the School rebranded under the name The Genius School. See Note 2 for further discussion.

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

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

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

Furniture and equipment	5 - 10 years
Leasehold improvements	15 years
Vehicles	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.

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 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 February 8, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 - IPS INNOVATION NETWORK CHARTER SCHOOL AGREEMENT, TERMINATION, AND IN-KIND TRANSACTIONS

The School was informed by IPS in December 2021 that the Innovation Network Charter School Agreement under which the School had been operating would not be renewed at the conclusion of the initial term on June 30, 2022. The Innovation Network Charter School Agreement provided in-kind contributions and offsetting expenses totaling \$1,399,941 and \$1,716,780 during the years ended June 30, 2022 and 2021, respectively. These in-kind transactions represent approximately 18% of the School's operating budget for the year ended June 30, 2022 (25% for 2021).

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

**NOTE 2 - IPS INNOVATION NETWORK CHARTER SCHOOL AGREEMENT,
TERMINATION, AND IN-KIND TRANSACTIONS, Continued**

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

The School and OEI have agreed to charter amendments that will mitigate the loss of IPS's in-kind contributions. Specifically, the charter was amended to require a minimum of 70 students in a kindergarten through sixth grade setting. The School identified an alternate occupancy option and commenced operation as The Genius School subsequent to June 30, 2022.

NOTE 3 - REVENUE RECOGNITION

Revenue Recognition – The majority of the revenue came from IPS as part of the Innovation Network Charter School Agreement. Funding from IPS was received monthly. Revenue was recognized in the year in which educational services were rendered.

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

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

NOTE 4 - 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 the Paycheck Protection Program ("PPP") administered through the Small Business Administration. On May 4, 2020, the School was granted a note payable from First Financial Bank in the amount of \$466,600 pursuant to the PPP under Division A, Title I of the CARES Act. The PPP note payable was forgiven in full on March 20, 2021 and was therefore recorded as PPP note payable forgiveness income during the year ended June 30, 2021.

NOTE 5 - LINE OF CREDIT

The School had an authorized line of credit in the amount of \$100,000 with First Financial Bank that matured July 2022 and was not renewed. As of June 30, 2022 and 2021, no draws were made on this line of credit.

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

NOTE 6 - LEASES

The School leases office equipment and buildings under operating leases expiring during fiscal year 2023. Total lease expense was \$47,940 and \$22,932 for the years ended June 30, 2022 and 2021, respectively. On June 1, 2022, the School entered into a one-year lease for office space requiring monthly payments of \$12,500, beginning June 2022.

Minimum lease obligations for the year ending June 30, 2023 are \$154,840.

NOTE 7 - RETIREMENT PLANS

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides that the School will make contributions at its discretion. Alternatively, an employee may participate in the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan sponsored by the State of Indiana and administered by the Indiana Public Retirement System Board. For the years ended June 30, 2022 and 2021, the School contributed 5.5% of defined compensation to each employee's retirement plan account of choice. 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, TRF was approximately 92% funded.

Retirement plan expense was \$17,008 and \$19,667 during the years ended June 30, 2022 and 2021, respectively.

NOTE 8 - COMMITMENT

As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI assess a fee equal to 1% of the student-based allocation funding from IPS received by the School. Total fees during the years ended June 30, 2022 and 2021 were \$21,592 and \$23,677, respectively.

The charter agreement with OEI requires the School to establish an escrow account of no less than \$30,000 should a dissolution occur. This escrow account is established and fully-funded. The balance of the escrow account is included in the cash balance on the statements of financial position.

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

NOTE 9 - 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 were provided by IPS and are calculated based on legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. The School also received substantial financial assistance from IPS in the form of in-kind contributions covering occupancy, student transportation, students supports, and security services. The change to the Innovation Network Charter School Agreement with IPS significantly affected the School (See Note 2). Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

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

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 each expense. Salaries and benefits are allocated approximately 85% and 15% between program services and management and general, respectively, based on staffing levels.

NOTE 11 - LIQUIDITY

Financial assets held by the School include cash and grants receivable totaling \$1,101,775 and \$938,441 as of June 30, 2022 and 2021, respectively. Included in the financial assets as of June 30, 2022 and 2021 is an escrow account with a balance of \$30,000 to be used in the event of a dissolution of the School. With the exception of the escrow account, all financial assets are available to meet cash needs for general expenditures within the next year.

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

SUPPLEMENTARY INFORMATION

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

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 83,564
National School Lunch Program	10.555		196,649
SNP Emergency Funds	10.555		<u>50,271</u>
<i>Total for U.S. Department of Agriculture</i>			<u>330,484</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A; Grants to Local Educational Agencies	84.010	S010A200014	39,589
Title I, Part A; Grants to Local Educational Agencies	84.010	S010A210014	426,732
Title I, School Improvement Grants	84.010	S010A190014	17,506
Title II, Part A; Supporting Effective Instruction State Grants	84.367A	S367A200013	38,232
Title IV, Part A; Student Support and Academic Enrichment	84.424	S424A200015	14,822
Special Education Cluster			
Special Education - Grants to States	84.027	20611-606-DN01	120,961
Special Education - Grants to States	84.027	22611-606-DN01	46,963
Charter Schools Program	84.282A	U282A170017	35,472
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	8,948
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	864,544
Elementary and Secondary School Emergency Relief Fund	84.425D	S425U210013	<u>681,915</u>
<i>Total for U.S. Department of Education</i>			<u>2,295,684</u>
<i>Total federal awards expended</i>			<u><u>\$ 2,626,168</u></u>

See independent auditors' report and accompanying notes to this schedule

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

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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



Donovan CPAs

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

The Board of Directors
Ignite Achievement Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ignite Achievement Academy, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 8, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana

February 8, 2023



Donovan CPAs

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

The Board of Directors
Ignite Achievement Academy, Inc.

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Report on Internal Control Over Compliance

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

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

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

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

DONOVAN



Indianapolis, Indiana
February 8, 2023

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

I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.425D	Elementary and Secondary School Emergency Relief Fund

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.

IGNITE ACHIEVEMENT ACADEMY, INC.

OTHER REPORT

For the Year Ended June 30, 2022

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

Supplemental Audit Report of Ignite Achievement 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*.