



Donovan CPAs

To the Board of Directors
Edison School of the Arts, Inc.

We have audited the financial statements of Edison School of the Arts, Inc. (the “School”) as of and for the years ended June 30, 2023 and 2022 and have issued our report thereon dated October 30, 2023. Professional standards require us to provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audits. Professional standards require us to communicate to you the following information related to our audits.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Notes 1 and 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2023. We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility future events affecting them may differ significantly from those expected. The most sensitive accounting estimate affecting the financial statement relates to the value of the in-kind services provided by IPS. Note 3 to the financial statements reads as follows:

Valuation of In-kind Services

The School recorded in-kind contributions and offsetting expenses from IPS, a related party, totaling \$3,903,861 and \$3,826,287 during the years ended June 30, 2023 and 2022, respectively. These in-kind transactions represent approximately 36% and 43% of total revenue and support for the years ended June 30, 2023 and 2022, respectively, and 37% and 45% of total expenses for the years ended June 30, 2023 and 2022, respectively. The values of in-kind services are calculated by IPS using significant estimates and judgments and are recorded by management of the School as presented.

Significant Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audits

We encountered no significant difficulties in dealing with management in performing and completing our audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audits, other than those which are clearly trivial, and communicate them to the appropriate level of management. Management corrected all such misstatements. None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditors' report. We are pleased to report no such disagreements arose during the course of our audits.

Management Representations

We requested certain representations from management which were provided in the management representation letter dated October 30, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion which may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Emphasis of Matter Paragraph

Given the significance of the valuation of the in-kind contributions and expenses, both in terms of dollar amounts as well as the significance of the estimates and judgements involved in arriving at those amounts, we have included an emphasis of matter paragraph in our independent auditors' report drawing the reader's attention to the disclosures in Note 3. Our opinion is not modified with respect to this matter.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audits of the financial statements.

This information is intended solely for the use of Board of Directors, management of the School, and Indianapolis Public Schools, and is not intended to be, and should not be, used by anyone other than these specified parties.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent initial "D".

Indianapolis, Indiana
October 30, 2023