



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418

INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513

Fax: (317) 232-4711

www.in.gov/sboa

November 19, 2025

Charter School Board
BELIEVE Circle City High School, Inc.
Marion County, Indiana

We have reviewed the audit report of BELIEVE Circle City High School, Inc., which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2024 to June 30, 2025. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of BELIEVE Circle City High School, Inc. as of June 30, 2025 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 Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report of BELIEVE Circle City High School, 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.

Tammy R. White, CPA
Deputy State Examiner

BELIEVE Circle City High School, Inc. And Affiliate

Consolidated Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2025 and 2024



BELIEVE Circle City High School, Inc. And Affiliate

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Change in Net Assets (Deficit)	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 13
Supplementary Information	
Consolidated Schedule of Expenditures of Federal Awards	14
Notes to the Consolidated Schedule of Expenditures of Federal Awards	15
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 <i>Government Auditing Standards</i>	16 - 17
Independent Auditor's Report on Compliance for each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	18 - 20
Schedule of Findings and Questioned Costs	21
Summary Schedule of Prior Audit Findings	22
Other Report	23
Schedule of Lead Auditor	24



Independent Auditor's Report

The Board of Directors
BELIEVE Circle City High School, Inc.
Indianapolis, Indiana

Opinion

We audited the consolidated financial statements of BELIEVE Circle City High School, Inc. and Affiliate (the School), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024 and the related consolidated statements of activities and change in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2025 and 2024 and the consolidated results of operations, 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 Auditor's Responsibilities for the Audit of the Consolidated 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, which raise substantial doubt about the School's ability to continue as a going concern for one year after the date the consolidated 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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including 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, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated 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 consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which 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 we identified during the audits.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Consolidated 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 consolidated 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 consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidated schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also issued our report dated October 28, 2025 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.

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.

A handwritten signature in dark ink, appearing to read "DONOVAN", is positioned above the printed name.

Donovan CPAs
Indianapolis, Indiana
October 28, 2025

BELIEVE Circle City High School, Inc.
Consolidated Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current Assets		
Cash	\$ 1,121,221	\$ 558,282
Grants receivable	289,626	150,798
Due from affiliate	-	15,332
Prepaid expenses	23,806	19,941
Total current assets	<u>1,434,653</u>	<u>744,353</u>
Fixed Assets		
Building	2,900,000	2,900,000
Building improvements	554,572	479,222
Equipment and technology	49,717	49,717
Vehicles	242,021	201,461
Less: accumulated depreciation	<u>(644,123)</u>	<u>(431,244)</u>
Fixed assets, net	<u>3,102,187</u>	<u>3,199,156</u>
Total Assets	<u><u>\$ 4,536,840</u></u>	<u><u>\$ 3,943,509</u></u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current Liabilities		
Current portion of notes payable	\$ 79,031	\$ 74,943
Accounts payable and accrued expenses	998,737	678,539
Refundable advances	17,743	281,285
Total current liabilities	<u>1,095,511</u>	<u>1,034,767</u>
Long-Term Liabilities		
Notes payable, net of current portion	3,355,452	3,180,313
Less: unamortized debt issuance costs	<u>(42,541)</u>	<u>(62,961)</u>
Total long-term liabilities, net of unamortized debt issuance costs	<u>3,312,911</u>	<u>3,117,352</u>
Total Liabilities	<u>4,408,422</u>	<u>4,152,119</u>
Net Assets		
Without donor restrictions	(86,766)	(208,610)
With donor restrictions	215,184	-
Total net assets	<u>128,418</u>	<u>(208,610)</u>
Total Liabilities And Net Assets (Deficit)	<u><u>\$ 4,536,840</u></u>	<u><u>\$ 3,943,509</u></u>

See independent auditor's report and notes to the consolidated financial statements

BELIEVE Circle City High School, Inc.
Consolidated Statements of Activities and Change in Net Assets (Deficit)
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support						
State education support	\$ 3,126,689	\$ -	\$ 3,126,689	\$ 2,360,182	\$ -	\$ 2,360,182
Federal and state grant revenue	2,824,430	215,184	3,039,614	2,457,430	-	2,457,430
In-kind CMO services	481,312	-	481,312	-	-	-
Other income	82,388	-	82,388	30,350	-	30,350
Total revenue and support	<u>6,514,819</u>	<u>215,184</u>	<u>6,730,003</u>	<u>4,847,962</u>	<u>-</u>	<u>4,847,962</u>
Expenses						
Program services	5,396,150	-	5,396,150	5,027,826	-	5,027,826
Management and general	1,015,323	-	1,015,323	870,777	-	870,777
Total expenses	<u>6,411,473</u>	<u>-</u>	<u>6,411,473</u>	<u>5,898,603</u>	<u>-</u>	<u>5,898,603</u>
Change in Net Assets (Deficit) from Operations	103,346	215,184	318,530	(1,050,641)	-	(1,050,641)
Other Income						
Insurance claims income	<u>18,498</u>	<u>-</u>	<u>18,498</u>	<u>206,246</u>	<u>-</u>	<u>206,246</u>
Change in Net Assets (Deficit)	121,844	215,184	337,028	(844,395)	-	(844,395)
Net Assets (Deficit), Beginning of Year	<u>(208,610)</u>	<u>-</u>	<u>(208,610)</u>	<u>635,785</u>	<u>-</u>	<u>635,785</u>
Net Assets (Deficit), End of Year	<u>\$ (86,766)</u>	<u>\$ 215,184</u>	<u>\$ 128,418</u>	<u>\$ (208,610)</u>	<u>\$ -</u>	<u>\$ (208,610)</u>

See independent auditor's report and notes to the consolidated financial statements

BELIEVE Circle City High School, Inc.
Consolidated Statements of Functional Expenses
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	\$ 2,036,864	\$ 91,691	\$ 2,128,555	\$ 1,671,183	\$ 427,625	\$ 2,098,808
Professional services	1,011,232	249,950	1,261,182	1,047,104	225,674	1,272,778
CMO fees	-	531,312	531,312	-	-	-
Employee benefits	345,661	18,571	364,232	253,414	116,812	370,226
Transportation	326,851	-	326,851	181,709	-	181,709
Information technology	317,831	6,400	324,231	448,967	5,440	454,407
Food costs	285,794	-	285,794	264,861	-	264,861
Depreciation	223,470	-	223,470	195,193	-	195,193
Travel	146,437	34,183	180,620	47,476	26,600	74,076
Interest	173,530	-	173,530	175,684	-	175,684
Occupancy	156,408	-	156,408	185,919	-	185,919
Classroom and office supplies	123,240	21,686	144,926	157,255	38,111	195,366
Repairs and maintenance	100,438	-	100,438	201,907	-	201,907
Equipment	88,335	-	88,335	114,717	-	114,717
Insurance	59,079	-	59,079	54,497	-	54,497
Advertising	-	27,205	27,205	-	3,917	3,917
Authorizer oversight fees	-	21,413	21,413	-	13,955	13,955
Professional development	-	-	-	19,173	-	19,173
Other	980	12,912	13,892	8,767	12,643	21,410
Total functional expenses	<u>\$ 5,396,150</u>	<u>\$ 1,015,323</u>	<u>\$ 6,411,473</u>	<u>\$ 5,027,826</u>	<u>\$ 870,777</u>	<u>\$ 5,898,603</u>

See independent auditor's report and notes to the consolidated financial statements

BELIEVE Circle City High School, Inc.
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating Activities		
Change in net assets (deficit)	\$ 337,028	\$ (844,395)
Adjustments to reconcile change in net assets (deficit) to net change in cash from operating activities:		
Depreciation expense	223,470	195,193
Amortization of debt issuance costs	20,420	20,420
Loss on disposal of fixed assets	28,849	-
Changes in certain assets and liabilities:		
Grants receivable	(138,828)	(16,435)
Due from affiliate	15,332	(15,332)
Prepaid expenses	(3,865)	(12,596)
Accounts payable and accrued expenses	320,198	348,963
Refundable advances	(263,542)	276,034
Net change in cash from operating activities	<u>539,062</u>	<u>(48,148)</u>
Investing Activities		
Purchases of fixed assets	<u>(155,350)</u>	<u>(219,924)</u>
Financing Activities		
Payments on notes payable	(70,773)	(24,767)
Proceeds from note payable	250,000	-
Repayments of borrowings from affiliate	-	(188,632)
Net change in cash from financing activities	<u>179,227</u>	<u>(213,399)</u>
Net Change in Cash	562,939	(481,471)
Cash, Beginning of Year	<u>558,282</u>	<u>1,039,753</u>
Cash, End of Year	<u>\$ 1,121,221</u>	<u>\$ 558,282</u>
Supplemental Information		
Cash paid for interest	\$ 139,467	\$ 137,406

See independent auditor's report and notes to the consolidated financial statements

BELIEVE Circle City High School, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 1 – Nature of Activities

BELIEVE Circle City High School, Inc. is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. Believe Schools, Inc. operates a public charter school under Indiana Code 20-24 and is sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. BELIEVE Circle City High School, Inc. served approximately 320 students in grades nine through twelve during the 2024-2025 school year (270 students during the 2023-2024 school year).

Starting in the 2024-2025 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). The agreement is for a term of five years, ending June 30, 2029, and renews automatically for an additional five-year term unless either party provides written notice at least 180 days prior to the expiration of the agreement. Under the agreement, IPS will pay 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. The agreement can be terminated by either party within 30 days of written notice for material breach of the agreement, by IPS at the end of the school year for poor academic performance given written notice to the school 180 days prior, or by both parties by mutual consent effective as of a mutually agreeable date.

Build Believe Properties, LLC, a wholly-owned subsidiary of BELIEVE Circle City High School, Inc., was formed in January 2022 to purchase the school facility. The accompanying consolidated financial statements include the accounts of both BELIEVE Circle City High School, Inc. and Build Believe Properties, LLC, collectively referred to as the School. All intercompany transactions and balances have been eliminated in consolidation.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting and Use of Estimates

The accompanying consolidated 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 affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Consolidated Financial Statement Presentation

The School reports its consolidated financial position and activities according to two classes of net assets:

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

As of June 30, 2025, the School had net assets with donor restrictions of \$215,184 from an implementation grant from the Lilly Endowment to improve student academic achievement and prospects for secondary success. As of June 30, 2024, the School only had net assets without donor restrictions.

BELIEVE Circle City High School, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

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, 2025 and 2024, there were no cash equivalents.

Grants Receivable

Grants receivable relate primarily to activities funded under federal programs and passed through IPS. The School believes it is operating in compliance with regulatory requirements and as such no allowance for credit losses is deemed necessary.

Fixed Assets

Purchases of assets and expenditures over \$500 for equipment and \$15,000 for non-equipment which 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:

Building	40 years
Building improvements	3 years
Equipment and technology	5 years
Vehicles	5 years

Debt Issuance Costs

The School incurred costs totaling \$112,309 associated with securing financing to purchase the School facility. Amortization is provided on a straight-line basis over the term of the underlying notes payable (66 months). Amortization expense was \$20,420 for both years ended June 30, 2025 and 2024, and was included in interest expense. Accumulated amortization was \$69,768 and \$49,348 as of June 30, 2025 and 2024, respectively. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Revenue Recognition Policy

As discussed in Note 1, the majority of revenue comes from IPS as part of the Innovation Network Charter School Agreement. Under the agreement with IPS, the School receives an amount per student in equal portion as if the School functioned as a traditional charter school. Funding from IPS is received monthly. Revenue is recognized in the year in which the educational services are rendered.

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 grants is considered satisfaction of the performance obligation.

Disaggregation of Revenue

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

BELIEVE Circle City High School, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 2 – Summary of Significant Accounting Policies (Continued)

Functional Expense Reporting

The costs of providing the educational activities have been summarized on a functional basis in the consolidated statements of activities and change in net assets (deficit). Management of the School 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.

Taxes on Income

BELIEVE Circle City High School, Inc. received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, BELIEVE Circle City High School, Inc. would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

As a wholly-owned subsidiary of BELIEVE Circle City High School, Inc., the accounts and balances of Build Believe Properties, LLC are reported on BELIEVE Circle City High School, Inc.'s tax filings.

Professional accounting standards require BELIEVE Circle City High School, Inc. to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability 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. Believe Schools, Inc. examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2021 are currently open to audit for both federal and state purposes.

Subsequent Events

The School evaluated subsequent events through October 28, 2025, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

Note 3 – Due from Affiliate

A separate legal entity called BELIEVE Schools, Inc. was established to serve as the operating entity for a new school in St. Louis, Missouri starting in the 2024-2025 school year. The School provided assistance with paying various expenses during the start-up process for the St. Louis school. As of June 30, 2024, the School had a balance due from the St. Louis school of \$15,332, which was repaid in full during the year ended June 30, 2025.

Note 4 – Refundable Advances

The School receives grants, some of which must be spent in accordance with submitted budgets with any funds not expended for the designated purposes returned. Accordingly, the revenue is recognized as approved expenditures are incurred. The School had refundable grant advances in excess of expenditures of \$17,744 and \$281,285 at June 30, 2025 and 2024, respectively.

BELIEVE Circle City High School, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 5 – Notes Payable

Notes payable consisted of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Note payable to BlueHub Loan Fund, Inc. Loan amount available up to \$2,600,000 to be used for building purchase and improvements. Interest only due through January 2024 at 5.25%, followed thereafter by principal and interest amortized over 20 years; maturity at June 30, 2027.	\$ 2,481,983	\$ 2,552,756
Note payable to CSGF Facility Fund III, LLC. Loan amount of \$500,000 to be used for building purchase and improvements. Interest only due through maturity at 2.50%; maturity at June 30, 2027.	500,000	500,000
Note payable to CSGF Facility Fund III, LLC. Loan amount of \$250,000 to be used for general operations. Interest only due through maturity at 1.00%; maturity at June 30, 2026.	250,000	-
Note payable to Center for Innovative Education Solutions, Inc. Loan amount of \$202,500 to be used for building purchase and improvements. No interest due or accrued through maturity; maturity at June 30, 2027.	202,500	202,500
	<u>\$ 3,434,483</u>	<u>\$ 3,255,256</u>

Annual principal maturities of the notes payable are as follows for the years ending June 30:

2026	\$ 79,031
2027	3,355,452
	<u>\$ 3,434,483</u>

The notes payable are secured by a mortgage on the building and lien on substantially all School assets. The note agreement with BlueHub Loan Fund, Inc. contains certain covenants limiting the School's ability to create additional indebtedness beyond the note disclosed herein. The agreements also contain covenants requiring 1) BELIEVE Circle City High School, Inc. to maintain at least 30 days cash on hand, 2) Build Believe Properties, LLC to maintain a debt service coverage ratio of 1.0 to 1.0 through the term of the loan, and 3) BELIEVE Circle City High School, Inc. to maintain a debt service coverage ratio according to the following schedule:

- Years ending June 30, 2024 and 2025 1.15 to 1.00
- Years ending June 30, 2026 and 2027 1.20 to 1.00

BELIEVE Circle City High School, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 5 – Notes Payable (Continued)

As of June 30, 2025, the School met the financial covenants.

The note payable to CSGF Facility Fund III, LLC for \$250,000 is a forgivable loan. The loan will be converted to a grant provided the School reaches 45 days cash on hand as of June 30, 2025 and 60 days cash on hand in June 30, 2026. The School met the requirement for 2025.

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 the School to make contributions at its discretion. For both years ended June 30, 2025 and 2024, the School contributed 3% of defined compensation to eligible employees. Retirement plan expense was \$5,414 and \$32,300 for the years ended June 30, 2025 and 2024, respectively.

Note 7 – Commitment

The School operates under a charter granted by OEI. As the sponsoring organization, OEI exercises certain oversight responsibilities. OEI assesses a fee equal to 1% of basic tuition support received by the School. Authorizer oversight fees totaling \$21,413 and \$13,955 were paid by the School during the years ended June 30, 2025 and 2024, respectively.

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

In 2025, the School contracted with BELIEVE Schools, Inc. to provide Charter Management Organization (CMO) services. Under the terms of the agreement, the School agreed to pay an amount equal to 10% of revenues, excluding federal grant awards, as defined, for such services. Expense under this agreement was \$531,312 for the year ended June 30, 2025. BELIEVE Schools, Inc. forgave \$481,312 of these fees in 2025, which were recorded as an in-kind contribution. This agreement is renewable annually.

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 and/or the agreement with IPS 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.

BELIEVE Circle City High School, Inc.
Notes to the Consolidated Financial Statements
For the Years Ended June 30, 2025 and 2024

Note 8 - Risks and Uncertainties (Continued)

Bank deposits are maintained at JPMorgan Chase Bank, N.A. and Merchants Bank and are insured up to the FDIC insurance limit. As of June 30, 2025 and 2024, and at times during the years then ended, cash balances exceeded the FDIC insured limit. Uninsured cash totaled approximately \$620,000 and \$308,000 as of June 30, 2025 and 2024, respectively.

Note 9 – Liquidity

Financial assets held by the School include cash, grants receivable, and amounts due from affiliate totaling \$1,410,847 and \$724,412 as of June 30, 2025 and 2024, respectively. Financial assets are entirely available to meet cash needs for general expenditures within one year with the exception of the \$30,000 escrow account required by OEI (Note 7).

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. The donor restricted net assets as of June 30, 2025 are restricted for purposes consistent with the general operations of the School and are therefore considered available for general expenditures.

Supplementary Information

BELIEVE Circle City High School, Inc. and Affiliate
Consolidated Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor Agency/Pass-Through Entity/Cluster Title/Program Title/Project Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 42,171
National School Lunch Program	10.555		178,522
Total U.S. Department of Agriculture			<u>220,693</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	S010A230014	75,062
Grants to Local Educational Agencies	84.010	S010A240014	246,126
Title II, Part A;			
Supporting Effective Instruction State Grants	84.367A	S367A230013	18,018
Supporting Effective Instruction State Grants	84.367A	S367A220013	817
Title IV, Part A;			
Student Support and Academic Enrichment	84.424A	S424A230015	2,140
Special Education Cluster			
Special Education - Grants to States	84.027	24611-642-PN01	1,300
Special Education - Grants to States	84.027	25611-642-PN01	55,671
Education for Homeless Children and Youth	84.196	S196A220015	1,948
Charter Schools Program	84.282A	U282A220017	324,001
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425D	81005	118,161
Total U.S. Department of Education			<u>843,244</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Pass-through The Indianapolis Foundation			
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>122,925</u>
Total federal awards expended			<u><u>\$ 1,186,862</u></u>

See independent auditor's report and notes to this consolidated schedule

BELIEVE Circle City High School, Inc. and Affiliate
Notes to the Consolidated Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying consolidated schedule of expenditures of federal awards includes the federal award activity of BELIEVE Circle City High School, Inc. and Affiliate (the School) under programs of the federal government for the year ended June 30, 2025. The information in this consolidated 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 consolidated schedule presents only a selected portion of the consolidated operations of the School, it is not intended to and does not present the consolidated financial position, results of operations, functional expenses, or cash flows of the School.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the consolidated 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 elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



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

The Board of Directors
BELIEVE Circle City High School, Inc.
Indianapolis, Indiana

We 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 consolidated financial statements of BELIEVE Circle City High School, Inc. and Affiliate (the School), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities and change in net assets (deficit), functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 28, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the consolidated 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 a material misstatement of the entity's consolidated 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 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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 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.

A handwritten signature in dark ink that reads "Donovan". The signature is stylized with a large, looped 'D' and the name 'Donovan' written in a cursive-like font.

Donovan CPAs
Indianapolis, Indiana
October 28, 2025



Donovan CPAs

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

The Board of Directors
BELIEVE Circle City High School, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We audited BELIEVE Circle City High School, Inc. and Affiliate's (the School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* which could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. 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 which could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 the audit evidence we 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.

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 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, 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 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 the School'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 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 which 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 which 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 we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist which were not identified.

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

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

A handwritten signature in dark ink, appearing to read "Donovan", is positioned above the printed name.

Donovan CPAs
Indianapolis, Indiana
October 28, 2025

BELIEVE Circle City High School, Inc. and Affiliate
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

I. Summary of Auditor's Results

Financial Statements

Type of auditor's 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 federal programs:

- Material weakness identified? No
- Significant deficiency identified? 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)? No

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
----------------------------------	---

84.282A	Charter Schools Program
---------	-------------------------

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

Auditee qualified as low-risk auditee?	Yes
--	-----

II. Financial Statement Findings

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

BELIEVE Circle City High School, Inc. and Affiliate
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2025

FINDING 2024-001 DOCUMENT RETENTION
SIGNIFICANT DEFICIENCY

Federal Program: Child Nutrition Cluster
Assistance Listing Number: 10.553 & 10.555

Criteria

Per 7 CFR 200.334, "Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient."

Condition

Two claims for meal reimbursement were selected for testing. The School was unable to provide records of meals served. The School qualified for the Community Eligibility Provision program and all students receive free meals. Meals claimed were below the maximum that could have been claimed had all students obtained school meals each day of the periods under review. No determination of questioned costs could be made.

Current Status

Corrective action was taken.

FINDING 2024-002 DAVIS-BACON COMPLIANCE
SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund
Assistance Listing Numbers: 84.425

Criteria

2 CFR part 200, Appendix II, Contract Provisions for Non-Federal Entity Contracts Under Federal Awards, part (D), states: When required by Federal program legislation, all prime construction contracts in excess of \$2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination.

Condition

The School entered into an agreement with a contractor for building renovations paid with funds from the Education Stabilization Fund. The School was unable to provide a copy of the formal contract including the provisions of the Davis-Bacon Act.

Current Status

Corrective action was taken.

BELIEVE Circle City High School, Inc. and Affiliate
Other Report
For the Year Ended June 30, 2025

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

Supplemental Audit Report of BELIEVE Circle City High School, 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*.

BELIEVE Circle City High School, Inc. and Affiliate
Schedule of Lead Auditor
For the Year Ended June 30, 2025

Auditor Information:	Donovan CPAs 9292 N Meridian Street, Suite 150 Indianapolis, IN 46260
Phone Number:	(317) 844-8300
Fax Number:	(317) 745-6545
Auditor Contact:	Benjamin A. Lippert, CPA
Auditor Contact Title:	Partner
Auditor Contact Email:	blippert@cpadonovan.com