



STATE OF INDIANA
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STATE BOARD OF ACCOUNTS
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June 15, 2023

Charter School Board
GEO Academies, Inc.
d/b/a Next Generation High School
4010 N Sherman Drive
Indianapolis, IN 46226

We have reviewed the audit report of GEO Academies, Inc. d/b/a Next Generation High School, which was opined upon by Crowe LLP, 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 GEO Academies, Inc. d/b/a Next Generation High School 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, Crowe LLP 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 GEO Academies, Inc. d/b/a Next Generation High School, was prepared in accordance with the guidelines established by the State Board of Accounts.

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

Handwritten signature of Tammy R. White in cursive.

Tammy R. White, CPA
Deputy State Examiner

GEO Academies Inc.
d/b/a Next Generation High School

FINANCIAL STATEMENTS
June 30, 2022 and 2021

GEO ACADEMIES INC.
d/b/a Next Generation High School

FINANCIAL STATEMENTS
June 30,2021 and 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
GEO Academies, Inc. d/b/a Next Generation High School
Indianapolis, Indiana

Report on the Audit of the Financial Statements***Opinion***

We have audited the financial statements of GEO Academies, Inc. d/b/a Next Generation High School (the School), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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 their net assets and their 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 Auditor's 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 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 the School's ability to continue as a going concern for one year from the date the financial statements are available to be issued.

(Continued)

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, such as schedule of operating expenses and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) 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 other 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.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 31, 2023

GEO ACADEMIES INC.
d/b/a Next Generation High School
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 215,541	\$ 546,016
Grants receivable	116,700	79,141
Prepaid expenses	38,379	42,847
Due from related parties (Note 4)	61,189	4,776
Right of use asset (Note 3)	993,000	26,000
Property and equipment, net (Note 2)	<u>286,981</u>	<u>282,286</u>
 Total assets	 <u>\$ 1,711,790</u>	 <u>\$ 981,066</u>
 LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 293,583	\$ 190,112
Lease liability (Note 3)	993,000	26,000
Deferred revenue	17,239	-
Due to related parties (Note 4)	<u>1,828,191</u>	<u>1,409,821</u>
Total liabilities	3,132,013	1,625,933
 NET ASSETS		
Without donor restrictions	<u>(1,420,223)</u>	<u>(644,867)</u>
 Total liabilities and net assets	 <u>\$ 1,711,790</u>	 <u>\$ 981,066</u>

See accompanying notes to financial statements.

GEO ACADEMIES, INC.
d/b/a Next Generation High School
STATEMENTS OF ACTIVITIES
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Public support and revenues		
Federal grants	\$ 760,116	\$ 838,543
State and local grants	1,787,521	878,062
Supporting services	240,162	-
Loss on disposal of equipment	<u>(17,682)</u>	<u>-</u>
Total revenue and support	2,787,799	1,716,605
Expenses		
Education services (Note 7)	3,300,996	2,224,667
Management and general (Note 7)	<u>244,477</u>	<u>68,178</u>
Total expenses	<u>3,545,473</u>	<u>2,292,845</u>
Change in net assets	(775,356)	(576,240)
Net assets, beginning of year	<u>(644,867)</u>	<u>(68,627)</u>
Net assets, end of year	<u>\$ (1,420,223)</u>	<u>\$ (644,867)</u>

See accompanying notes to financial statements.

GEO ACADEMIES, INC.
d/b/a Next Generation High School
STATEMENTS OF CASH FLOWS
Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (775,356)	\$ (576,240)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	100,378	44,207
Right of use amortization expense	239,000	13,000
Change in assets and liabilities		
Grants receivable	(37,559)	1,422
Prepaid expenses	4,468	89
Due to/from management company	361,957	1,162,541
Deferred revenue	17,239	-
Lease liability	(239,000)	(13,000)
Accounts payable and other accrued expenses	103,471	173,176
Net cash from operating activities	<u>(225,403)</u>	<u>800,419</u>
Cash flows from investing activities		
Purchases of property and equipment	<u>(105,072)</u>	<u>(259,250)</u>
Net cash from investing activities	<u>(105,072)</u>	<u>(259,250)</u>
Net change in cash and cash equivalents	(330,475)	541,169
Cash and cash equivalents, beginning of year	<u>546,016</u>	<u>4,847</u>
Cash and cash equivalents, end of year	<u>\$ 215,541</u>	<u>\$ 546,016</u>

See accompanying notes to financial statements.

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization: GEO Academies, Inc. (the School), doing business as (d/b/a) Next Generation High School, is a nonprofit corporation established to operate a charter school which opened in August 2020. The School is dedicated to ensure that all students are armed with the skills and tools they will need to not only receive a high school diploma, but also to excel at the collegiate level.

The School was established under the laws of the State of Indiana and operates under a Board of School Directors form of government.

Method of Accounting: The School maintains its accounts on the accrual basis of accounting and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Income Taxes: The School is exempt from income taxes on income from related activities under Section 501(c)(3) of the U. S. Internal Revenue Code and corresponding state tax law. Accordingly, no provision has been made for federal or state income taxes. Additionally, the School is not considered to be a private foundation under Section 509(a) of the Internal Revenue Code.

The School has adopted applicable guidance with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is “more likely than not” that 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 benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit will be recorded.

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2022 and 2021.

Use of Estimates: The preparation of financial statements in conformity with GAAP 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 and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

Cash Equivalents: Cash and cash equivalents consist of bank deposits in accounts that are federally insured up to \$250,000. Bank balances may periodically exceed FDIC insured limits. For the purpose of the statement of cash flows, the School considers all highly liquid instruments, if any, purchased with a maturity of three months or less to be cash equivalents.

Grants Receivable: Grants receivable balances consist of amounts billed or billable for services provided or contracted and are due within one year. The School does not accrue interest on any of its grants receivables.

Allowances: No allowance for doubtful accounts is recorded as of June 30, 2022 and 2021. The allowances are based upon prior experience and management’s analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

(Continued)

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment: Expenditures for property and equipment and items in excess of \$500 which substantially increase the useful lives of existing assets are capitalized at cost or at fair value at date of gift. Repairs and maintenance costs are expensed as incurred. Depreciation has been computed on straight-line method at rates designed to depreciate the costs of assets over their estimated useful lives as follows:

Furniture and equipment	3-7 years
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Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2022 and 2021, management believes that no impairment exists.

Fair Value of Financial Instruments: The carrying value of all the School's financial instruments, which include cash and cash equivalents and accounts payable approximate fair values. Grants receivable are not readily marketable. The School has estimated their fair value to be the carrying value.

Basis of Presentation: The School follows GAAP and reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – The net asset without donor restrictions class includes general assets and liabilities of the School. The net assets without donor restrictions of the School may be used at the discretion of management to support the School's purposes and operations.

Net Assets With Donor Restrictions – The net asset with donor restrictions class includes assets of the School related to gifts and grants with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates.

The net asset with donor restrictions class also includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions as of June 30, 2022 and 2021.

Federal and State Grants: Support funded by grants is recognized as the School satisfies the related conditions under various grant agreements. Grant revenue is typically recognized as allowable expenses are incurred or as eligible students are served. The School's basic grant support from the State is based on per-pupil funding. Government grants and contracts are generally subject to conditions that have a barrier and a right of return that must be met before the School is entitled to funding. Accordingly, advances from granting agencies are generally considered refundable in the unlikely event specified services are not performed. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional and Allocated Expenses: Expenses have been classified as program services and supporting services based on the actual direct expenditures and estimated cost allocations. Supporting services include management and general activities of the School. The School did not incur any fundraising expenses for the year ended June 30, 2022 and 2021, respectively.

Advertising: The School expenses advertising costs as incurred. Advertising expenses totaled \$162,313 and \$122,164 as of June 30, 2022 and 2021, respectively.

(Continued)

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 and 2021, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2022. And 2021. Management has performed their analysis through January 31, 2023, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

At June 30, the carrying value of property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Furniture and equipment	\$ 104,284	\$ 330,304
Building and improvements	<u>317,757</u>	<u>-</u>
	420,041	303,304
Less: accumulated depreciation	<u>(135,060)</u>	<u>(48,018)</u>
	<u>\$ 286,981</u>	<u>\$ 282,286</u>

Depreciation expense for the years ended June 30, 2022 and 2021 was \$100,378 and \$44,207.

During June of 2020, the School entered into a purchase contract to purchase various equipment and supplies from a third party with a total contract price of \$160,000. Quarterly payments of \$20,000 started in July of 2020 running through April of 2022. As of June 30, 2022, the School had received and paid the remaining commitment amount of \$60,000.

NOTE 3 - LEASES

Right of use ("ROU") assets represent the School's right to use the underlying assets for the lease term and lease liabilities represent the net present value of the School's obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the School's incremental borrowing rate on the lease commencement date. If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain the School will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less ("short-term leases") are not recorded on the accompanying statement of financial position.

The School has recognized a right of use asset of \$993,000 and \$26,000 and a lease liability of \$993,000 and \$26,000, on the statements of financial position as of June 30, 2022 and 2021, respectively.

The School leases copiers, and a postage meter under various non-cancelable operating leases which expire at various dates through fiscal year 2023. The School utilized the 3-year Treasury rate to determine the net present value of the lease liability which approximated 1.4% at lease inception.

In June of 2021 the School and GEO Foundation entered into a building lease to facilitate its operations for the 2021-2022 school year. Terms of the lease began in July 2021 and run through to June of 2026. The agreement requires annual payments of \$250,000. The School utilized the 5-year Treasury rate to determine the net present value of the lease liability which approximated 0.87% at lease inception.

(Continued)

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 3 – LEASES (Continued)

In accordance with GAAP, the School recognizes rent expense on a straight-line basis. The future maturities lease payments under operating leases are as follows:

2023	\$ 263,163
2024	250,000
2025	250,000
2024	<u>250,000</u>
Total minimum lease payments	1,013,163
Present value discount	<u>(20,163)</u>
Lease liability	<u>\$ 993,000</u>

Operating lease expense for the year ended June 30, 2022 and 2021 was \$303,700 and \$133,000, respectively.

NOTE 4 – RELATED PARTY TRANSACTIONS

The School has a management agreement with the Greater Education Opportunities Foundation, Inc., (GEOF). Under the management agreement, GEOF charges administrative and per student fees in exchange for the management, operation, administration, payroll and accounting services provided. During the year ended June 30, 2022 and 2021, the School paid GEOF fees of \$238,525 and \$63,928, respectively. As part of the management services provided, GEOF acts as the payor of certain operating expenses, which are reimbursed to GEOF by the School. The School's Board retains final authority and responsibility for financial and budgetary commitments. At June 30, 2022 and 2021, the School had a payable to GEOF for \$1,818,990 and \$1,409,821, respectively. At June 30, 2022 and 2021, the School had no receivable due from GEOF.

The School periodically has receivables and payables with other charter schools managed by GEOF for shared costs. At June 30, 2022 the School had one payable balances with other charter schools in the amount of \$9,201. The school had no payable balance with other charter schools as of June 30, 2021. The School also had a receivable from GEOF in the amount of \$61,189 and \$4,776 as of June 30, 2022 and 2021, respectively.

GEOF also leases the building disclosed in Note 3 to Next Generation High School

NOTE 5 - CHARTER AGREEMENT

The School operates under a charter granted by Indiana Charter School Board (ICSB). As the sponsoring organization, ICSB exercises certain oversight responsibilities. Under this charter, the School has agreed to pay ICSB a monthly administrative fee equal to the amount set forth and approved by the Board in the Annual Budget each year. Payments under this charter agreement were \$5,199 and \$1,811 for the year ended June 30, 2022 and 2021, respectively.

(Continued)

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 6 - PENSION PLANS

The School's faculty and certain administrative employees are participants in a 403(b) tax deferred annuity retirement plan. All participants may contribute to the plan. There were no employer matching contributions to the plan for the year ended June 30, 2022 and 2021.

The School participates in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The School employees are required to contribute three percent of their annual covered salary. The School is required to contribute an actuarially determined rate determined annually for PERF and TRF. The School's expense for the year ended June 30, 2022 and 2021 was \$59,567 and \$47,576, respectively.

NOTE 7 - FUNCTIONAL EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for education services and management and general activities.

The table below presents these functional expenses by their natural classification for the years ended June 30, 2022:

	Education <u>Services</u>	Management <u>and General</u>	<u>Total</u>
Salaries and benefits	\$ 1,420,561	\$ -	\$ 1,420,561
Student support and supplies	808,978	-	808,978
Office and operation expense	170,404	-	170,404
Depreciation expense	100,378	-	100,378
Building and grounds	486,484	-	486,484
Service contracts	<u>314,191</u>	<u>244,477</u>	<u>558,668</u>
Total expenses	<u>\$ 3,300,996</u>	<u>\$ 244,477</u>	<u>\$ 3,545,473</u>

The table below presents these functional expenses by their natural classification for the years ended June 30, 2021:

	Education <u>Services</u>	Management <u>and General</u>	<u>Total</u>
Salaries and benefits	\$ 1,080,314	\$ -	\$ 1,080,314
Student support and supplies	471,425	-	471,425
Office and operation expense	183,670	-	183,670
Depreciation expense	44,207	-	44,207
Building and grounds	226,973	-	226,973
Service contracts	<u>218,078</u>	<u>68,178</u>	<u>286,256</u>
Total expenses	<u>\$ 2,224,667</u>	<u>\$ 68,178</u>	<u>\$ 2,292,845</u>

(Continued)

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 8 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The School's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 215,541	\$ 546,016
Grants receivable	<u>71,409</u>	<u>79,141</u>
Total financial assets	<u>\$ 286,950</u>	<u>\$ 625,157</u>

As part of the School's liquidity management, the School invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020.

The operations and business results of the School could be materially adversely affected in the future. In addition, significant estimates as disclosed in Note 1, such as the allowance for doubtful accounts, may be materially adversely impacted by national, state and local events designed to contain the coronavirus. Upon the start of operations in August 2020, the School was opened to in-person instruction for the 2020-2021 academic year.

During 2021, School received an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling \$10,000, and fully spent and recognized the corresponding grant revenue during the period 2021.

During 2021, the School was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER II) through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act totaling \$200,969, and fully spent and recognized the corresponding grant revenue during the period 2021.

During 2021, the School was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER III) through American Rescue Plan (ARP) Act totaling \$451,347. The School had expended \$227,006 and \$157,702 and are recognizing as revenue within the federal grant line on the statement of activities as of June 30, 2022 and 2021, respectively. The school had yet to receive \$26,166 and \$1,587 and had recorded a corresponding grants receivable as of June 30, 2022 and 2021 respectively. The remaining \$66,639 of the award was expected to be expended and recognized during fiscal year 2023.

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 10 – INDIANA CHARTER SCHOOL BOARD – FACILITY EXPENSE DISCLOSURE

As required by the Indiana Charter School Board, the following table discloses certain facility expense details for the fiscal year ended June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Facility rental	\$ 250,000	\$ 120,000
Water and sewage	11,216	636
Waste disposal	3,223	326
Maintenance and repairs	80,277	81,155
Security services	71,897	28,989
Custodial supplies	115,080	33,218
Improvements to facility	-	104,284
Insurance	700	648
Electric and gas	<u>58,396</u>	<u>5,918</u>
	<u>\$ 590,788</u>	<u>\$ 375,174</u>

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

GEO ACADEMIES INC.
d/b/a Next Generation High School
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Number	Total Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Pass-Through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	2021 - 2022	\$ 25,019
National School Lunch Program	10.555	2021 - 2022	<u>101,200</u>
Total Child Nutrition Cluster			126,219
<u>U.S. Department of Education</u>			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A200014	63,015
Special Education Cluster			
Special Education Grants to States	84.027	H027A180084	19,038
Charter School Programs	84.282A	117169572	324,837
COVID-19 – Education Stabilization Fund			
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	S425U20013	<u>227,006</u>
Total expenditures of federal awards			<u>\$ 760,115</u>

See accompanying note to the Schedule of Expenditures of Federal Awards.

GEO ACADEMIES INC.
d/b/a Next Generation High School
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 the School under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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

Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

INDEPENDENT AUDITOR'S 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*

Board of Directors
GEO Academies, Inc. d/b/a Next Generation High School
Indianapolis, Indiana

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 GEO Academies, Inc. d/b/a Next Generation High School (the School), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2023.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that have not been identified.

(Continued)

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 31, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
GEO Academies, Inc. d/b/a Next Generation High School
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited GEO Academies, Inc. d/b/a Next Generation High School's (the School) 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 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 auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

(Continued)

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 the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School'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 the School'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 Client Name'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.

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.

(Continued)

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.

Crowe LLP
Crowe LLP

Indianapolis, Indiana
January 31, 2023

GEO ACADEMIES INC.
d/b/a Next Generation High School
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2022

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of report the audit issued on whether the
Financial statements audited were prepared
In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiencies identified not
considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? Yes No

Significant deficiencies identified not
considered to be material weaknesses? 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 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	COVID-19 - Education Stabilization Fund
84.282	Charter School Program

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

Auditee qualified as low-risk auditee? Yes No

Section II – Financial Statement Findings

None noted.

Section III –Federal Award Findings and Questioned Costs

None noted.

(Continued)

GEO ACADEMIES INC.
d/b/a Next Generation High School
OTHER REPORTS
June 30, 2022

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

Indiana State Board of Accounts Compliance Report of GEO Academies Inc. d/b/a Next Generation High School

The above 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 addressing is *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.