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

Paul D. Joyce, CPA
State Examiner

November 25, 2025

Charter School Board
The PATH School, Inc.
Marion County, Indiana

We have reviewed the audit report of The PATH 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 The PATH 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.

We call your attention to the finding included in the report on page 21. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 22.

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 The PATH 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

The PATH School, Inc.

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2025 and 2024

Donovan CPAs

The PATH School, Inc.

Table of Contents

	Page
Independent Auditor's Report	1 - 3
Financial Statements	
Statements of Financial Position	4
Statements of Activities and Change in Net Assets	5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Notes to the Financial Statements	8 - 12
Supplementary Information	
Schedule of Expenditures of Federal Awards	13
Notes to the Schedule of Expenditures of Federal Awards	14
Independent 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*	15 - 16
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance	17 - 19
Schedule of Findings and Questioned Costs	20 - 21
Corrective Action Plan	22
Other Report	23
Schedule of Lead Auditor	24

Donovan CPAs

Independent Auditor's Report

The Board of Directors
The PATH School, Inc.
Indianapolis, Indiana

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2025 and 2024 and the results of its 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 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 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 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, which raise substantial doubt about the School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 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 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 audits 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 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 audits, significant audit findings, and certain internal control-related matters we identified during the audits.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also issued our report dated November 19, 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.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the School recorded in-kind contributions and offsetting expenses from Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools (IPS), a related party, totaling $3,238,120 and $3,221,179 during the years ended June 30, 2025 and 2024, respectively. These in-kind transactions represent approximately 22% of total revenue and support and 23% of total expenses for the year ended June 30, 2025 (24% and 26%, respectively, in 2024). These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented. Our opinion is not modified with respect to this matter.

Donovan CPAS
Indianapolis, Indiana
November 19, 2025

The PATH School, Inc.
Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash	$ 4,816,908	$ 4,940,420
Grants receivable	1,016,776	563,864
Prepaid expenses	10,000	-
Total current assets	5,843,684	5,504,284
Fixed Assets		
Furniture and equipment	451,773	446,260
Less: accumulated depreciation	(297,876)	(207,797)
Fixed assets, net	153,897	238,463
Total Assets	$ 5,997,581	$ 5,742,747
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	$ 306,526	$ 450,508
Refundable advances	-	394,471
Total current liabilities	306,526	844,979
Net Assets		
Without donor restrictions	5,395,555	4,897,768
With donor restrictions	295,500	-
Total net assets	5,691,055	4,897,768
Total Liabilities and Net Assets	$ 5,997,581	$ 5,742,747

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

The PATH School, Inc.
Statements of Activities and Change in Net Assets
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						
Student-based allocation funding from IPS	$ 6,217,057	$ -	$ 6,217,057	$ 5,263,220	$ -	$ 5,263,220
In-kind contributions from IPS	3,238,120	-	3,238,120	3,221,179	-	3,221,179
Grant revenue	5,056,548	295,500	5,352,048	4,531,738	-	4,531,738
Contributions	74,067	-	74,067	587,831	-	587,831
Other income	50,229	-	50,229	57,104	-	57,104
Total revenue and support	14,636,021	295,500	14,931,521	13,661,072	-	13,661,072
Expenses						
Program services	10,760,039	-	10,760,039	9,660,302	-	9,660,302
Management and general	3,378,195	-	3,378,195	2,603,119	-	2,603,119
Total expenses	14,138,234	-	14,138,234	12,263,421	-	12,263,421
Change in Net Assets	497,787	295,500	793,287	1,397,651	-	1,397,651
Net Assets, Beginning of Year	4,897,768	-	4,897,768	3,500,117	-	3,500,117
Net Assets, End of Year	$ 5,395,555	$ 295,500	$ 5,691,055	$ 4,897,768	$ -	$ 4,897,768

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

The PATH School, Inc.
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
In-kind expenses:						
Occupancy	$ 2,221,489	$ -	$ 2,221,489	$ 2,313,989	$ -	$ 2,313,989
Student transportation	866,388	-	866,388	795,907	-	795,907
Security services	-	128,982	128,982	-	95,385	95,385
Public engagement	-	21,261	21,261	-	15,898	15,898
Total in-kind expenses	3,087,877	150,243	3,238,120	3,109,896	111,283	3,221,179
Direct expenses:						
Salaries and wages	3,051,512	2,211,206	5,262,718	2,863,326	1,494,950	4,358,276
Professional services	1,708,366	528,785	2,237,151	1,106,072	618,280	1,724,352
Employee benefits	546,506	390,146	936,652	517,729	312,488	830,217
Classroom and office supplies	623,445	91,340	714,785	730,921	49,469	780,390
Food costs	687,327	-	687,327	525,021	-	525,021
Staff development	388,066	-	388,066	138,390	-	138,390
Occupancy	220,655	-	220,655	264,078	-	264,078
Technology services	101,989	-	101,989	88,230	-	88,230
Depreciation	90,079	-	90,079	88,549	-	88,549
Transportation	56,089	-	56,089	56,566	-	56,566
Insurance	54,237	-	54,237	42,118	-	42,118
Authorizer oversight fees	45,598	-	45,598	39,804	-	39,804
Travel and meetings	39,371	-	39,371	33,476	414	33,890
Repairs and maintenance	17,643	-	17,643	1,562	-	1,562
Equipment	5,089	-	5,089	11,087	-	11,087
Advertising	-	131	131	-	-	-
Other	36,190	6,344	42,534	43,477	16,235	59,712
Total direct expenses	7,672,162	3,227,952	10,900,114	6,550,406	2,491,836	9,042,242
Total functional expenses	$ 10,760,039	$ 3,378,195	$ 14,138,234	$ 9,660,302	$ 2,603,119	$ 12,263,421

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

The PATH School, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	2025	2024
Operating Activities		
Change in net assets	$ 793,287	$ 1,397,651
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	90,079	88,549
Change in certain assets and liabilities:		
Grants receivable	(452,912)	392,702
Prepaid expenses	(10,000)	19,557
Accounts payable and accrued expenses	(143,982)	186,799
Refundable advances	(394,471)	394,471
Net change in cash from operating activities	(117,999)	2,479,729
Investing Activities		
Purchases of fixed assets	(5,513)	(18,091)
Net Change in Cash	(123,512)	2,461,638
Cash, Beginning of Year	4,940,420	2,478,782
Cash, End of Year	$ 4,816,908	$ 4,940,420

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

Note 1 – Nature of Activities

The PATH School, Inc. (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school under Indiana Code 20-24. The School is sponsored by the Office of Education Innovation (OEI) of the Mayor of the City of Indianapolis. The charter is effective through June 30, 2030 and is renewable thereafter by mutual consent. The School served approximately 705 students in kindergarten through eighth grade during the 2024-2025 school year (approximately 615 students during the 2023-2024 school year).

The School operates under an Innovation Network Charter School Agreement with Commissioners of the City of Indianapolis, also known as Indianapolis Public Schools (IPS). The agreement, under Indiana Code 20-25.5-1, allows IPS to enter into an agreement with the School to operate a charter school within an IPS building. The agreement is for a term of five years, with an automatic renewal for additional five-year terms. 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 annually by either party by providing written notice at least 180 days prior to the end of the school year.

The School received valuable in-kind services from IPS during the years ended June 30, 2025 and 2024. The values of these services were estimated and have been reflected as in-kind contributions and expenses (Note 4).

Note 2 – Summary of Significant Accounting Policies

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

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

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

As of June 30, 2025, the School had net assets with donor restrictions of $295,500 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.

Cash and Cash Equivalents
Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Fixed Assets
Purchases of assets and expenditures which materially increase value or extend useful lives are capitalized and included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases of less than $5,000 individually are charged to expense as incurred.

Furniture and equipment are depreciated using the straight-line method over an estimated useful life of four years.

Revenue Recognition Policy
As discussed in Note 1, the majority of the School's revenue and support is provided by IPS as part of the Innovation Network Charter School Agreement. Under the agreement with IPS, the School receives monthly funding from IPS in accordance with a student-based allocation formula. Funding includes both fixed and variable components. The variable funding depends upon certain attributes including the number of students, student grades, poverty status, and other factors. Revenue is recognized in the year in which the 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 grant is considered satisfaction of the performance obligations.

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

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

Functional Expense Reporting
The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School 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
The School 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, the School 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 financial statements.

Note 2 – Summary of Significant Accounting Policies (Continued)

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would 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. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2021 are open to audit for both federal and state purposes.

Subsequent Events
The School evaluated subsequent events through November 19, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Note 3 – Refundable Advances

The School was awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Refundable grant advances totaled $394,471 as of June 30, 2024. There were no refundable grant advances as of June 30, 2025.

Note 4 – Valuation of In-Kind Services

The School recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling $3,238,120 and $3,221,179 during the years ended June 30, 2025 and 2024, respectively. These in-kind transactions represent approximately 22% of total revenue and support and 23% of total expenses for the year ended June 30, 2025 (24% and 26%, respectively, in 2024). These amounts are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented.

The only in-kind contributions received by the School are from IPS and are disaggregated on the statements of activities and change in net assets. There are no restrictions set on these amounts.

Note 5 – Retirement Plans

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 6% of compensation for electing teaching faculty to TRF and 11.2% of compensation for other electing employees to PERF during the years ended June 30, 2025 and 2024. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2024 (the latest year reported), TRF was over 86% funded and PERF was over 82% funded.

Note 5 – Retirement Plans (Continued)

In lieu of participating in either the TRF or PERF plans, the School offers a 401(k) defined contribution retirement plan for employees who have attained age 21. The School will match employee deferrals dollar for dollar up to 3% of compensation. The School may also make discretionary contributions.

Total contributions by the School to the retirement plans were $168,462 and $123,906 during the years ended June 30, 2025 and 2024, respectively.

Note 6 – Commitments

As the School's sponsoring organization, OEI exercises certain oversight responsibilities. OEI assesses an authorizer oversight fee equal to 1% of the basic tuition support received by the School. Authorizer oversight fees of $45,598 and $39,804 were paid during the years ended June 30, 2025 and 2024, respectively.

The charter agreement requires the School to establish a cash escrow account of no less than $30,000 should a dissolution occur. As of June 30, 2025, this escrow account has been established and fully funded. The escrow account is included in the balance of cash on the statements of financial position.

Note 7 – Risks and Uncertainties

The School provides education instruction services to families primarily residing in Marion County, 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 agreements 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.

Financial instruments potentially subjecting the School to concentrations of credit risk consist principally of receivables from the State of Indiana. In addition, deposits maintained at Fifth Third Bank are insured up to the FDIC insurance limit. As of June 30, 2025, the School's cash balance exceeded the FDIC insurance limit by approximately $4,664,000.

Note 8 – Liquidity

Financial assets held by the School include cash and grants receivable. Financial assets at June 30, 2025 and 2024 totaled $5,833,684 and $5,504,284, respectively, all of which are available to meet cash needs for general expenditures within one year, with the exception of the $30,000 cash escrow account (Note 7).

Note 8 – Liquidity (Continued)

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

The PATH School, Inc.
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.S. DEPARTMENT OF AGRICULTURE			
Pass-through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553		$ 198,652
National School Lunch Program	10.555		508,131
Total U.S. Department of Agriculture			706,783
U.S. DEPARTMENT OF EDUCATION			
Pass-through Indiana Department of Education:			
Title I, Part A; Grants to Local Educational Agencies	84.010A	7000S010A220014	88,198
Title I, Part A; Grants to Local Educational Agencies	84.010A	7000S010A230014	480,145
Title I, Part A; School Improvement Grants	84.010A	86747	1,240,580
Title I, Part A; School Improvement Grants	84.010A	81158	131,082
Title II, Part A; Supporting Effective Instruction State Grants	84.367A	7000S367A240013	64,154
Title III, Part A; English Language Acquisition State Grants	84.365A	7000S365A240014	32,832
Title IV, Part A; Student Support and Academic Enrichment	84.424A	7000S424A240015	41,027
Special Education Cluster			
Special Education - Grants to States	84.027X	7000H173A230104	4,845
Special Education - Grants to States	84.027A	7000H027A240084	159,282
Special Education - Grants to States	84.027A	7000H173A240104	3,186
Education Stabilization Fund			
Elementary and Secondary School Emergency Relief Fund	84.425U	7000S425U210013	73,592
Total U.S. Department of Education			2,318,923
Total federal awards expended			$ 3,025,706

See independent auditor's report and notes to this schedule

The PATH School, Inc.
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of The PATH School, Inc. (the School) under programs of the federal government for the year ended June 30, 2025. 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, change in net assets, functional expenses, or cash flows of the School.

Note 2 – Summary of significant Accounting Policies

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

Note 3 – Indirect Cost Rate

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

Donovan CPAs

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
The PATH 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 financial statements of The PATH School, Inc. (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and issued our report thereon dated November 19, 2025.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies in internal control such that there is a reasonable possibility 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 which 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 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 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.

Donovan CPAs
Indianapolis, Indiana
November 19, 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
The PATH School, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We audited The PATH School, Inc.'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2025-001. Our opinion on the major federal programs is not modified with respect to this matters.

The School's response to the noncompliance finding identified in our audit is described in the Corrective Action Plan on page 22. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2025-001 to be a significant deficiency.

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.

Donovan CPAs
Indianapolis, Indiana
November 19, 2025

The PATH School, Inc.
Schedule of Finding 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 programs:	
• Material weakness identified?	No
• Significant deficiency identified?	Yes
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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.010A	Title I, Part A

Dollar threshold use to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

FINDING 2025-001 DOCUMENT RETENTION
SIGNIFICANT DEFICIENCY

Federal Program: Title I, Part A
Assistance Listing Number: 84.010A

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
As part of its process to determine allocations of Title I program funds, the State of Indiana uses poverty level data submitted by the schools. The report used to determine Title I funding for the 2025 fiscal year was obtained from the School. A sample of 40 students were selected from the report for testing. Of those selected, the School was unable to provide the records that were used to determine the poverty level of 7 students.

Cause
The School did not have procedures in place to ensure it maintained this documentation for all reported students.

Effect
Determination of whether reporting was correct for these students could not be made.

Recommendation
We recommend the School develop internal controls requiring the maintenance of documentation for poverty level determination records.

Views of Responsible Officials
The School's Corrective Action Plan is included on page 22.

November 18, 2025

Donovan CPAs
9292 N. Meridian Street, Suite 150
Indianapolis, IN 46260

The PATH School already has or will take the following actions to address the FY2025 supplemental audit report comments:

Required Reports

1. We will implement additional procedures and internal controls to ensure that all required student documentation is consistently collected and maintained. As part of these enhanced controls with our front office staff including receptionist and office manager, our enrollment process now includes a mandatory step requiring all students to complete the Free/Reduced Lunch Application on an annual basis. This will be implemented immediately. This measure will help ensure accurate reporting and compliance with program requirements.

Sincerely,

Theodore Brannum
Chief Operations Officer
E: tbrannum@thepathschool.org

The PATH School, Inc.
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 The PATH 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*.

The PATH School, Inc.
Schedule of Lead Auditor
For the Years Ended June 30, 2025 and 2024

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