BALL STATE UNIVERSITY

2020-2021

Office of Charter Schools

BALL STATE UNIVERSITY

Office of Charter Schools

For more information about this report, contact

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Ball State University practices equal opportunity in education and employment and is strongly and actively committed to diversity within its community.

LETTER FROM THE ASSISTANT DEAN FOR SCHOOL ENGAGEMENT

BSU Office of Charter Schools

Ball State University serves as the largest public University authorizer of public charter schools in Indiana, with 26 schools throughout the state serving 17,027 students during 2020-21. In the 2021-22 school year Ball State will authorize 24 schools serving approximately 16,332 children. Our portfolio of charter schools reaches every corner of the state, representing diverse communities and needs.

As an authorizer for the last 20 years, Ball State University's Office of Charter Schools (OCS) continues its work to become a model for how an authorizer can improve its policies and practices, thereby improving the quality of schooling opportunities for students throughout Indiana. In 2011 OCS worked with the National Association of Charter School Authorizers (NACSA) to improve authorizing practices across the board for OCS and nationwide. OCS has continued to work with NACSA, our fellow Indiana authorizers, the Indiana Department of Education, and authorizers nationwide to improve authorizing practices nationwide and improve the charter school sector's performance in our state.

Our oversight of charter schools includes evaluating the academic, financial and organizational performance of each school we monitor. Both the internal OCS staff at Ball State, as well as third-party external evaluators conduct this work. Both perspectives provide us with a thorough look at a school's performance, and within the context of each school's unique community. OCS continues its work to become a model for how an authorizer can drastically improve its policies and practices. As we work with state partners to improve the performance and accountability of charter schools, we also serve as an advocate for all schools alongside traditional public schools.

The Teachers College's mission is dedicated to the development of future and current teachers and educational leaders who are responsive to diversity and the contextual foundations of teaching, learning and human development. OCS supports this mission by authorizing charter schools that meet the needs of the communities they serve. Each charter school is unique in its purpose and within the context of its broader community.

OCS is committed to assisting and supporting its charter schools and has put in place mechanisms and strategies to provide this assistance to its charter schools with the goal of improving student academic achievement and thereby increasing thereby increasing the percentage of Ball State authorized charters meeting or exceeding performance standards. As parents and communities continue to call for high quality educational options, Ball State University remains committed to meeting their needs, as do the many dedicated charter school administrators, teachers, staff and volunteers who serve on school boards, assist in the classrooms, and otherwise advance these public schools on behalf of their students.

Sincerely,

Kendra Lowery

Dr. Kendra Lowery, Associate Dean for Equity and Engagement, Teachers College

ACCOUNTABILITY REPORT CONTENT

BSU Office of Charter Schools

Overview

General Information

Comprehensive Review of BSU Charter Schools*

BALL STATE UNIVERSITY

The Ball State University Office of Charter Schools is pleased to provide this Accountability Report along with additional information regarding data summarized in this report online: www.bsu.edu/teachers/charter

PURPOSE OF THE ACCOUNTABILITY REPORT

of BSU Charter Schools

Each year, the Ball State University Office of Charter Schools (OCS) publishes an accountability report indicating the performance of its authorized charter schools. This is the seventeenth annual accountability report.

The purpose of this report is to provide a performance snapshot of each charter school authorized by Ball State that operated during 2020-21, as well as a general summary of the success of the Ball State charter program. The accountability report provides information about each school's educational philosophy and approach; demographics of the school's student population; 2020-21 state student achievement data in the form of ILEARN, IREAD, ISTEP+ Grade 10 and graduation rates, as well as their annual financial audits.

When available, this report summarizes the performance of each school for the academic year 2019-20, and, when applicable, goes back five years in operation. School performance data is obtained from the state assessment program, and the ILEARN assessment. The Indiana Department of Education reports test results only at the school level by grade. Because individual student performance has not been made available to OCS, the office is presently unable to track individual student progress for the ILEARN assessment. Without individual student performance on the ILEARN, specific gains of those individual students from year-to-year cannot be tracked.

However, using Indiana's growth model data does provide some insight into the progress of students within BSU-authorized charter schools. Due to the COVID-19 pandemic, growth data for FY 2020-21 is not available. OCS recognizes that focusing on standardized test passing rates alone does not take into account such factors as the movement of individual students into and out of schools. This student mobility is significant for some of the Ball State-authorized schools, thereby masking performance gains of students who remain at a school for a number of years. Ideally, for accuracy, the performance of a school should be based on the impact of its educational program on the same students over a reasonable period of time.

OVERVIEW

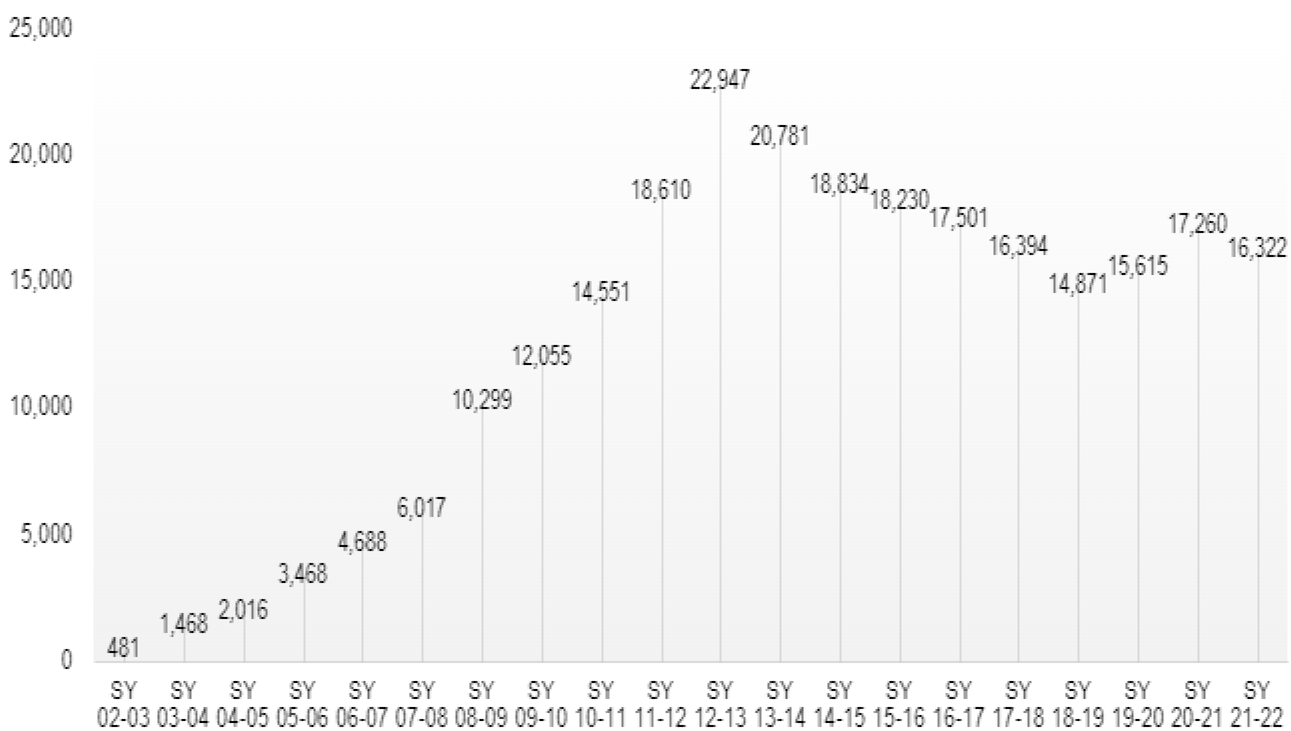
of BSU Charter Schools

What are Charter Schools?

Charter schools are independent, state-funded, public schools that are open to all students. Students do not pay tuition to attend these schools, which are designed and operated by educators, parents, and community leaders. In Indiana, charter schools may be authorized by a limited number of entities, such as the executive of a consolidated city or a state, public and private universities offering four-year degrees, and a state-wide authorizing board. Ball State has served as an authorizer since 2002.

Through these schools, Ball State University helps expand the educational choices available to Indiana students. Each school authorized by the University Similar to public schools, charter schools are held to high academic standards. Each Ball State-sponsored charter school is required to fulfill the conditions set forth in its charter, as well as to achieve the performance standards set forth in Ball State's Performance Frameworks, which serve as the accountability plan for all schools sponsored by Ball State. Charter schools must participate in state testing programs, provide open enrollment to all students, hire certified teachers, publish annual reports, and comply with Indiana Access Laws. The educational programs offered in charter schools are often new and innovative approaches to instruction that can be tailored to the specific needs of students. Charter schools are allowed considerable autonomy through the Indiana Charter Law.

Enrollment History of Ball State University Authorized Charter Schools (2020-21)

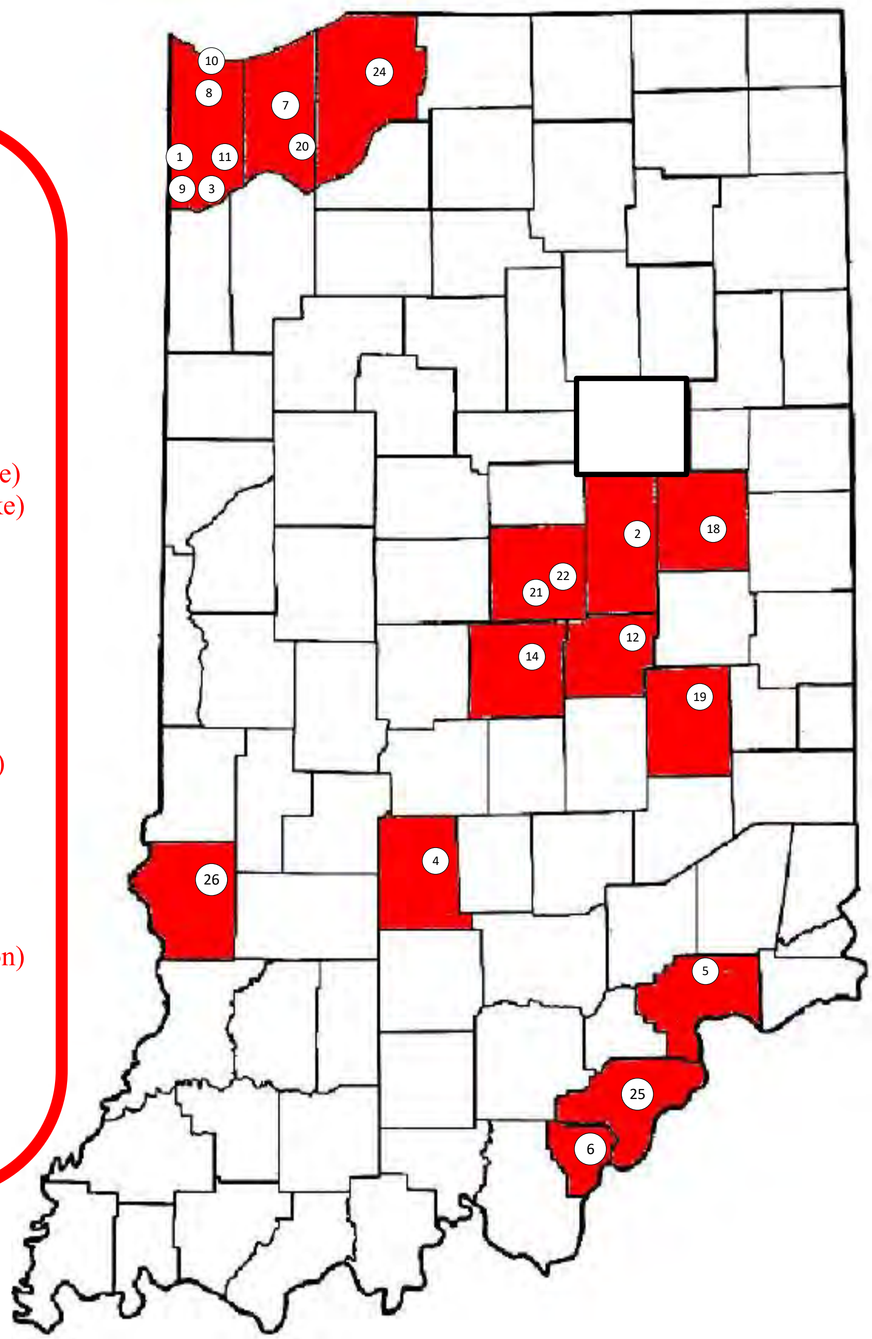


MAP OF BALL STATE CHARTER SCHOOLS

BSU Public Charter Schools
(Updated July 1, 2020)

1. *21st Century Charter School at Gary* 2005 (Lake)
2. Anderson Preparatory Academy 2008 (Madison)
3. *Aspire Charter Academy* 2008 (Lake)
4. The Bloomington Project School 2009 (Monroe)
5. Canaan Community Academy 2012 (Jefferson)
6. Community Montessori 2002 (Floyd)
7. Discovery Charter School 2010 (Porter)
8. *East Chicago Lighthouse Charter School* 2006 (Lake)
9. *East Chicago Urban Enterprise Academy* 2005 (Lake)
10. *Gary Lighthouse Charter School* 2005 (Lake)
11. *Gary Middle* College 2012 (Lake)
12. Geist Montessori Academy 2006 (Hancock)
13. HIM by HER Collegiate School for the Arts 2020 (Marion)
14. *Hoosier Academy - Indianapolis* 2008 (Marion)
15. *Indiana Connections Academy* 2012 (Virtual)
16. *Indiana Connections Career Academy* 2017 (Virtual)
17. *Insight School of Indiana* 2016 (Virtual)
18. Inspire Academy 2013 (Delaware)
19. Mays Community Academy 2015 (Rush)
20. Neighbor's New Vista High School 2012 (Porter)
21. Options Charter School – Carmel 2004 (Hamilton)
22. Options Charter School - Noblesville 2006 (Hamilton)
23. Options Indiana 2020 (Virtual)
24. Renaissance Academy 2007 (La Porte)
25. Rock Creek Community Academy 2010 (Clark)
26. Rural Community Academy 2004 (Sullivan)

EMO – 38% (10 schools)
Independent – 62% (16 schools)



DIVERSITY OF BSU CHARTER SCHOOLS

Serving as Indiana's first postsecondary institution authorizing public charter schools was one way the Ball State University demonstrated its commitment to redefining education and building better communities. Ball State University remains the largest postsecondary institution authorizer in the state. The chart below demonstrates the diversity found in BSU charter schools as compared to traditional public schools in the state of Indiana.

School Type Comparisons

2020-21	Traditional Public Schools		BSU Authorized Charter Schools		
Enrollment	1,112,611		17,260		
Ethnicity	Number**	Percent*	Number	Percent	Range
Black	139,076	12.5%	4,704	27.3%	0 – 95.2%
White	735,436	66.1%	9,694	56.2%	0 – 96.8%
Hispanic	147,977	13.3%	1,737	10.1%	1.4 – 55.9%
Multiracial	57,886	5.2%	916	5.3%	0 – 13.4%
Asian	31,153	2.8%	140	0.8%	0 – 4.2%
Native American	2,225	0.2%	43	0.2%	0 – 1.4%
Native Hawaiian/Pacific Island or Other	1,113	0.1%	16	0.1%	0 – 0.9%
Lunch (Free/Reduced/Paid)					
Free/Reduced	510,688	45.9%	9473	54.9%	3.3 – 100.0%
Paid	601,923	54.1%	7,787	45.1%	0 – 96.7%
Special Education	172,455	15.5%	3,127	18.1%	1.6 – 44.3%
English Language Learner	73,432	6.6%	430	2.5%	0 – 27.1%

- Traditional Public School numbers are based upon State Report from IDOE Inview Website. Because percentages are rounded up, the total percentages equal 100.1%, the enrollment numbers when totaled is 1,113 more students than the actual total enrollment. However, there is no way to determine the exact enrollment numbers in each category based on the IDOE Inview Website.

2020-21 Student Enrollment

of BSU Charter Schools

School Name	Enrollment	Attendance Rate	Mobility	% of Students Suspensions	% of Students Expelled	Safety & Disciplinary Incidents	% of students with Chronic Absenteeism
21st Century Charter School at Gary	1264	85.41%	9.1%	.95%	0%	12	46.9%
Anderson Preparatory Academy	849	86.35%	Data unavailable	10.8%	0.001%	425	0.015%
Aspire Charter Academy	647	95.31%	26.1%	0.0%	0.77%	17	52.7%
The Bloomington Project School	307	93.77%	4.8%	1.4%	0.0%	11	10.0%
Canaan Community Academy	142	Data Unavailable	10%	3%	0%	0%	2.5%
Community Montessori Inc	534	95.65%	Data unavailable	1.13%	0%	0	5%
Discovery Charter School	498	82.42%	Data unavailable	4.4%	0%	2%	
East Chicago Lighthouse Charter School	515	88.61%	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable
East Chicago Urban Enterprise Academy	412	82.56%	Data unavailable	1%	0%	70	32%*
Gary Lighthouse Charter School	1334	35.11%	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable
Gary Middle College	164	Data Unavailable	4.48%	.61%	0%	1	97.96%
Geist Montessori Academy	270	Data Unavailable	Data unavailable	4.9%	0.0%	36	0.02%
HIM by HER Collegiate School of the Arts	63	Data Unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable
Hoosier Academy – Indianapolis	141	98.82%	40.93%	1.04%	0	1	27.81%
Indiana Connections Academy	6687	98.30%	40.2%	1.0%	0.0%	0	3%
Indiana Connections Career Academy	611	Data Unavailable	51%	0.0%	0.0%	0	3.5%
Insight School of Indiana	676	79.35%	40.93%	1.04%	0	1	27.81%
Inspire Academy	157	88.93%	35%	4.46%	0%	7	47.13%
Mays Community Academy	193	Data Unavailable	Data unavailable	7.8%	0.0%	3	9.4%
Neighbors' New Vistas High School	179	89.76%	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable
Options Charter School - Carmel	143	86.70%	27.7%	0.2%	0%	1	0%
Options Charter School - Noblesville	201	78.22%	18.5%	1.1%	0.0%	2	0%
Options Indiana	300	Data Unavailable	13.6%	1.13	0%	2	0%
Renaissance Academy Charter School	253	94.06%	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable
Rock Creek Community Academy	625	96.53%	Data unavailable	0.4%	0.002%	n/a	n/a
Rural Community Academy	95	85.41%	9.3%	0.04%	0	2	1%

2020-21 Incidents of Seclusions or Restraints

of BSU Charter Schools

School Name	# Chemical Restraints	# Mechanical Restraints	# Physical Restraints	Total Restraints	# Restraints Involving a Resource Office	# Seclusions	# Seclusions Involving a Resource Office
21st Century Charter School at Gary	0	0	0	0	0	0	0
Anderson Preparatory Academy	0	0	0	0	0	0	0
Aspire Charter Academy	0	0	0	0	0	0	0
The Bloomington Project School	0	0	0	0	0	0	0
Canaan Community Academy	0	0	0	0	0	0	0
Community Montessori Inc	0	0	2	2	0	0	0
Discovery Charter School	0	0	0	3	0	0	0
East Chicago Lighthouse Charter School	0	0	0	0	0	0	0
East Chicago Urban Enterprise Academy	0	0	0	0	0	0	0
Gary Lighthouse Charter School	0	0	0	0	0	0	0
Gary Middle College	0	0	0	0	0	0	0
Geist Montessori Academy	0	0	8	8	0	13	0
HIM by HER Collegiate School for the Arts	0	0	0	0	0	0	0
Hoosier Academy – Indianapolis	0	0	1	1	1	0	0
Indiana Connections Academy	0	0	0	0	0	0	0
Indiana Connections Career Academy	0	0	0	0	0	0	0
Insight School of Indiana	0	0	1	1	1	0	0
Inspire Academy	0	0	4	4	0	0	0
Mays Community Academy	0	0	0	0	0	0	0
Neighbors' New Vistas High School	0	0	0	0	0	0	0
Options Indiana	0	0	0	0	0	0	0
Options Charter School - Carmel	0	0	0	0	0	0	0
Options Charter School - Noblesville	0	0	1	1	0	0	0
Renaissance Academy Charter School	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable	Data unavailable
Rock Creek Community Academy	0	0	0	0	0	0	0
Rural Community Academy	0	0	1	1	0	0	0

INDIANA'S STATE ACCOUNTABILITY SYSTEM

Ball State University Authorized Charter Schools 2020-21 PL221 Status

Beginning with the 2011-12 school year, new metrics were used to assign category designations (letter grades) to schools. These new A-F grades were designed to improve transparency by allowing parents and community members to recognize how well Indiana schools are performing. The A-F model measures proficiency and growth on state assessments, and includes college and career readiness performance indicators for high schools. A more detailed explanation of how the A-F grade is calculated for schools can be found on the IDOE website. https://www.doe.in.gov/accountability/indiana-student-centered-accountability. Additionally, a detailed breakdown for each school is provided on their school's INview profile, if you click on the grade under "State Grade" at https://inview.doe.in.gov/

SCHOOL NAME	State Hold Harmless 2020-21	State Hold Harmless 2019-20	2018-19		2017-18		2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
			State	Federal	State	Federal						
21st Century Charter School at Gary	C	C	D	Does not Meet	C	C	D	C	D	D	D	
Anderson Preparatory Academy	B	B	D	Approaches Expectations	B	C	C	C	A	A	D	D
Aspire Charter Academy	D	D	D	Approaches Expectations	D	D	F	D	D	D	D	C
The Bloomington Project School	A	A	A	Meets Expectations	B	B	B	A	A	A	A	C
Canaan Community Academy	D	D	F	Approaches Expectations	D	F	C	C	*	*	A	Not open
Community Montessori	B	B	C	Approaches Expectations	B	B	C	C	D	D	D	D
Discovery Charter School	B	B	C	Meets Expectations	B	B	B	B	A	A	A	A
East Chicago Lighthouse	D	D	D	Approaches Expectations	D	D	D	F	D	D	F	D
East Chicago Urban Enterprise Academy	D	D	D	Approaches Expectations	D	D	D	D	A	A	C	D
Gary Lighthouse Charter School	C	C	D	Approaches Expectations	C	C	C	C	D	D	F	F
Gary Middle College	A	A	No Grade	Does Not Meet	No Grade (Adult High School – B)	C (Adult High School – B)	F	F	**	**	**	Not open
Geist Montessori Academy	B	B	C	Approaches Expectations	B	B	C	B	A	A	C	A
Hoosier Academy - Indianapolis	C	C	D	Approaches Expectations	C	C	D	F	C	C	C	B
HIM by HER Collegiate School for the Arts	n/a	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open
Indiana Connections Academy	D	D	D	Approaches Expectations	D	F	F	F	D	D	D	D
Indiana Connections Career Academy	No Grade	No Grade	D	Does Not Meet	No Grade	No Grade	Not open	Not open	Not open	Not open	Not open	Not open
Insight School of Indiana	C	C	C	Does Not Meet	C	D	Not open	Not open	Not open	Not open	Not open	Not open
Inspire Academy	D	D	F	Does Not Meet	D	D	D	C	D	D	Not open	Not open
Mays Community Academy	A	A	D	Approaches Expectations	A	A	B	No Grade	Not open	Not open	Not open	Not open
Neighbors' New Vistas High School	F	F	F	Does Not Meet	F	F	F	F	**	**	**	Not open
Options Indiana	n/a	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open	Not open
Options Charter School - Carmel	Under Appeal	Under Appeal	F	Does Not Meet	D	F	F	D	D	F	F	F
Options Charter School Noblesville	Under Appeal	Under Appeal	F	Does Not Meet	F	F	F	F	D	F	F	F
Renaissance Academy Charter School	B	B	B	Meets Expectations	B	B	B	B	A	A	A	A
Rock Creek Community Academy	B	B	B	Meets Expectations	B	B	B	B	A	A	B	C
Rural Community Academy	C	C	F	Does Not Meet	C	C	C	C	B	B	A	B

* Canaan Community Academy does not have an A-F grade in 2013-14 and 2014-15 due to invalidation of its 2013-14 ISTEP tests

** Gary Middle College and Neighbors' New Vistas High School did not get an A-F grade 2016 because their student population was too small.

INDIANA'S STATE ACCOUNTABILITY SYSTEM

BSU Authorized Charter Schools 2020-21 ILEARN Results

Corp Name	2020-21 Enrollment	ELA Below Proficiency	ELA Approaching Proficiency	ELA At Proficiency	ELA Above Proficiency	ELA Total Proficient	ELA Total Tested	ELA % Proficient
21st Century Charter Sch of Gary	1268	399	95	36	8	44	538	8.2%
Anderson Preparatory Academy	843	255	79	33	18	51	385	13.2%
Aspire Charter Academy	652	220	93	58	12	70	383	18.3%
The Bloomington Project School	307	35	45	45	45	90	170	52.9%
Canaan Community Academy	144	35	15	14	2	16	66	24.2%
Community Montessori Inc	532	50	40	40	15	55	145	37.9%
Discovery Charter School	496	69	81	79	56	135	285	47.4%
East Chicago Lighthouse Charter	521	181	54	13	6	19	254	7.5%
East Chicago Urban Enterprise Academy	411	146	81	26	15	41	268	15.3%
Gary Lighthouse Charter School	1322	247	66	20	4	24	337	7.1%
Geist Montessori Academy	271	44	34	41	21	62	140	44.3%
Hoosier Academy - Indianapolis	140	57	23	7	3	10	90	11.1%
Indiana Connections Academy	6702	383	405	439	288	727	1515	48.0%
Insight School of Indiana	640	26	18	12	0	12	56	21.4%
Inspire Academy - A Sch of Inquiry	145	47	11	8	2	10	68	14.7%
Mays Community Academy	191	36	22	22	5	27	85	31.8%
Options Charter Schools	623	49	18	6	8	14	81	17.3%
Renaissance Academy Charter School	247	30	43	44	26	70	143	49.0%
Rock Creek Community Academy	615	68	71	89	41	130	269	48.3%
Rural Community Schools Inc	97	29	19	10	3	13	61	21.3%
Statewide		**170,394**	**118,856**	**120,805**	**75,763**	**196,568**	**485,818**	**40.5%**

Corp Name	Math Below Proficiency	Math Approaching Proficiency	Math At Proficiency	Math Above Proficiency	Math Total Proficient	Math Total Tested	Math % Proficient	ELA & Math Total Proficient	ELA & Math % Proficient
21st Century Charter Sch of Gary	458	68	13	2	15	541	2.8%	8	1.5%
Anderson Preparatory Academy	288	64	29	6	35	387	9.0%	22	5.8%
Aspire Charter Academy	269	79	26	3	29	377	7.7%	23	6.2%
The Bloomington Project School	48	35	47	39	86	169	50.9%	70	41.4%
Canaan Community Academy	38	17	8	3	11	66	16.7%	8	12.1%
Community Montessori Inc	83	34	18	11	29	146	19.9%	24	16.6%
Discovery Charter School	91	68	79	47	126	285	44.2%	91	31.9%
East Chicago Lighthouse Charter	218	32	13	3	16	266	6.0%	9	3.7%
East Chicago Urban Enterprise Academy	185	57	26	0	26	268	9.7%	14	5.2%
Gary Lighthouse Charter School	296	30	6	1	7	333	2.1%	4	1.2%
Geist Montessori Academy	44	56	28	12	40	140	28.6%	31	22.1%
Hoosier Academy - Indianapolis	67	14	9	0	9	90	10.0%	3	3.3%
Indiana Connections Academy	658	376	305	175	480	1514	31.7%	402	26.7%
Insight School of Indiana	48	5	3	0	3	56	5.4%	2	3.6%
Inspire Academy - A Sch of Inquiry	48	9	6	3	9	66	13.6%	7	10.6%
Mays Community Academy	48	22	10	5	15	85	17.6%	8	9.4%
Options Charter Schools	65	7	4	3	7	79	8.9%	7	8.9%
Renaissance Academy Charter School	40	38	37	23	60	138	43.5%	41	30.1%
Rock Creek Community Academy	86	87	61	33	94	267	35.2%	72	27.2%
Rural Community Schools Inc	43	10	8	0	8	61	13.1%	5	8.2%
Statewide	**190,868**	**115,355**	**105,026**	**74,175**	**179,201**	**485,424**	**36.9%**	**138,391**	**28.6%**

Student growth data for FY 2020-21 is not yet available.

INDIANA'S STATE ACCOUNTABILITY SYSTEM

BSU Authorized Charter Schools 2020-21 IREAD Results

Like all public schools, charter schools are required to administer the Indiana Reading Evaluation and Determination (IREAD-3) assessment. The purpose of the IREAD-3 assessment is to measure foundational reading standards developed through grade three. Students who do not pass the spring assessment are retested in the summer. A school's final IREAD score is updated following the summer retest. Statewide 2020 IREAD-3 results show that overall, 81.2% of Indiana public school students passed the IREAD assessment in Summer 2020. Students who do not pass the summer retest, may be retained in third grade.

	Spring 2020-21			Summer 2020-21		
Corporation Name	**IREAD TEST N**	**IREAD PASS N**	**IREAD Pass %**	**IREAD TEST N**	**IREAD PASS N**	**IREAD Pass %**
21st Century Charter School at Gary	81	41	50.6%	84	51	60.7%
Anderson Preparatory Academy	52	32	61.5%	58	37	63.8%
Aspire Charter Academy	68	44	64.7%	72	46	63.9%
The Bloomington Project School	27	24	88.9%	29	24	82.8%
Canaan Community Academy	19	10	52.6%	19	11	57.9%
Community Montessori Inc	27	16	59.3%	37	16	43.2%
Discovery Charter School	60	54	90.0%	61	55	90.2%
East Chicago Lighthouse Charter School	55	20	36.4%	56	27	48.2%
East Chicago Urban Enterprise Academy	48	24	50.0%	48	33	68.8%
Gary Lighthouse Charter School	88	31	35.2%	90	37	41.1%
Geist Montessori Academy	36	31	86.1%	37	33	89.2%
Hoosier Academy – Indianapolis	13	11	84.6%	13	12	92.3%
Indiana Connections Academy	237	187	78.9%	290	217	74.8%
Inspire Academy	16	11	68.8%	18	13	72.2%
Mays Community Academy	21	14	66.7%	21	18	85.7%
Renaissance Academy Charter School	36	31	86.1%	38	36	94.7%
Rock Creek Community Academy	44	38	86.4%	46	42	91.3%
Rural Community Schools Inc	11	8	72.7%	11	11	100.0%
Indiana Statewide				**80,819**	**65,638**	**81.2%**

ISTEP+ GRADE 10 AND GRADUATION RATES

BSU Authorized Charter Schools 2020-21

2020-21 ISTEP+ Grade 10

Beginning in 2016-2017, the ISTEP+ Grade 10 English/Language Arts and Mathematics tests replace the End of Course Assessments in Algebra I and English 10 as the graduation requirement for the class of 2019 and 2020. Every Indiana student in the graduating class of 2019 and beyond must demonstrate mastery of the Indiana Academic Standards measured by the ISTEP+ Grade 10 English/Language Arts and Mathematics assessments. The ISTEP+ Grade 10 Math Assessment is based on standards adopted in 2014; the Grade 10 English Assessment is based on standards adopted in 2014.

School Name	% Pass Both ELA and Math	% Pass ELA	% Pass Math
21st Century Charter School at Gary	18.4%	44.9%	19.3%
Anderson Preparatory Academy	20.5%	39.1%	26.7%
Community Montessori	***	***	***
Gary Lighthouse Charter School	4.1%	31.0%	3.8%
Gary Middle College	***	***	***
Indiana Connections Academy	22.2%	70.1%	22.6%
Indiana Connections Career Academy	20.6%	62.0%	19.6%
Insight School of Indiana	5.9%	39.7%	5.8%
Neighbors' New Vistas High School	4.7%	34.9%	7.0%
Options Indiana	7.0%	43.9%	6.7%
Options Charter School - Carmel	0.0%	25.7%	6.1%
Options Charter School Noblesville	5.3%	10.0%	4.2%
Rock Creek Community Academy	23.1%	57.1%	23.1%
Indiana Statewide	**36.4%**	**65.9%**	**37.1%**

Data Note:
Due to suspension of assessments in 2019-2020, Grade 11 students were assessed on ISTEP10 in 2020-2021
Results reflect first-time test takers in Grade 11 Cohort (Graduation Year 2022)
Results may not be comparable to past years due to assessment of Grade 11

ISTEP+ GRADE 10 AND GRADUATION RATES

BSU Authorized Charter Schools 2020-21

2020-21 GRADUATION RATES

State law (IC 20-26-13) indicates that the graduation rate is the percentage of students within a cohort who graduate during their expected graduation year. The expected graduation year is defined as three years after a student is first considered to have entered grade 9.

The non-waiver rate excludes those graduates who received a diploma with a waiver and have not met the basic expectation that all students pass the state's ECA Graduation Examinations before exiting high school with a diploma. Students can receive graduation waivers in three ways: 1) by successfully completing Core 40 coursework, 2) by demonstrating to the satisfaction of the high school that they have met the achievement standard measured by the Graduation Examination through other means, or 3) by completing an internship and a workforce readiness assessment.

School Name	In Cohort N	Total Graduate N	Total Graduation Rate	Non-Waiver Graduate N	Non-Waiver Graduation Rate	Waiver Graduate N	Waiver Graduation Rate
21st Century Charter School at Gary	60	54	90.00%	43	71.67%	11	20.37%
Anderson Preparatory Academy	58	48	82.76%	38	65.52%	10	20.83%
Community Montessori	30	27	90.00%	27	90.00%	0	0.00%
Gary Lighthouse Charter School	129	85	65.89%	85	65.89%	0	0.00%
Gary Middle College	64	6	9.38%	2	3.13%	4	66.67%
Indiana Connections Academy	998	658	65.93%	285	28.56%	373	56.69%
Indiana Connections Career Academy	215	155	72.09%	42	19.53%	113	72.90%
Insight School of Indiana	325	92	28.31%	47	14.46%	45	48.91%
Neighbors' New Vistas High School	69	26	37.68%	26	37.68%	0	0.00%
Options Indiana	108	10	9.26%	7	6.48%	3	30.00%
Options Charter School Carmel	44	30	68.18%	16	36.36%	14	46.67%
Options Charter School Noblesville	55	27	49.09%	19	34.55%	8	29.63%
Rock Creek Community Academy	35	31	88.57%	17	48.57%	14	45.16%
Indiana Statewide	82,783	71,767	86.69%	65,213	**78.78%**	6,554	**9.13%**

∗ Suppressed due to small population.

The Indiana General Assembly made completion of Core 40 a graduation requirement for all students beginning with those who entered high school in the fall of 2007. The legislation includes an opt-out provision for parents who determine their students could receive a greater benefit from the General Diploma. The legislation also made Core 40 a minimum college admission requirement for the state's public four-year universities beginning in the fall of 2011.

	Diploma Quality						Drop Out Data	
School Name	**Core %**	**Core #**	**Honors %**	**Honors #**	**General %**	**General #**	**Drop Out %**	**Drop Out #**
21st Century Charter School at Gary	83.3%	45	14.8%	8	1.85%	1	1.5%	1
Anderson Preparatory Academy	80.0%	40	16.0%	8	4.0%	2	0.0%	0
Community Montessori	38.71%	12	51.61%	16	3.23%	1	6.45%	2
Gary Lighthouse Charter School	31.8%	27	62.3%	53	5.9%	5	n/a	n/a
Gary Middle College	100%	8	0%	0	0%	0	50%	100%
Indiana Connections Academy*	62.6%	412	10.3%	68	27.1%	178	19.14%	62.6%
Indiana Connections Career Academy	82.6%	128	3.2%	5	14.2%	22	13.6%	82.6%
Insight School of Indiana	94.57%	87	0	0	5.43%	5	58.15%	189
Neighbors' New Vistas High School	34.3%	23	1.5%	1	3%	2	6.7%	12
Options Indiana	60.5%	23	0	0	39.4%	15	38.5%	149
Options Charter School - Carmel	76%	23	3%	1	20%	6	2.9%	5
Options Charter School Noblesville	51.8%	14	7.4%	2	40.7%	11	2.8%	5
Rock Creek Community Academy	77%	24	23%	7	0.0%	0	0%	0

∗ Suppressed due to small population.

2020-21 Minority Students, Free and Reduced Lunch and Special Ed Services

School Name	% of Minority Students	Received Free/Reduced Lunch	% Received Free/Reduced Lunch	% Identified for Special Ed Svcs
21st Century Charter School at Gary	99.8%	1077	85.2%	13.2%
Anderson Preparatory Academy	43.6%	529	62.3%	24.4%
Aspire Charter Academy	98.9%	620	95.8%	13.3%
The Bloomington Project School	22.5%	92	30.0%	22.8%
Canaan Community Academy	9.2%	138	97.2%	28.9%
Community Montessori	13.5%	126	23.6%	22.8%
Discovery Charter School	33.9%	126	25.3%	14.3%
East Chicago Lighthouse Charter School	99.4%	514	99.8%	12.8%
East Chicago Urban Enterprise Academy	99.8%	399	96.8%	11.2%
Gary Lighthouse Charter School	99.6%	1333	99.9%	15.2%
Gary Middle College	98.8%	96	58.5%	8.5%
Geist Montessori Academy	26.7%	9	3.3%	18.1%
HIM by HER Collegiate School for the Arts	100.0%	55	87.3%	1.6%
Hoosier Academy - Indianapolis	61.7%	97	68.8%	14.2%
Indiana Connections Academy	21.6%	2754	41.2%	17.6%
Indiana Connections Career Academy	24.2%	246	40.3%	14.4%
Insight School of Indiana	32.1%	399	59.0%	18.6%
Inspire Academy	36.3%	116	73.9%	23.6%
Mays Community Academy	4.7%	118	61.1%	36.8%
Neighbors' New Vistas High School	43.6%	109	60.9%	17.3%
Options Charter School - Carmel	28.7%	25	17.5%	36.4%
Options Charter School Noblesville	31.3%	38	18.9%	44.3%
Options Indiana	25.7%	52	17.3%	25.3%
Renaissance Academy Charter School	13.8%	112	44.3%	9.9%
Rock Creek Community Academy	25.6%	198	31.7%	25.6%
Rural Community Academy	3.2%	95	100.0%	32.6%

2020-21 School Renewals

During the 2020-21 school year, ten schools were scheduled to be up for renewal. All ten requested renewal. Seven schools - Anderson Preparatory Academy, East Chicago Urban Enterprise Academy, Indiana Connections Academy, Indiana Connections Career Academy, Options Indiana, Options-Noblesville, and Options Westfield (formerly Options Charter School-Carmel) -received 5-year contract renewals. Due to the COVID pandemic and the lack of academic data, three schools – Geist Montessori, Hoosier Academy-Indianapolis and Rural Community Academy – received one-year extensions of their charter agreements.

The Executive Director of the Office of Charter Schools issues notice of the University's intent to renew or non-renew the Charter by March 1 of the last academic year before expiration of the then current term of the Charter. The Organizer may appeal the decision of the Executive Director not to renew the Organizer's charter. In such an event, following receipt and review of the Hearing Panel's recommendation, the President of the University shall issue final notice of the University's intent to renew or non-renew the Charter.

2020-21 Charter Proposals

No proposals submitted during the 2020-2021 Proposal Cycle.

Financial Audits for Each Charter School*

1. 21st Century Charter School at Gary
2. Anderson Preparatory Academy
3. Aspire Charter Academy
4. The Bloomington Project School
5. **Canaan Community Academy
6. Community Montessori, Inc.
7. Discovery Charter School
8. East Chicago Urban Enterprise Academy
9. Gary Middle College
10. Geist Montessori Academy
11. Hoosier Academy – Inc. (for Hoosier Academy –Indianapolis and Insight School of Indiana)
12. **HIM by HER Collegiate School for the Arts – will be provided when completed
13. Indiana Online Learning Options, Inc. (for Indiana Connections Academy and Indiana Connections Career Academy)
14. **Inspire Academy
15. Lighthouse Academies of Northwest Indiana (for East Chicago Lighthouse Charter School and Gary Lighthouse Charter School)
16. Mays Community Academy
17. Neighbors' New Vistas High School
18. **Options Charter Schools (not required to provide separate schedules of financial position by school)
19. Rock Creek Community Academy
20. Rural Community Academy

* See Attached Appendix for copies of audit reports for each charter school for the year ended June 30, 2021.

** Audit reports for Canaan Community Academy, HIM by HER Collegiate School for the Arts, Inspire Academy and Options Charter Schools will be uploaded when final audits have been completed and provided to the Office of Charter Schools.

Academic, Financial and Organizational Performance Frameworks

OCS has developed and adopted national principles and standards for quality charter school authorizing in accordance with IC 20-24-2.2-1.5. These standards are reflected in the Academic, Financial and Organizational Performance Frameworks, which are the basis for school evaluation and are incorporated into the charter contract.

The Academic Performance Framework measures:

Student Progress Over Time

- Growth
- Growth of Lowest-Performing Students
- Indiana Department of Education Median Growth Student Growth Percentile

Student Achievement

- Proficiency Status
- Proficiency Comparison: Home District
- Proficiency Comparison: Similar Schools
- Proficiency Comparison: Subgroup Proficiency
- ILEARN - passing math
- ILEARN - passing ELA
- ILEARN - passing both
- Indiana Department of Education Ranking of Schools taking ILEARN within the State, County and Local Districts
- Schools serving 3rd Grade - Percent passing the State I-READ Test
- Indiana Department of Education Median Growth Student Growth Percentile

State, Federal and Ball State Accountability

- State Accountability System
- A-F State Accountability System
- Results under Practices Policies and Procedures for the Monitoring and Renewal of Charter Schools Authorized by Ball State University
- Charter Proposal

Post-Secondary Readiness

- SAT/ACT Performance and Participation 2.4.a.1 and 2.4.a.2
- High School Graduation 2.4.b
- Post-Secondary College Enrollment/Employment 2.4.c and 2.4.d

ACADEMIC, FINANCIAL AND ORGANIZATIONAL PERFORMANCE FRAMEWORKS

The Financial Performance Framework measures:

Near Term Indicators

- Current Ratio
- Cash to Current Liabilities
- Unrestricted Days Cash On Hand
- Enrollment Variance
- Default on Loans

Sustainability Indicators

- Total Margin
- Debt to Asset Ratio
- Cash Flow
- Debt Service Coverage Ratio

Academic, Financial and Organizational Performance Frameworks

The Organizational Performance Framework measures:

Education Reform

- Essential Terms of Charter
- Education Requirements
- Special Needs Populations (SPED, ELL)

Financial Management and Oversight

- Reporting and Compliance
- Generally Accepted Accounting Principles

Governance and Reporting

- Governance Requirements
- Management Oversight
- Reporting Requirements

Additional Legal Obligations

- Students and Employees
- Student Rights
- Attendance
- Credentialing
- Employee Rights
- Background Checks
- School Environment
- Facilities and Transportation
- Health and Safety
- Information Handling
- Additional Obligations

2020-21 ADMINISTRATIVE FEES RECEIVED

Ball State University receives an administrative fee of three percent (3%)* of the total amount the organizer receives during the state fiscal year from basic tuition support (as defined in IC 20-43-1-8) as permitted pursuant to pursuant to IC 20-24-7-3. The chart below reflect the amounts of those fees collected from each of its charter schools during the 2020-21 fiscal year.

21st Century Charter School at Gary	$295,635.69
Anderson Preparatory Academy	$166,145.41
Aspire Charter Academy	$150,903.12
The Bloomington Project School*	$36,637.69
Canaan Community Academy	$26,506.96
Community Montessori	$91,514.42
Discovery Charter School*	$57,286.91
East Chicago Lighthouse Charter School	$120,355.94
East Chicago Urban Enterprise Academy	$89,839.27
Gary Lighthouse Charter School	$307,312.01
Gary Middle College	$21,199.74
Geist Montessori Academy	$47,144.07
Hoosier Academy - Indianapolis	$26,255.28
HIM by HER Collegiate School for the Arts	$0.00
Indiana Connections Academy	$1,076,365.36
Indiana Connections Career Academy	$87,415.32
Insight School of Indiana	$102,981.50
Inspire Academy	$30,079.20
Mays Community Academy	$33,326.22
Neighbors' New Vistas High School	$38,359.22
Options Indiana	$18,742.35
Options Charter School - Carmel	$37,253.31
Options Charter School Noblesville	$59,697.85
Renaissance Academy Charter School	$45,036.29
Rock Creek Community Academy*	$74,647.80
Rural Community Academy	$19,308.44
Total 2020-21 Administrative Fees	$3,059,949.37

* Ball State University receives an administrative fee of two percent (2%) of the total amount the organizer receives during the state fiscal year from basic tuition support from those charter schools, which receive a 7-year charter agreement. Ball State University only recommends a 7-year charter for schools with a demonstrated history of high academic performance, as well as sound fiscal and governance practices. These schools require less frequent intervention and monitoring on the part of the OCS staff. As such, these schools are rewarded with a reduced fee, which both recognizes their performance and acknowledges the investment of OCS time and resources is less intensive to monitor these schools.

2020-21 EXPENDITURES

The Office of Charter Schools (OCS) has a staff of six full-time employees, one part-time employees and several student workers. In addition, the OCS reimburses for expenses the women and men who take time away from their normal activities to review the charter school proposals. These individuals are not employees of the University. The university provides office space, access to university counsel, media consultation and other university resources and personnel. In addition, it provides the following benefits to all of its schools:

- Board Training for all its schools
- Annual Fiscal Audits
- Third-Party External School Quality Reviews
- Application Review
- Charter School Closure Procedures
- A web-based file/data handling system
- Staff support with expertise in the area of finance and special education which is a unique attribute among authorizers in Indiana

The chart below reflects the amounts of those expenditures during the 2020-21 fiscal year:

Expenditure	Amount
Salaries (4 full-time)	$483,498
Other Contract Faculty	$20,436
Benefits	$119,412
Advertising	$0
Airfare	$0
Association Dues	$2,500.00
Computer Purchase/Rental/Repair/Maintenance	$3,215
Conference/Facilities Rentals and Meals	$0
Consultants	$299,513
Employee Per Diem Expense	$0
Ground Transportation	$12
In State Lodging Expense	$0
Legal Fees	$0
Meals & Lodging	$0
Mileage Personal Vehicle	$576
Minor Computer Equipment	$0
Miscellaneous Expenses	$150.00
Office Supplies	$571
Out of State Lodging Expense	$0
Postage/FedEx/UPS	$338
Print and Dup off Campus	$202
Registration Fees	$0
Scholarships	$2,250
Subscriptions and Publications	$1,455
Telephone/Cellphone/Network Charges	$1,693
Physical Plant General Services	$12
Overhead and Support Services	$1,348,658
Total 2020-21 Expenses	**$2,285,730**

ACKNOWLEDGEMENTS

BSU Office of Charter Schools

Ball State University Office of Charter Schools acknowledges the following organizations for their contribution in improving authorizing practices at the Office of Charter Schools.

National Association of Charter School Authorizers (NACSA)

National Alliance for Public Charter Schools

Indiana Department of Education (IDOE)

Appendix

Financial Audits for All Ball State Authorized Charter Schools[1]

21st Century Charter School at Gary

21st CENTURY CHARTER SCHOOL @ GARY, INC.

FINANCIAL STATEMENTS
June 30, 2021 and 2020

21ST CENTURY CHARTER SCHOOL @ GARY, INC.

FINANCIAL STATEMENTS
June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
21st Century Charter School @ Gary, Inc.
Gary, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of 21st Century Charter School @ Gary, Inc. (the School), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 21st Century Charter School @ Gary, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the School has adopted ASU 2016-02 – Leases (Topic 842) for the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Other Matter

Our audit was 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 26, 2022, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
January 26, 2022

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 1,621,622	$ 1,869,935
Restricted cash	1,573,896	1,508,921
Grants and accounts receivable	171,191	143,766
Prepaid expenses	133,890	97,021
Due from related parties (Note 5)	74,973	94,171
Right of use asset (Note 3)	1,078,000	1,448,000
Property and equipment, net (Note 2)	11,642,587	10,734,141
Total assets	$ 16,296,159	$ 15,895,955
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 992,348	$ 918,227
Due to related parties (Note 5)	65,208	21,798
Grant advance liability (Note 10)	-	188,682
Lease liability (Note 3)	1,078,000	1,448,000
Financing lease liability	236,120	309,447
Bonds and notes payable, net (Note 4)	12,123,622	12,433,051
Total liabilities	14,495,298	15,319,205
NET ASSETS		
Without donor restrictions	1,800,861	576,750
Total liabilities and net assets	$ 16,296,159	$ 15,895,955

See accompanying notes to financial statements.

STATEMENTS OF ACTIVITIES
Years ended June 30, 2021 and 2020

	2021	2020
Public support and revenues		
Federal grants	$ 3,415,779	$ 3,734,830
State and local grants	11,739,326	10,967,763
Supporting services	38,299	102,944
Loss on disposal of equipment	(22,159)	-
Total revenue and support	15,171,245	14,805,537
Expenses		
Education services	13,110,544	12,517,862
Management and general	896,140	820,883
Total expenses	13,947,134	13,338,745
Change in net assets	1,224,111	1,466,792
Net assets without donor restrictions, beginning of year	576,750	(890,042)
Net assets without donor restrictions, end of year	$ 1,800,861	$ 576,750

See accompanying notes to financial statements.

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 1,224,111	$ 1,466,792
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	735,593	534,845
Right of use amortization expense	57,091	51,293
Loss on disposal of property and equipment	22,159	-
PPP loan forgiveness	(188,682)	-
Change in assets and liabilities:		
Grants and accounts receivable	(27,425)	118,677
Prepaid expenses	(36,869)	(29,309)
Due to/from related parties	62,608	(13,677)
Accounts payable and accrued other expenses	74,121	(51,030)
Grant advance liability	-	188,682
Net cash from operating activities	1,922,707	2,266,273
Cash flows from investing activities		
Purchases of property and equipment	(1,682,719)	(882,976)
Net cash from investing activities	(1,682,719)	(882,976)
Cash flows from financing activities		
Proceeds on issuance of financing leases	-	368,159
Payment on financing lease liability	(73,327)	(58,716)
Principal payments on bonds and notes payable	(350,000)	(335,000)
Net cash from financing activities	(423,327)	(25,554)
Net change in cash and cash equivalents	(183,338)	1,357,743
Cash and cash equivalents, beginning of year	3,378,856	2,021,113
Cash and cash equivalents, end of year	$ 3,195,518	$ 3,378,856
Reconciliation of cash to the Statements of Financial Position:		
Cash and cash equivalents	$ 1,621,622	$ 1,869,935
Restricted cash	1,573,896	1,508,921
Total cash and cash equivalents	$ 3,195,518	$ 3,378,856
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 747,576	$ 797,855

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization: 21st Century Charter School @ Gary. Inc. (the School) is a nonprofit corporation established to operate a charter school. The School is dedicated to ensure that all students show growth in character, academics, life skills, the arts, and wellness using teaching skills tailored to meet the needs of each student.

The School was established under the laws of the State of Indiana and operates under a Board of School Directors form of government. The financial statements of the School are consolidated into the Greater Education Opportunities Foundation (GEOF) financial statements due to economic control.

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

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

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

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2021 and 2020.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

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

Restricted Cash: Restricted cash consists of funds held in trust accounts for capital expenditures and debt service reserves.

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

Allowances: No allowance for doubtful accounts is recorded as of June 30, 2021 and 2020. The allowances are based upon prior experience and management’s analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Buildings and improvements	39 years
Property and equipment	3-7 years

Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2021 and 2020, management believes that no impairment exists.

Fair Value of Financial Instruments: Cash and cash equivalents and accounts payable approximate fair value because of the short maturity of these instruments. Grants receivable are not readily marketable. The School has estimated their fair value to be the carrying value. The carrying value of all the School's financial instruments, approximate fair value, except for bonds and notes payable.

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

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

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

The net asset with donor restrictions class also includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions as of June 30, 2021 and 2020.

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

Functional and Allocated Expenses: Expenses have been classified as program services and supporting services based on the actual direct expenditures and estimated cost allocations. Salaries and related expenses are charged based upon time estimates of personnel. Supporting services include management and general activities of the School. The School did not incur any fundraising expenses for the years ended June 30, 2021 and 2020.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising: The School expenses advertising costs as incurred. During 2021 and 2020, expenses totaling $74,988 and $56,908 were incurred for advertising.

Recently Adopted Accounting Guidance: In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, "Leases" (Topic 842). Under the standard, an entity is required to recognize lease assets and lease liabilities on the statement of financial position. The ASU also requires additional disclosure, both quantitative and qualitative, including pertinent information about the leasing arrangement, and the amount, timing, and uncertainty of cash flows arising from leases. The School elected the exemption of short-term leases that are 12 months or less in addition to certain practical expedients permitted under the transition guidance.

The School implemented ASU 2016-02 using a retrospective method of application. The adoption of ASU 2016-02 resulted in changes to assets and liabilities by the amount of the present value of lease payments remaining.

	2020		
	As Reported	ASU 2016-02 Adjustments	Revised
ASSETS			
Right of use asset	$ -	$ 1,448,000	$ 1,448,000
LIABILITIES			
Bonds and notes payable	12,742,498	(309,447)	12,433,051
Lease liability	-	1,448,000	1,448,000
Financing lease liability	-	309,447	309,447
TOTAL NET ASSETS	576,750	-	576,750

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2021. Management has performed their analysis through January 26, 2022, the date the financial statements were issued.

NOTE 2 - PROPERTY AND EQUIPMENT

At June 30, the carrying value of land, buildings and building improvements, and equipment, consists of the following:

	2021	2020
Land	$ 296,500	$ 296,500
Building and building improvements	11,656,674	11,566,812
Equipment	3,959,292	2,663,510
	15,912,466	14,292,969
Less: accumulated depreciation	(4,269,879)	(3,925,789)
	$ 11,642,587	$ 10,734,141

Depreciation expense for the years ended June 30, 2021 and 2020 was $695,022 and $492,801, respectively.

(Continued)

NOTE 3 - LEASES

The School leases modular space, vehicles, and a postage meter under various non-cancelable operating leases which expire at various dates through fiscal year 2023.

In July 2019, the School and GEOF entered into a building lease agreement for a second facility to expand operations for the 2020-2021 school year. The agreement requires monthly rent payments of $30,000 maturing on June 30, 2023. Rent expense for the years ended June 30, 2021 and 2020 was $360,000, annually.

The School has recognized a right of use asset of $1,336,576 and $1,763,668, respectively, and a lease liability of $1,314,120 and $1,757,447, respectively, on the statements of financial position as of June 30, 2021, and 2020. The School utilized the 5-year Treasury rate to determine the net present value of the lease liability which approximated 1.76% at lease inception.

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

2022	$ 395,000
2023	360,000
	$ 755,000

Operating lease expense for the year ended June 30, 2021 and 2020 was approximately $396,984 and $450,044, respectively.

NOTE 4 - BONDS AND NOTES PAYABLE

Bonds and notes payable consisted of the following at June 30:

	2021	2020
Series 2013A bonds payable, maturing in March 2033, including interest computed at 6%, secured by Real Estate Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, and Trust Accounts and interest in the Project, as defined in the Loan Agreement dated February 1, 2013. Principal payments began on February 28, 2018.	$ 4,625,000	$ 4,885,000
Series 2013A bonds payable, maturing in March 2043, including interest computed at 6.25%, secured by Real Estate Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, and Trust Accounts and interest in the Project, as defined in the Loan Agreement dated February 1, 2013. Principal payments begin on February 28, 2034.	7,355,000	7,355,000

(Continued)

NOTE 4 - BONDS AND NOTES PAYABLE (Continued)

	2021	2020
Note payable to State of Indiana Treasurer to support charter school operations, payable in semi-annual installments of $45,000, plus interest computed at 1.00%, through maturity in July 2026.	495,000	585,000
	12,475,000	12,825,000
Bond issuance cost, net of accumulated amortization	(351,378)	(391,949)
Total bonds and notes payable, net	$ 12,123,622	$ 12,433,051

The estimated future principal payments due on long term debt are:

2022	$ 365,000
2023	380,000
2024	400,000
2025	415,000
2026	435,000
Thereafter	10,480,000
	$ 12,475,000

Total interest expense during the years ended June 30, 2021 and 2020 were $1,527,392 and $792,505, respectively. The School has financial and nonfinancial covenants associated with the bond obligations. At June 30, 2021 and 2020, the School was not in compliance with certain covenants. The bondholder has provided a waiver of covenant violation agreement.

NOTE 5 - RELATED PARTY TRANSACTIONS

The School has a management agreement with the Greater Educational Opportunities Foundation (GEOF). Under the management agreement, GEOF charges administrative and per student fees in exchange for the management, operation, administration, IT support, payroll and accounting services provided. During the years ended June 30, 2021 and 2020, the School paid GEOF administrative fees of $804,943 and $791,475, respectively. As part of the management services provided, GEOF acts as the payor of certain operating expenses including a self-funded insurance plan for employee medical and prescription drug insurance managed by GEOF. GEOF is reimbursed by the School. During the years ended June 30, 2021 and 2020, the School paid GEOF reimbursements of $549,921 and $414,701, respectively, for self-insurance expense and other reimbursements. The School's board retains final authority and responsibility for financial and budgetary commitments. At June 30, 2021 and 2020, the School has a payable to GEOF for $65,208 and $21,798, respectively, for various transactions and a receivable from GEOF in the amount of $74,973 and $94,171, respectively, for overpayment of administrative fees.

(Continued)

NOTE 6 - CHARTER AGREEMENT

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay Ball State University an annual administrative fee equal to 3% of State tuition support, along with other licensing fees. Payments under this charter agreement were $295,636 and $275,876 for the years ended June 30, 2021 and 2020, respectively.

In June 2021, Ball State University, the School's charter authorizer, placed the School on probation in relation to certain governance conditions of the charter. The School's Board is working closely with Ball State University to address these concerns. The School has continued business operations during this probation period.

NOTE 7 - PENSION PLANS

The School's faculty and certain administrative employees are participants in a 403(b) tax deferred annuity retirement plan. All participants may contribute to the plan. There were no employer matching contributions to the plan for the years ended June 30, 2021 and 2020.

The School participates in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The School employees are required to contribute three percent of their annual covered salary. The School is required to contribute an actuarially determined rate determined annually for PERF and TRF. The School's expense for the years ended June 30, 2021 and 2020 was $397,035 and $398,642, respectively.

NOTE 8 - FUNCTIONAL EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for education services and management and general activities. The table below presents these functional expenses by their natural classification for the years ended June 30, 2021 and 2020, respectively.

	2021		
	Education Services	Management and General	Total
Salaries and benefits	$ 7,245,706	$ -	$ 7,245,706
Student support and supplies	1,794,562	-	1,794,562
Office and operation expense	946,269	-	946,269
Depreciation and amortization	792,684	-	792,684
Building and grounds	1,697,809	-	1,697,809
Service contracts	573,964	896,140	1,470,104
Total expenses	$ 13,110,544	$ 896,140	$ 13,947,134

(Continued)

NOTE 8 - FUNCTIONAL EXPENSES BY NATURE (Continued)

	2020		
	Education Services	Management and General	Total
Salaries and benefits	$ 7,227,051	$ -	$ 7,227,051
Student support and supplies	1,387,237	-	1,387,237
Office and operation expense	472,302	-	472,302
Depreciation and amortization	586,138	-	586,138
Building and grounds	2,132,320	-	2,132,320
Service contracts	712,814	820,883	1,553,697
Total expenses	$ 12,517,862	$ 820,883	$ 13,338,745

NOTE 9 - LIQUIDITY AND AVAILABILITY

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

	2021	2020
Cash and cash equivalents	$ 1,621,622	$ 1,869,935
Restricted cash	1,573,896	1,508,921
Grants and accounts receivable	171,191	143,766
Due from related parties	74,973	94,171
	3,441,682	3,616,793
Less amount not available to be used within one year:		
Restricted cash	1,573,896	1,508,921
Financial assets available to meet general expenditures Within one year	$ 1,867,786	$ 2,107,872

As noted in Note 1, restricted cash consists of funds held in trust accounts for capital expenditures and debt service reserves. As a result, this restricted cash is not available for general expenditures and must be removed from the available assets within one year amount disclosed above. As part of the School's liquidity management, the School invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(Continued)

NOTE 10 - COVID-19 IMPACT AND PAYCHECK PROTECTION PROGRAM (PPP)

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, the School moved to online instruction from March 2020 through the end of the 2019-2020 academic year. In August 2020, the School provided its students with the option to attend classes in person or online for the 2020-2021 academic year. The operations and business results of the School could be materially adversely affected in the future.

As a result of the economic uncertainty stemming from the impact of the COVID-19 pandemic, in April 2020, the School received a Paycheck Protection Program (PPP) Loan under the principal amount of $1,200,000 from the United States Small Business Administration (SBA).

Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Organization utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels over the covered period.

The School is accounting for the PPP Loan as a conditional contribution under ASC 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a grant advance liability on the statement of financial position and subsequently recognized as grant revenue when the Organization has substantially met all conditions for forgiveness. While formal forgiveness had not yet been obtained, the School had met substantially all of the conditions on a portion of the PPP loan and recorded federal grant revenue of $1,011,318 during the year ended June 30, 2020. The remaining conditional contribution of $188,682 was recognized as federal grant revenue during the year ended June 30, 2021. In March 2021, the School received confirmation from the SBA that all conditions had been met for full forgiveness of the $1,200,000.

During 2020 School also received an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling $1,047,055, and fully spent and recognized the corresponding grant revenue during the period.

During 2021, the School was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER II) through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act totaling $4,141,759. As of June 30, 2021, the School had expended $822,307 of funding, which is currently being recognized as revenue within the federal grant line on the statement of activities. The remaining $3,319,452 of the award is expected to be expended and recognized during fiscal year 2022.

During 2021, the School was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER III) through American Rescue Plan (ARP) Act totaling $9,301,802. As of June 30, 2021, the School had expended $34,918 of funding, which is currently being recognized as revenue within the federal grant line on the statement of activities. As of June 30, 2021, the school had yet to receive $34,918 and has recorded a corresponding grants receivable. The remaining $9,266,884 of the award is expected to be expended and recognized during fiscal year 2022.

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

Federal Grantor/Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass Through Number	Total Federal Expenditures
U.S. Department of Agriculture			
Pass-Through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.533	9545	$ 88,203
National School Lunch Program	10.555	9545	161,372
Total Child Nutrition Cluster			249,575
U.S. Department or Education			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A190014	23,555
Title I Grants to Local Educational Agencies	84.010	S010A200014	1,146,595
Total for Title I Grants to Local Educational Agencies			1,170,150
Special Education Cluster			
Special Education Grants to States	84.027	20611-532-PN01	5,276
Special Education Grants to States	84.027	21611-532-PN01	221,792
Total Special Education cluster			227,068
Student Support and Academic Enrichment	84.282	U282A190017	25,000
COVID-19 – Education Stabilization Fund			
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	S425D200013	1,512,943
American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	S425U200013	34,918
Total Education Stabilization Fund			1,547,861
Total expenditures of federal awards			$ 3,219,654

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The School has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

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

Board of Directors
21st Century Charter School @ Gary, Inc.
Gary, Indiana

We have audited, in accordance with 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 21st Century Charter School @ Gary, Inc. (the School), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated January 26, 2022.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
January 26, 2022

Crowe

Crowe LLP
Independent Member Crowe Global

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

Board of Directors
21st Century Charter School @ Gary, Inc.
Gary, Indiana

Report on Compliance for Each Major Federal Program

We have audited 21st Century Charter School @ Gary, Inc.'s (the School) compliance with the types of compliance requirements described in the *OMB Uniform Guidance* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2021. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
January 26, 2022

Section 1 – Summary of Auditor's Results

Financial Statements

Type of report the audit issued on whether the Financial statements audited were prepared In accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_______ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	_______ Yes	X None Reported
Noncompliance material to financial statements noted?	_______ Yes	X No

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_______ Yes	X No
Significant deficiencies identified not considered to be material weaknesses?	_______ Yes	X None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_______ Yes	X No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? X Yes __________ No

Section II – Financial Statement Findings

None noted.

Section III –Federal Award Findings and Questioned Costs

None noted.

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

Indiana State Board of Accounts Compliance Report of 21st Century Charter School @ Gary. Inc.

The above report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressing is *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools.*

INDIANA STATE BOARD OF ACCOUNTS
COMPLIANCE REPORT OF
21st CENTURY CHARTER SCHOOL AT GARY, INC.

INDIANAPOLIS, INDIANA
July 1, 2020 to June 30, 2021

21st CENTURY CHATER SCHOOL AT GARY, INC.

LAKE COUNTY, INDIANA
July 1, 2020 to June 30, 2021

TABLE OF CONTENTS

Office	Official	Term
Lead Principal	Nicole McIntosh	July 1, 2020 to June 30, 2021
Treasurer	Dana Teasley	July 1, 2020 to June 30, 2021
President of the Charter Board	Arlene Colvin	July 1, 2020 to June 30, 2021

Crowe LLP
Independent Member Crowe Global

TRANSMITTAL LETTER

Board of Directors and Management
21st Century Charter School at Gary, Inc.
Indianapolis, Indiana

We have audited the financial statements of 21st Century Charter School at Gary, Inc. (the "School") for the period from July 1, 2020 to June 30, 2021 and have issued our report thereon January 26, 2022. As part of our audit, we performed certain tests of the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual ("Manual") for the audits of Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audited Results and Comments are matters where we believe the School was not in compliance with those provisions. However, providing an opinion on compliance with the Manual was not an objective of our tests, and accordingly, we do not express such an opinion.

The School's responses to the findings identified in our report are described in the accompanying pages. The School's responses were not subjected to the procedures applied in the tests of the School's compliance with the Manual and, accordingly, we express no opinion on them.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
January 26, 2022

FINDING 2021-001: REVIEW OF TICKET SALE PROCEDURES

Criteria: Part 2 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools states in part, *"The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form."*

Condition: During our testing of ticket sale procedures, we noted the SA-4 Ticket Sales Form is being utilized by the School. We selected five SA-4 Ticket Sales Forms to test and noted in four instances the form was not properly signed off by the official or sponsor.

Recommendation: We recommend management review the procedures surrounding the preparation and review of the SA-4 Ticket Sales Form and ensure the forms are properly reviewed and signed off by the official or sponsor.

Management Response: Management agrees with the finding. Management communicated the requirements to the form approvers and will continue to work with form approvers to ensure the SA-4 forms are properly filled out and signed by the appropriate parties.

FINDING 2021-002: CONFLICT OF INTEREST STATEMENTS

Criteria: Part 13 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools notes that conflict of interest statements should be filed and provided to State Board of Accounts.

Condition: During our review of conflict of interest statements, we noted five board members did not complete the conflict of interest form for the year under review.

Recommendation: We recommend all board members complete their conflict of interest statements in a timely manner.

Management Response: Management agrees with finding. Management communicates the requirement to board members frequently and will continue to work with all board members to ensure conflict of interest forms are completed in a timely manner.

FINDING 2021-003: TICKET SALES PROCEDURES

Criteria: Part 10 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools states in part, "*Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions.*"

Condition: During our review of ticket sale procedures, we randomly selected five ticket sale reports related to extra-curricular events. Monies for these events are required to be deposited within one business day of being received. We noted in one of the five selections cash was being held for a period longer than one business day before being deposited in the bank.

Recommendation: We recommend management review internal controls surrounding the deposit process for extra-curricular events to ensure deposits are made by the next business day in accordance with SBOA guidelines.

Management Response: Management agrees with the finding. Management communicated the requirements to the respective parties and will continue to work with appropriate parties to ensure the timely deposit of funds.

The contents of this report were discussed on January 26, 2022 with Dana Teasley, Treasurer. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

Anderson Preparatory Academy

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
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YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

We have audited the accompanying financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 26, 2022

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 1,673,729	$ 1,577,510
Grants Receivable	144,260	181,168
Prepaid Expenses	156,629	10,340
Total Current Assets	1,974,618	1,769,018
PROPERTY AND EQUIPMENT		
Land	320,000	320,000
Buildings and Improvements	3,524,928	3,411,494
Furniture and Equipment	2,629,524	2,532,209
Textbooks	143,962	143,962
Vehicles	82,275	57,275
Less: Accumulated Depreciation	(3,812,738)	(3,508,987)
Property and Equipment, Net	2,887,951	2,955,953
Total Assets	$ 4,862,569	$ 4,724,971
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Capital Lease Obligations	$ -	$ 3,655.00
Accounts Payable and Accrued Expenses	734,749	731,665
Current Portion of Notes Payable	227,516	273,178
Total Current Liabilities	962,265	1,008,498
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	967,600	1,195,515
Payroll Protection Program Loan	-	982,700
Total Long-Term Liabilities	967,600	2,178,215
Total Liabilities	1,929,865	3,186,713
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	2,622,922	1,452,288
Board Designated	309,782	85,970
Total Net Assets	2,932,704	1,538,258
Total Liabilities and Net Assets	$ 4,862,569	$ 4,724,971

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 6,267,159	$ 5,743,628
Grant Revenue	3,090,108	1,845,611
Student Fees	67,805	169,172
Contributions	21,286	25,767
Fundraising and Other Income	1,193,329	243,318
Total Revenue and Support	10,639,687	8,027,496
EXPENSES		
Program Services	7,813,692	6,619,149
Management and General	1,431,549	1,479,580
Total Expenses	9,245,241	8,098,729
CHANGE IN NET ASSETS	1,394,446	(71,233)
Net Assets - Beginning of Year	1,538,258	1,609,491
NET ASSETS - END OF YEAR	$ 2,932,704	$ 1,538,258

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 3,854,755	$ 704,016	$ 4,558,771	$ 3,642,016	$ 740,230	$ 4,382,246
Employee Benefits	812,226	123,726	935,952	751,807	136,637	888,444
Classroom, Kitchen, and Office Supplies	1,859,040	73,483	1,932,523	1,073,180	39,560	1,112,740
Professional Services	369,116	175,871	544,987	235,207	213,392	448,599
Depreciation	313,656	-	313,656	468,943	-	468,943
Occupancy	216,503	-	216,503	189,207	-	189,207
Property Rental and Maintenance	269,401	-	269,401	90,194	-	90,194
Insurance	-	151,667	151,667	-	134,351	134,351
Authorizer Oversight Fees	-	166,145	166,145	-	150,364	150,364
Interest	67,331	-	67,331	89,103	-	89,103
Staff Development	28,512	1,484	29,996	25,825	11,888	37,713
Transportation	211	-	211	30,267	-	30,267
Other	22,941	35,157	58,098	23,400	53,158	76,558
Total Functional Expenses	$ 7,813,692	$ 1,431,549	$ 9,245,241	$ 6,619,149	$ 1,479,580	$ 8,098,729

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,394,446	$ (71,233)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	313,656	468,943
Loss on Disposal of Property and Equipment	2,985	-
Gain on Extinguishment of Debt - PPP Loan	(982,700)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	36,908	(167,413)
Prepaid Expenses	(146,289)	14,361
Accounts Payable and Accrued Expenses	3,084	336,948
Net Cash Provided by Operating Activities	622,090	581,606
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(248,639)	(395,429)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	139,655	1,251,363
Principal Repayment of Notes Payable	(413,232)	(405,035)
Principal Reduction of Capital Lease Obligations	(3,655)	(22,603)
Net Cash Provided (Used) by Financing Activities	(277,232)	823,725
NET CHANGE IN CASH	96,219	1,009,902
Cash - Beginning of Year	1,577,510	567,608
CASH - END OF YEAR	$ 1,673,729	$ 1,577,510
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 67,331	$ 89,103

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 750 students in grades kindergarten through 12 and is sponsored by Ball State University.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Board-Designated Net Assets

The board-designated net assets at both June 30, 2021 and 2020 for purposes related to various School academic and sports programs. Board-designated net assets totaled $309,782 and $85,970, as of June 30, 2021 and 2020, respectively.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School’s revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Cash

The School considers all demand accounts to be cash.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable and Revenue

Grants receivable and revenue relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Contributions, Grants, and Fees

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Taxes on Income

Central Indiana Military Academy, Inc. has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $500 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:

Buildings and Improvements	5 to 40 Years
Furniture and Equipment	3 Years
Textbooks	4 Years
Vehicles	5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the School's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted.

Subsequent Events

The School evaluated subsequent events through January 26, 2022, 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.

The School purchased and constructed a new track for $208,910 that was completed on October 10, 2021. The funds for the purchase of the track were from the innovation grant that was in the deferred revenue account at year ended June 30, 2021.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2021	2020
Loan payable to First Financial Bank, payable in monthly installments of $4,460 including interest at 4.55% per annum through July 2021, secured by a mortgage of School facilities and all business assets	$ 4,455	$ 56,462
Loan payable to First Financial Bank, payable in monthly installments of $3,183 including interest at 4.20% per annum through June 2022, secured by a mortgage on School facilities and all business assets	28,509	64,650

NOTE 2 NOTES PAYABLE (CONTINUED)

Description	2021	2020
Loan payable to First Financial Bank, payable in monthly installments of $3,224 including interest at 5.625% per annum (adjustable annually each August) through March 2029, secured by a mortgage on School facilities and all business assets	$ 249,228	$ 274,429
Loan payable to First Financial Bank, payable in monthly installments of $4,214 including interest at 5.625% per annum (adjustable annually each September) through July 2026, secured by a mortgage on School facilities and all business assets	230,000	267,704
Loan payable to First Financial Bank, payable in monthly installments of $7,341 including interest at 5.75% per annum (adjustable annually each August) through August 2026, secured by a mortgage on School facilities and all business assets	402,964	469,512
Loan payable to First Financial Bank, payable in monthly installments of $3,224 including interest at 5.75% per annum (adjustable annually each September) through August 2026, secured by a mortgage on School facilities and all business assets	203,657	237,290
Loan payable to First Financial Bank, payable in monthly installments of $2,229 including interest at 4.90% per annum through July 2024, secured by a mortgage on School facilities and all business assets	76,303	98,646
Total	1,195,116	1,468,693
Less: Current Portion	(227,516)	(273,178)
Long-Term Portion	$ 967,600	$ 1,195,515

The First Financial Bank notes payable require the School to maintain a minimum debt service coverage ratio greater than 1.25-to-1.00. The School was in compliance with this covenant for the year ended June 30, 2021.

NOTE 2 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2022	$ 227,516
2023	204,435
2024	217,247
2025	200,714
2026	208,578
Thereafter	136,626
Total	$ 1,195,116

NOTE 3 PAYROLL PROTECTION PROGRAM LOAN

On April 13, 2020, the Organization received a loan from First Financial Bank in the amount of $982,700 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over eighteen months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022.

This loan was forgiven in June 2021 and is included in fundraising and other income in the accompanying statement of activities for the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company’s financial position.

NOTE 4 REVOLVING LINE OF CREDIT

The School had a $75,000 revolving line of credit at June 30, 2020, with First Financial Bank to provide short-term financing, which is secured by all business assets. Bank advances on the credit line carried an interest rate of prime plus .75% (5.75% at June 30, 2021 and 2020, respectively). There were no advances outstanding on the line of credit as of June 30, 2020. This line of credit was closed during the year ended June 30, 2021.

On September 29, 2021, the school entered a new $75,000 revolving line of credit with First Financial Bank to provide short-term financing, which is secured by all business assets. Bank advances on the credit line carry an interest rate of 3.250% with the possibility of interest rate changing daily. Interest rate is calculated based on FFB Prime Rate in effect on the Change Date.

NOTE 5 LEASES

The School leases various items of equipment under capital leases. At June 30, 2021, the cost and accumulated depreciation relating to these assets were $306,200 and $306,200, respectively ($306,200 and $301,920, respectively, at June 30, 2020).

The School also leases various items of equipment under operating leases. Total expense under these operating leases was $7,551 and $15,900 for the years ended June 30, 2021 and 2020, respectively. None of the operating leases have terms extending beyond the following fiscal year.

NOTE 6 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan 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. For the years ended June 30, 2021 and 2020, the School contributed 5.5% and 5.5%, respectively, of compensation for eligible teaching personnel to TRF. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was more than 90% funded.

All other employees are eligible to participate in a School-sponsored section 403(b) plan. Under this plan, the School contributes 6% of compensation, as defined in the plan document. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2021 or 2020. Retirement plan expense under both plans was $259,300 and $242,726 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $166,145 and $150,360 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2021 and is renewable thereafter by mutual consent.

The School contracts with a third party to provide network and technology services to the School. Under this contract, the School has committed to make annual payments of approximately $75,000 that expired August 2020 with the option to purchase additional services for which the School is billed as services are provided. The School contracted with a new service provider in August 2020 for 5 years, with an automatic extension of an additional 5-year term unless terminated by the parties. Payments under these agreements were $57,783 and $87,459 for the years ended June 30, 2021 and 2020.

NOTE 8 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Madison 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. Any changes in state or federal legislation could significantly impact 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained at two financial institutions, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition and other grant funding. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable.

	2021	2020
Financial Assets	$ 1,817,989	$ 1,758,678
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Board Designated for Specific Purpose	(309,782)	(85,970)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,508,207	$ 1,672,708

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 board of directors has the option to undesignate the $309,782 of board-designated net assets to meet general obligations.

NOTE 10 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories is required.

NOTE 11 RELATED PARTY

The school had expenses for services provided by an organization that a board member works for in the amount of $20,229 during the year ended June 30, 2021.

NOTE 12 SUBSEQUENT EVENTS

Subsequent to year end, the School entered into an agreement to repair and replace its HVAC system for approximately $1,050,000. In connection with this commitment the School also secured federal grant funding to meet this commitment.

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

Supplemental Audit Report of Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy

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*.

SUPPLEMENTAL AUDIT REPORT
OF
CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY

MADISON COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
Chairman of Board of Directors	Mike Casuscelli	07/01/20 – 06/30/21
Treasurer of Board of Directors	David Ashby	07/01/20 – 06/30/21
Treasurer	Natalie Hall	07/01/20 – 03/01/21
Treasurer	Kym Kelley	03/01/21 – 06/30/21
Commandant	Jill Barker	07/01/20 – 06/30/21

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

We have audited the financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the "School") as of and for the year ended June 30, 2021 and have issued our report thereon dated January 26, 2022. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the Academy was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 26, 2022

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for 17 students of the 60 tested for enrollment. It was noted in testing that 2 out of 60 students did not have a signature on the enrollment forms, 11 out of 60 students did not have a birth certificate on file, and 4 out of 60 are missing signatures on the enrollment forms and birth certificates.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an “eligible pupil”. An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines “Enrolled” as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines “Attending” as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and attendance records, etc. as determined by policy or normal practice by the school should be maintained. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed with Jill Barker (Commandant) and Kym Kelley (Treasurer) on October 28, 2021. Official response has been made part of this report and may be found beginning on page 5.

2200 W. 22nd Street
Anderson, IN 46016
Kindergarten – 5th
Phone: 765-649-8472
Fax: 765-640-5445
www.goapa.org

101 W. 29th Street
Anderson, IN 46016
6th – 12th Grade
Phone: 765-649-8472
Fax: 765-640-2550
www.goapa.org

12/13/2021

Management Response to Compliance Finding: ADM Testing

Management disputes reference to missing signatures as it implies no signatures were obtained on enrollment documents. Documents in question were missing a singular signature on a single page. Multiple signatures are required as part of the enrollment packet and parents and registrar overlooked signature that is at bottom of page.

Corrective Action Plan:

- Beginning in the 2021-2022 school year, registrar has been moved to a full-time position with no other duties. Previously, registrar also served as attendance officer.
- Registrar is conducting an internal review of all enrollment materials for active students and is working with families to correct any missing documents, missed signatures, etc.
- Enrollment forms and processes are being updated so that signatures are moved to a more visible portion of the page in question, and checklists are being created to ensure registrar fully reviews each required signature.
- In addition to registrar's internal review, CEO will initiate periodic registrar spot-check audits similar to process used by CLA for financial audit. These will be conducted monthly using ME report students.

The Bloomington Project School

THE BLOOMINGTON PROJECT SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

THE BLOOMINGTON PROJECT SCHOOL
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YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bloomington Project School
Anderson, Indiana

We have audited the accompanying financial statements of The Bloomington Project School, which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bloomington Project School as of June 30, 2021 and 2020, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 3, 2021

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 878,161	$ 723,149
Grants Receivable	113,438	39,963
Prepaid Expenses	9,000	12,023
Total Current Assets	1,000,599	775,135
PROPERTY AND EQUIPMENT		
Construction in Progress	30,882	101,632
Buildings and Improvements	2,445,838	2,241,129
Furniture and Equipment	503,959	480,380
Textbooks	77,304	77,316
Less: Accumulated Depreciation	(1,444,606)	(1,344,250)
Property and Equipment, Net	1,613,377	1,556,207
OTHER ASSETS		
Security Deposits	12,500	12,500
Total Assets	$ 2,626,476	$ 2,343,842
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 33,741	$ 8,892
Accrued Expenses	202,038	296,583
Current Portion of Line of Credit	26,367	-
Current Portion of Notes Payable	131,650	129,744
Current Portion of Capital Lease Obligations	3,474	3,243
Deferred Rent	57,457	21,018
Refundable Advances	-	44,166
Total Current Liabilities	454,727	503,646
LONG-TERM LIABILITIES		
Line of Credit, Net of Current Portion	116,638	-
Notes Payable, Net of Current Portion	1,176,319	1,293,133
Loan Payable Under Paycheck Protection Program	-	335,100
Capital Lease Obligations, Net of Current Portion	11,981	15,455
Total Long-Term Liabilities	1,304,938	1,643,688
Total Liabilities	1,759,665	2,147,334
NET ASSETS, WITHOUT DONOR RESTRICTIONS	866,811	196,508
Total Liabilities and Net Assets	$ 2,626,476	$ 2,343,842

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 2,141,521	$ 1,914,639
Grant Revenue	839,203	568,820
Student Fees	25,260	30,791
Contributions	138,664	46,848
Other Income	46,970	48,711
Gain on Extinguishment of Payroll Protection Program Loan	335,100	-
Total Revenue and Support	3,526,718	2,609,809
EXPENSES		
Program Services	2,021,722	1,680,811
Management and General	834,693	804,816
Total Expenses	2,856,415	2,485,627
CHANGE IN NET ASSETS	670,303	124,182
Net Assets Without Donor Restrictions - Beginning of Year	196,508	72,326
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 866,811	$ 196,508

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,477,110	$ 122,512	$ 1,599,622	$ 1,220,012	$ 187,496	$ 1,407,508
Employee Benefits	323,910	37,178	361,088	286,124	48,751	334,875
Staff Development	-	-	-	693	-	693
Professional Services	64,234	144,356	208,590	44,807	124,341	169,148
Repairs and Maintenance	-	-	-	-	680	680
Authorizer Oversight Fees	36,639	-	36,639	48,737	-	48,737
Food Costs	1,152	51,972	53,124	126	38,010	38,136
Transportation	-	-	-	70	-	70
Equipment	-	35,645	35,645	-	22,975	22,975
Classroom, Kitchen, and Office Supplies	64,332	31,164	95,496	26,818	15,038	41,856
Occupancy	-	179,720	179,720	-	165,065	165,065
Depreciation	-	100,356	100,356	-	74,439	74,439
Interest	-	91,663	91,663	-	93,465	93,465
Insurance	-	25,278	25,278	-	16,773	16,773
Other	54,345	14,849	69,194	53,424	17,783	71,207
Total Functional Expenses	$ 2,021,722	$ 834,693	$ 2,856,415	$ 1,680,811	$ 804,816	$ 2,485,627

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 670,303	$ 124,182
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	100,356	74,439
Gain on Payroll Protection Program Loan Extinguishment	(335,100)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(73,475)	2,930
Prepaid Expenses	3,023	(10,946)
Accounts Payable	24,849	(9,659)
Accrued Expenses	(94,545)	126,829
Refundable Advances	(44,166)	(16,594)
Deferred Rent Payable	36,439	21,018
Net Cash Provided by Operating Activities	287,684	312,199
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(157,526)	(120,331)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Notes Payable, Net	(114,908)	(101,740)
Proceeds from Line of Credit, Net	143,005	-
Proceeds from (Payments on) Capital Lease Activities	(3,243)	18,698
Proceeds from Issuance of Payroll Protection Program Loan	-	335,100
Net Cash Provided by Financing Activities	24,854	252,058
NET CHANGE IN CASH	155,012	443,926
Cash - Beginning of Year	723,149	279,223
CASH - END OF YEAR	$ 878,161	$ 723,149
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 86,510	$ 93,465

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Bloomington Project School (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates as a public charter school established under Indiana Code 20-24 serving approximately 307 students in grades kindergarten through eighth and is sponsored by Ball State University.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2021 and 2020, the School had $-0- and $32,011, respectively, of conditional grants that had not been recognized as revenue in the statements of activities because conditions had not been met.

Revenue from student fees and other income is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service is performed are reported as deferred revenue in the statement of financial position. As of June 30, 2021 and 2020, the School did not have any such deferred revenue.

Contributions

The School receives income from contributions and grants that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The School did not have any net assets with donor restrictions as of June 30, 2021 and 2020.

NOTE 1 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. There were no cash equivalents at June 30, 2021 and 2020.

Grants Receivable

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $1,000 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:

Buildings and Improvements	Lesser of 30 Years or life of lease
Furniture and Equipment	3 to 5 Years
Textbooks	4 Years

Taxes on Income

The Bloomington Project School, Inc. has received a determination from the U.S. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2016 are open to audit for both federal and state purposes.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through November 3, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 REFUNDABLE ADVANCES

The School was awarded grants from the Lilly Foundation, Inc. of $83,576 during the year ended June 30, 2020. The grants are for the purpose of establishing comprehensive counseling services for students and must be utilized for their intended purpose no later than June 30, 2022, after which any remaining unused portion of each grant is subject to reversion to the grantor organization. As of June 30, 2021, the funds had been fully utilized for their intended purpose.

NOTE 3 LINE OF CREDIT

On February 28, 2020, the School entered into a credit agreement with a bank for a line of credit which permits borrowing up to $168,000. Principal and interest payments of $2,628 are due monthly beginning in March of 2021 with an interest rate of 3.95% with final payment due in February of 2027. The line of credit is secured by any and all existing and subsequent security documents, including mortgages, security agreements, and collateral assignments by any Borrower or Guarantor. As of June 30, 2021, the line of credit balance was $143,005.

Principal maturities of the line of credit are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 26,367
2023	27,428
2024	28,531
2025	29,679
2026	30,872
Thereafter	128
Total	$ 143,005

NOTE 4 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2021	2020
Note Payable to Indiana Finance Authority	$ 286,241	$ 338,265
Note Payable to IFF	985,869	1,040,566
Note Payable to Bloomington Urban Enterprise Association	-	1,666
Common School Fund Loan	35,859	42,380
Total	1,307,969	1,422,877
Less: Current Portion	(131,650)	(129,744)
Long-Term Portion	$ 1,176,319	$ 1,293,133

Indiana Finance Authority Note Payable

The note payable to Indiana Finance Authority is payable in quarterly installments of $17,798, including interest at 5.5% per annum. The loan was funded through the sale of Qualified School Construction Bonds, which provide for the interest to be subsidized by the U.S. federal government. The loan is subordinate to the IFF note payable.

IFF Note Payable

The note payable to IFF is payable in monthly installments of $10,028, including interest at 6.875% per annum, with the unpaid balance due on August 1, 2033. The note is secured by a leasehold mortgage, and furniture and equipment. The promissory note with IFF contains several financial and nonfinancial covenants with which the School is required comply annually. The School was in compliance with all covenants as of June 30, 2021 and 2020.

Bloomington Urban Enterprise Association Note Payable

The note payable to Bloomington Urban Enterprise Association is payable in monthly installments of $208, with the unpaid balance due on August 1, 2019. The note is unsecured and noninterest bearing. Bloomington Urban Enterprise Association is a related party to the School through common management. The loan was paid off as of June 30, 2021.

Common School Fund Loan

The note payable to the Indiana Common School Fund is payable in semi-annual principal installments of $3,260 from January 2017 to July 2026, with interest at 1% per annum.

NOTE 4 NOTES PAYABLE (CONTINUED)

Principal maturities of all notes payable are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 131,650
2023	135,478
2024	139,577
2025	145,440
2026	77,476
Thereafter	678,348
Total	$ 1,307,969

NOTE 5 LEASES

The School entered into a capital lease financing agreement during the year ended June 30, 2020 for a piece of equipment. The original cost related to this asset was $18,698. At June 30, 2021 and 2020, the cost and accumulated depreciation related to this asset was $15,455 and $18,698, respectively.

Minimum future lease payments as of June 30, 2021 under the capital lease and the present value of the net minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 4,459
2023	4,459
2024	4,459
2025	4,459
Total	17,836
Less: Amount Representing Interest	(2,381)
Total	$ 15,455

The School leases its school facility under an operating lease, which was renewed effective June 30, 2019. The lease requires monthly rental payments in the first year of $7,467, which increase annually over the term of the lease by the lesser of 2% or the consumer price index for the preceding 12 months. The lease expires June 30, 2024 and is renewable for three additional five-year periods which are included in the below lease schedule. The lease requires the School to pay for certain repairs and maintenance, utilities, and other ongoing expenses required to maintain the facilities.

The School entered a second school facility operating lease, effective January 23, 2020. The lease requires monthly rental payments in the first two years of $3,000, which increases every two years over the term of the lease by $1,000. The lease expires June 30, 2030 with renewal discussions occurring after year seven. The lease requires the School to pay for certain repairs and maintenance, utilities, and other ongoing expenses required to maintain the facilities.

NOTE 5 LEASES (CONTINUED)

Expense under operating leases was $188,914 and $148,731 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease obligations for noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 142,333
2023	146,822
2024	154,352
2025	161,476
2026	165,148
Thereafter	2,453,439
Total	$ 3,223,570

The School also rents certain items of office equipment under operating leases.

NOTE 6 DEBT EXTINGUISHMENT

On May 1, 2020, the School received proceeds in the amount of $335,100 to fund payroll, rent, and utilities through the Paycheck Protection Program (the "PPP Loan"). The PPP loan was formally forgiven by the U.S. Small Business Administration (SBA) on May 12, 2021. Accordingly, the School recognized a gain on the extinguishment of debt of $335,100 during the year ended June 30, 2021. This amount is included in the 2021 statement of activities as gain on extinguishment of payroll protection program loan.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 7 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. For the years ended June 30, 2021 and 2020, the School contributed 5.5%, respectively, of compensation for eligible teaching personnel to TRF and 11.2%, respectively, for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2020 (the latest year reported), TRF and PERF were approximately 90% and 102% funded, respectively.

NOTE 7 RETIREMENT PLANS (CONTINUED)

In lieu of TRF, teaching faculty can elect benefits under a 403(b) plan, where the School contributes 7.5% of compensation.

Retirement plan expense was $103,312 and $109,464 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $36,639 and $48,737 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2026 and is renewable thereafter by mutual consent.

The School has contracted with Charter School Management Corporation (CSMC) to provide finance, business consulting, compliance, payroll, human resources, and other services. This contract remains in effect until June 30, 2024 and is automatically renewed on a year-to-year basis commencing on the last day of the expiring contract unless written notice of intent to terminate or renegotiate is given by either party at least 60 days prior to expiration of the agreement.

Under the terms of the agreement, the School has agreed to pay CSMC the following amounts for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 60,000
2023	60,000
2024	60,000

Expenses under the agreement were $60,000 and $55,770 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

The School provides education instruction services to families residing in Monroe 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 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.

NOTE 9 RISKS AND UNCERTAINTIES (CONTINUED)

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the receivable balance was due from the state of Indiana. In addition, deposits maintained at Old National Bank are insured up to the FDIC insurance limit of $250,000. Funds held at this financial institution exceed the FDIC insurance limit. To date, the School has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its 2021 and 2020 operations and financial results, including an increased demand for virtual learning options. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable as noted below at June 30:

	2021	2020
Financial Assets	$ 991,599	$ 763,112
Less: Those Unavailable for General Expenditures Within One Year: Extracurricular Account	(183,606)	(166,874)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 807,993	$ 596,238

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.

NOTE 11 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

THE BLOOMINGTON PROJECT SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of The Bloomington Project School

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*.

Community Montessori

COMMUNITY MONTESSORI, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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COMMUNITY MONTESSORI, INC.
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CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Montessori, Inc.
New Albany, Indiana

We have audited the accompanying financial statements of Community Montessori, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Community Montessori, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Montessori, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 29, 2021

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,740,248	$ 3,946,022
Investments	1,126,687	1,087,069
Accounts Receivable, Net of Allowance	485,226	10,272
Prepaid Expenses	34,117	33,122
Total Current Assets	5,386,278	5,076,485
PROPERTY AND EQUIPMENT		
Land	150,296	150,296
Buildings and Improvements	12,810,447	11,469,533
Furniture and Equipment	94,421	115,540
Construction in Process	-	782,901
Less: Accumulated Depreciation	(4,119,784)	(3,854,233)
Property and Equipment, Net	8,935,380	8,664,037
Total Assets	$ 14,321,658	$ 13,740,522
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 277,227	$ 268,795
Accounts Payable and Accrued Expenses	445,363	375,757
Deferred Revenue	127,621	152,153
Total Current Liabilities	850,211	796,705
LONG-TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program	-	536,200
Notes Payable, Net of Current Portion	4,751,467	5,028,677
Less: Unamortized Debt Issuance Costs	(41,427)	(44,029)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	4,710,040	4,984,648
Total Liabilities	5,560,251	6,317,553
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Without Donor Restrictions	8,759,692	7,390,578
With Donor Restrictions	1,715	32,391
Total Net Assets	8,761,407	7,422,969
Total Liabilities and Net Assets	$ 14,321,658	$ 13,740,522

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	$ 3,617,333	$ -	$ 3,617,333	$ 3,696,654	$ -	$ 3,696,654
Program Fees	480,291	-	480,291	565,565	-	565,565
Grant Revenue	968,186	-	968,186	504,800	-	504,800
Student Fees	101,830	-	101,830	149,193	-	149,193
Contributions	50,197	1,000	51,197	13,231	32,453	45,684
Fundraising	11,217	-	11,217	26,043	-	26,043
Investment Gain, Net	39,618	-	39,618	35,179	-	35,179
Interest Income	4,580	-	4,580	9,462	-	9,462
Gain on Extinguishment of Payroll Protection Program Loan	536,200	-	536,200	-	-	-
Other	9,779	-	9,779	52,011	-	52,011
Net Assets Released from Restrictions	31,676	(31,676)	-	131,143	(131,143)	-
Total Revenue and Support	5,850,907	(30,676)	5,820,231	5,183,281	(98,690)	5,084,591
EXPENSES						
Program Services	3,841,325	-	3,841,325	3,520,617	-	3,520,617
Management and General	623,613	-	623,613	593,998	-	593,998
Fundraising	16,855	-	16,855	40,586	-	40,586
Total Expenses	4,481,793	-	4,481,793	4,155,201	-	4,155,201
CHANGE IN NET ASSETS	1,369,114	(30,676)	1,338,438	1,028,080	(98,690)	929,390
Net Assets - Beginning of Year	7,390,578	32,391	7,422,969	6,362,498	131,081	6,493,579
NET ASSETS - END OF YEAR	$ 8,759,692	$ 1,715	$ 8,761,407	$ 7,390,578	$ 32,391	$ 7,422,969

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 2,287,932	$ 380,809	$ -	$ 2,668,741	$ 2,181,402	$ 356,871	$ -	$ 2,538,273
Employee Benefits	461,977	63,733	-	525,710	425,961	56,723	-	482,684
Staff Development and Recruitment	33,860	-	-	33,860	13,521	-	-	13,521
Professional Services	136,069	17,622	-	153,691	116,952	6,020	-	122,972
Program Expenses	13,660	-	-	13,660	42,207	-	-	42,207
Authorizer Oversight Fees	-	91,514	-	91,514	-	91,457	-	91,457
Dues, Licenses, and Subscriptions	-	17,631	-	17,631	-	15,391	-	15,391
Advertising	-	50	-	50	-	961	-	961
Travel	-	2,621	-	2,621	-	3,308	-	3,308
Information Technology	168,547	-	-	168,547	36,352	-	-	36,352
Minor Equipment	9,335	-	-	9,335	11,212	-	-	11,212
Supplies	79,405	2,879	-	82,284	72,106	3,287	19,155	94,548
Occupancy	182,290	-	-	182,290	160,495	-	-	160,495
Depreciation	307,151	-	-	307,151	290,704	-	-	290,704
Interest	161,099	-	-	161,099	169,705	-	-	169,705
Insurance	-	33,870	-	33,870	-	40,168	-	40,168
Fundraising	-	-	16,855	16,855	-	-	21,431	21,431
Other	-	12,884	-	12,884	-	19,812	-	19,812
Total Functional Expenses	$ 3,841,325	$ 623,613	$ 16,855	$ 4,481,793	$ 3,520,617	$ 593,998	$ 40,586	$ 4,155,201

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,338,438	$ 929,390
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	307,151	290,704
Amortization	2,602	2,602
Gain on Investments, Net	(39,618)	(35,179)
Gain on Payroll Protection Program Loan Extinguishment	(536,200)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(474,954)	3,194
Prepaid Expenses	(995)	28,179
Accounts Payable and Accrued Expenses	69,606	11,035
Deferred Revenue	(24,532)	(9,517)
Net Cash Provided by Operating Activities	641,498	1,220,408
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	-
Purchase of Property and Equipment	(20,480)	(78,745)
Construction in Process	(558,014)	(782,901)
Net Cash Used by Investing Activities	(578,494)	(861,646)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	-	536,200
Principal Repayment of Notes Payable	(268,778)	(260,171)
Net Cash Provided (Used) by Financing Activities	(268,778)	276,029
NET CHANGE IN CASH AND CASH EQUIVALENTS	(205,774)	634,791
Cash and Cash Equivalents - Beginning of Year	3,946,022	3,311,231
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,740,248	$ 3,946,022
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 158,497	$ 167,103

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Community Montessori, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School also provides an early childhood education program for children ages three and four on a fee basis. For 2020-2021 School year, the School served approximately 523 students in preschool through high school.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021 and 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service is performed is reported as deferred revenues in the statement of financial position. As of June 30, 2021, 2020 and 2019, the School has $127,621, $152,153, and $161,670, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as Net Assets Released from Restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less.

Grants and Accounts Receivable

Grants receivable relate primarily to activities funded under grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful account is deemed necessary with regard to grant receivables. Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. The accompanying financial statements reflect an allowance for doubtful accounts of $-0- and $25,031 as of June 30, 2021 and 2020, respectively, relating to program fees.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Unrealized gains and losses are included in the statement of activities and change in net assets. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $5,000 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:

Buildings and Improvements	40 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Deferred Revenue

Deferred revenue consists of early education program fee deposits and materials and supplies fee deposits received as part of the enrollment process for the subsequent academic School year.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs include expenses incurred as part of the July 2016 refinancing of long-term debt. Amortization of the $52,041 in debt issuance costs is provided on a straight-line basis over the 20-year term of the related notes payable. Accumulated amortization was $10,614 and $8,012 as of June 30, 2021 and 2020, 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.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The School is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The School evaluated subsequent events through December 29, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 LEGISLATIVE FUNDING CHANGES

In 2013, the Indiana legislature passed amendments to the Indiana Charter Schools Act that altered the manner in which charter schools are funded. Prior to enactment, charter schools received funding in the calendar year following the start of the academic School year. As such, the School followed the practice of recognizing at June 30 of each year a receivable for payments to be made to the School in the subsequent July through December time period, which represented amounts due for services rendered. Effective July 1, 2013, charter school funding is paid following the state of Indiana fiscal year of July to June, which is similar to the School's academic year. As part of this legislative amendment, the funding owed to the School under prior legislation for the period July 2013 to December 2013 was suspended. This elimination of funding resulted in a nonoperating loss of $1,477,941.

In the same session, the Indiana legislature appropriated funding from the Indiana general fund to repay Indiana Common School Fund loans and accrued interest outstanding as of June 30, 2013 on behalf of charter schools. The School applied for and received repayment of its indebtedness under these obligations as of June 30, 2013. The repayment of debt resulted in nonoperating income of $861,897 comprised of the following:

Repayment of Common School Fund Loans	$ 733,133
Repayment of Accrued Interest on Common School Fund Loans	128,764
Total	$ 861,897

The School believes that it has been adversely affected by the legislative changes relating to the elimination of funding and is pursuing relief through its elected representatives and the Indiana Department of Education. The prospect for success is unknown as of June 30, 2021. The School continues to carry a receivable of $1,477,941 relating to the funding reduction, offset by a collectability allowance in the same amount.

NOTE 3 INVESTMENTS

The School held the following investments as of June 30:

	2021	2020
Mutual Funds:		
MFS Corporate Bond A	$ 155,704	$ 151,484
MFS Diversified Income A	160,372	138,617
MFS limited Maturity A	138,851	135,768
MFS Total Return Bond A	148,326	145,149
Certificate of Deposit	523,434	516,051
Total	$ 1,126,687	$ 1,087,069

NOTE 4 FAIR VALUE MEASUREMENTS

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participants assumptions based on market data obtained from sources independent of the entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

*Level 1 – q*uoted prices for identical assets or liabilities in active markets to which the School has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2021 and 2020.

Mutual Funds: Valued at the closing price, or net asset value, reported on the active market on which the individual securities are traded.

Certificates of Deposit: Valued at cost adjusted for amortization of premium and discount to the maturity date using the level-yield method, which approximates fair value.

Following is a description of the nature of the categories of mutual funds by major security type:

Fixed Income Funds: This asset class is generally comprised of investment options in bonds or debt of a company or governmental entity.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the School's assets at fair value:

		June 30, 2021		
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	$ 155,704	$ 155,704	$ -	$ -
MFS Diversified Income A	160,372	160,372	-	-
MFS Limited Maturity A	138,851	138,851	-	-
MFS Total Return Bond A	148,326	148,326	-	-
Total Held at Fair Value	603,253	603,253	-	-
Certificates of Deposit	523,434	-	-	-
Total Investment	$ 1,126,687	$ 603,253	$ -	$ -

		June 30, 2020		
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	$ 151,484	$ 151,484	$ -	$ -
MFS Diversified Income A	138,617	138,617	-	-
MFS limited Maturity A	135,768	135,768	-	-
MFS Total Return Bond A	145,149	145,149	-	-
Total Held at Fair Value	571,018	571,018	-	-
Certificates of Deposit	516,051	-	-	-
Total Investment	$ 1,087,069	$ 571,018	$ -	$ -

NOTE 5 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2021	2020
Note payable to German American Bancorp, payable $33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	$ 4,861,625	$ 5,112,065
Note payable to German American Bancorp. payable $2,108 monthly, including interest at 3.88% per annum, maturing in July 2036.	167,069	185,407
Total	5,028,694	5,297,472
Less: Current Portion	(277,227)	(268,795)
Long-Term Portion	$ 4,751,467	$ 5,028,677

NOTE 5 NOTES PAYABLE (CONTINUED)

Principal maturities of German American Bancorp notes payable are scheduled as follows for the years ending June 30:

Year Ending June 30,		Amount
2022	$	277,227
2023		288,134
2024		297,047
2025		306,238
2026		380,184
Thereafter		3,479,864
Total	$	5,028,694

NOTE 6 DEBT EXTINGUISHMENT

In April 2020, the School received proceeds in the amount of $536,200 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan was formally forgiven by the U.S. Small Business Administration (SBA) on November 2, 2020. Accordingly, the School recognized a gain on the extinguishment of debt of $536,200 during the year ended June 30, 2021. This amount is included in the 2021 statement of activities as Gain on Extinguishment of Payroll Protection Program Loan.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that have been received but not expended for the identified purposes or have been donated for use in future periods. Net assets with donor restrictions were available for the following purposes as of June 30:

		2021		2020
Casa dei Curiosities Capital Projects	$	-	$	27,818
Scholarships		1,715		3,575
Teen Support Group		-		998
Total	$	1,715	$	32,391

During 2021 and 2020, net assets of $31,676 and $131,143, respectively, were released from restriction by incurring expenses satisfying the restricted purposes or due to the passage of time.

NOTE 8 COMMITMENTS AND CONTINGENCIES

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent. Expense under this agreement was $91,514 and $91,457 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

The School purchased various supplies from a company whose owner is related to a management employee of the School. Total purchases for the years ended June 30, 2021 and 2020 were $13,310 and $18,730, respectively.

NOTE 10 LEASES

The School leases equipment under operating lease agreements that expire in 2021. Expense under these operating leases was $4,165 and $4,289 for the years ended June 30, 2021 and 2020, respectively.

A schedule of minimum lease obligations are as follows for the year ending June 30:

Year Ending June 30,	Amount
2022	$ 3,178
2023	3,024
2024	3,024
2025	3,024
2026	3,024
Thereafter	1,260
Total	$ 16,534

NOTE 11 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is part of a cost-sharing multiple-employer defined benefit retirement plan 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. For the years ended June 30, 2021 and 2020, the School contributed 5.5%, of compensation for eligible teaching personnel. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was approximately 90% funded.

All nonteaching personnel are eligible to enroll in a defined contribution Section 403(b) plan. Teaching personnel can also opt to participate in the 403(b) plan in lieu of TRF. Under the 403(b) plan, the School will provide a 3%-6% match of an employee's contribution, depending on years of service. Retirement plan expense under all plans was $35,008 and $34,391 for the years ended June 30, 2021 and 2020, respectively.

NOTE 12 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Floyd 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. Any changes in state or federal legislation could significantly impact 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.

The School primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance School (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, the School has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its 2021 and 2020 operations and financial results, including an increased demand for virtual learning options. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 13 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and cash equivalents, investments, and accounts receivable.

	2021	2020
Financial Assets	$ 5,352,161	$ 5,043,363
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restrictions by Donor with Time or Purpose	(1,715)	(32,391)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,350,446	$ 5,010,972

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 board exercised the option to un-designate the $500,000 of board-designated net assets to meet general obligations during the year ended June 30, 2020.

NOTE 14 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services, management and general, or fundraising according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

COMMUNITY MONTESSORI, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Community Montessori, 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*.

SUPPLEMENTAL AUDIT REPORT
OF
COMMUNITY MONTESSORI, INC.

FLOYD COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

COMMUNITY MONTESSORI, INC.
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COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
Board President	Melissa Merida	07/01/20 – 06/30/21
Executive Director	Barbara Burke Fondren	07/01/20 – 06/30/21
Administrative Finance	Melissa Cole	07/01/20 – 06/30/21

INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Montessori, Inc.
New Albany, Indiana

We have audited the financial statements of Community Montessori, Inc. (the School) as of and for the year ended June 30, 2021 and have issued our report thereon dated December 29, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 29, 2021

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2020 TO JUNE 30, 2021

No findings noted for the period of July 1, 2020 to June 30, 2021.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on December 17, 2021 with Barbara Burke Fondren, Executive Director, and Melissa Cole, Administrative Finance.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2020 TO JUNE 30, 2021

No findings noted for the period of July 1, 2020 to June 30, 2021.

Discovery Charter School

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Duneland Charter School, Inc.
dba: Discovery Charter School
Chesterton, Indiana

We have audited the accompanying financial statements of Duneland Charter School, Inc. dba: Discovery Charter School, which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duneland Charter School, Inc. dba: Discovery Charter School as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 16, 2021

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 997,533	$ 549,252
Grants Receivable	189,458	132,865
Student Fees Receivable	8,582	8,582
Prepaid Expenses	69,643	49,014
Total Current Assets	1,265,216	739,713
PROPERTY AND EQUIPMENT		
Land	408,188	408,188
Buildings and Improvements	5,974,416	5,974,416
Furniture and Equipment	1,553,247	1,372,157
Textbooks	94,956	94,956
Less: Accumulated Depreciation	(2,068,146)	(1,775,314)
Property and Equipment, Net	5,962,661	6,074,403
OTHER ASSETS		
Cash and Equivalents - Restricted for Debt Service	616,656	639,057
Cash and Equivalents - Restricted for Prepaid Interest	5,795	5,760
Security Deposits	12,990	12,990
Total Other Assets	635,441	657,807
Total Assets	$ 7,863,318	$ 7,471,923
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Debt	$ 117,500	$ 117,500
Accounts Payable and Accrued Expenses	287,257	259,875
Total Current Liabilities	404,757	377,375
LONG-TERM LIABILITIES		
Debt, Net of Current Portion	6,998,750	7,116,250
Less: Unamortized Debt Issuance Cost	(295,683)	(307,752)
Loan Payable Under Payroll Protection Program	507,547	-
Total Long-Term Liabilities	7,210,614	6,808,498
Total Liabilities	7,615,371	7,185,873
NET ASSETS		
Without Donor Restrictions	247,947	286,050
Total Liabilities and Net Assets	$ 7,863,318	$ 7,471,923

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 3,056,948	$ 3,302,566
Grant Revenue	1,284,991	882,207
Student Fees	36,902	187,707
Contributions	55,995	61,297
Interest Income	1,310	1,713
Other Income	12,103	42,149
Total Revenue and Support	4,448,249	4,477,639
EXPENSES		
Program Services	3,208,801	3,078,214
Management and General	1,277,551	1,184,843
Total Expenses	4,486,352	4,263,057
CHANGE IN NET ASSETS	(38,103)	214,582
Net Assets - Beginning of Year	286,050	71,468
NET ASSETS - END OF YEAR	$ 247,947	$ 286,050

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,844,393	$ 413,865	$ 2,258,258	$ 1,701,325	$ 350,101	$ 2,051,426
Employee Benefits	462,321	108,218	570,539	409,016	76,823	485,839
Staff Development	4,649	-	4,649	8,682	-	8,682
Professional Services	209,461	19,336	228,797	179,548	25,550	205,098
Repairs and Maintenance	67,674	-	67,674	49,406	-	49,406
Authorizer Oversight Fees	-	57,287	57,287	-	92,164	92,164
Academic Services	-	75,000	75,000	-	75,000	75,000
Food Services	97,735	-	97,735	112,888	-	112,888
Transportation Services	-	-	-	77,178	-	77,178
Travel	207	-	207	4,838	-	4,838
Equipment	12,545	7,544	20,089	4,335	8,452	12,787
Classroom, Kitchen, and Office Supplies	116,391	51,968	168,359	123,617	8,225	131,842
Occupancy	83,031	-	83,031	79,548	-	79,548
Information Technology	4,600	17,511	22,111	23,427	21,165	44,592
Depreciation	292,832	-	292,832	284,649	-	284,649
Interest	12,069	476,419	488,488	12,881	477,594	490,475
Insurance	-	29,541	29,541	-	28,307	28,307
Other	893	20,862	21,755	6,876	21,462	28,338
Total Expenses by Function	$ 3,208,801	$ 1,277,551	$ 4,486,352	$ 3,078,214	$ 1,184,843	$ 4,263,057

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (38,103)	$ 214,582
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	292,832	284,649
Amortization	12,069	12,069
Changes in Operating Assets and Liabilities:		
Grants Receivable	(56,593)	(121,278)
Student Fees Receivable	-	3,747
Prepaid Expenses	(20,629)	(6,748)
Accounts Payable and Accrued Expenses	27,382	11,831
Net Cash Provided by Operating Activities	216,958	398,852
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(181,090)	(206,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(117,500)	(117,500)
Proceeds from Loan Payable Under Payroll Protection Program	507,547	-
Net Cash Provided (Used) by Financing Activities	390,047	(117,500)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	425,915	75,112
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	1,194,069	1,118,957
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 1,619,984	$ 1,194,069
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	$ 997,533	$ 549,252
Cash and Equivalents - Restricted for Debt Service	616,656	639,057
Cash and Equivalents - Restricted for Prepaid Interest	5,795	5,760
Total	$ 1,619,984	$ 1,194,069
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 476,419	$ 478,406

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Duneland Charter School, Inc. dba: Discovery Charter School (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 487 students in grades kindergarten through 12 and is sponsored by Ball State University.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment, and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021 and 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Grant and Contribution Revenue

The School receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Cash and Cash Equivalents

Cash equivalents include money market funds and time deposits with maturities of three months or less at the date of purchase.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable relate to unpaid student fees from the 2020-2021 school year. The School believes that all balances will be collected.

Prepaid Expenses

Prepaid expenses relate primarily to insurance paid in advance by the School.

Security Deposits

Security deposits consist of required deposits made with the local utility companies.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $1,000 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:

Buildings and Improvements	20 to 40 Years
Furniture and Equipment	3 to 7 Years
Textbooks	5 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Debt Issuance Costs

The School incurred costs totaling $362,062 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bond. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization as of June 30, 2021 and 2020 was $66,378 and $54,309, respectively. Amortization expense was $12,069 for both years ended June 30, 2021 and 2020. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The School is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The School evaluated subsequent events through December 16, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

Cash and cash equivalents restricted for debt service is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. Of the total balance, approximately $600,000 is to be held until all bond debt is paid.

Cash and cash equivalents restricted for prepaid interest represents escrowed prepayments of interest due on the bond in future years.

NOTE 3 DEBT

Debt was comprised of the following at June 30:

Description	2021	2020
Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015A with an original amount of $7,230,000. The principal amount was reduced by $760,000 using financing from the state of Indiana. The loan principal is payable in annual installments that increase from $155,000 to $580,000 from December 2026 to December 2045. Interest payments are made semi-annually at a rate of 7.25% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	$ 6,470,000	$ 6,470,000
Note payable to the Indiana Common School Fund with an original amount of $1,175,000. The note requires semi-annual payments of $58,750 plus interest at 1% per annum from January 2017 to July 2026.	646,250	763,750
Total	7,116,250	7,233,750
Less: Current Portion	(117,500)	(117,500)
Long-Term Portion	$ 6,998,750	$ 7,116,250

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain financial covenants pertaining to cash reserves and minimum debt service coverage. The School was in compliance with covenants for June 30, 2021 and 2020.

Principal maturities of debt are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 117,500
2023	117,500
2024	117,500
2025	117,500
2026	117,500
Thereafter	6,528,750
Total	$ 7,116,250

NOTE 4 PAYROLL PROTECTION PROGRAM LOAN

In March 2021, the School received a loan from JPMorgan Chase Bank in the amount of $507,547 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and unguaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

The School has classified the loan as long-term in accordance with the terms of the law.

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are a cost-sharing multiemployer defined benefit retirement plan 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. For the years ended June 30, 2021 and 2020, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2020 (the latest year reported), TRF and PERF were approximately 101% and 83% funded, respectively.

The School also maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 18 years of age and have at least 30 days of employment. There is no provision for an employer match.

Retirement plan expenses totaled $139,508 and $126,779 during the years ended June 30, 2021 and 2020, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 2% of state tuition support. Payments under this charter agreement were $57,287 and $92,164 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Porter 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. Any changes in state or federal legislation could significantly impact 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, 96% and 94% of the receivable balance was due from the state of Indiana, respectively.

The School primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, the School has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash, grants, and student fees receivable.

	2021	2020
Financial Assets	$ 1,818,024	$ 1,335,516
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Cash and Cash Equivalents Restricted for Debt Service	(616,656)	(639,057)
Cash and Cash Equivalents Restricted for Construction	(5,795)	(5,760)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,195,573	$ 690,699

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.

NOTE 9 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories is required.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Duneland Charter School, Inc.
dba: Discovery Charter School

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*.

SUPPLEMENTAL AUDIT REPORT
OF
DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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JULY 1, 2020 TO JUNE 30, 2021

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 – JUNE 30, 2021

Office	Official	Term
President	Julie Tegt	07/01/20 – 06/30/21
Treasurer	Suzanne Radzik	07/01/20 – 06/30/21
Superintendent	Ernesto Martinez	07/01/20 – 6/30/21

INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials
Duneland Charter School, Inc.
dba: Discovery Charter School
Indianapolis, Indiana

We have audited the financial statements of Duneland Charter School, Inc. dba: Discovery Charter School (the School) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 16, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 16, 2021

GENERAL DISBURSEMENTS TESTING
Five (5) of the forty (40) disbursements selected for testing included payment of sales tax.

The charter school must establish procedures to review invoices before payment is made to ensure there is no sales tax included. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 – JUNE 30, 2021

The contents of this report were discussed with management and representatives from the board of directors on December 10, 2021.

December 3, 2021

Duneland Charter School, Inc.

Discovery Charter School

Response to Independent Auditors Supplemental Audit Report

The Supplemental Audit Report for the year ended June 30, 2021 contained a finding that a small number of disbursements sampled showed that the invoices included Sales Tax that was then improperly paid.

Discovery has instituted enhanced procedures to ensure that Check Requests will not be approved until verification is made that sales tax is not being charged on the invoice.

Kind regards,

Ernesto F. Martinez, Superintendent

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East Chicago Urban Enterprise Academy

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
East Chicago Urban Enterprise Academy, Inc.
East Chicago, Indiana

We have audited the accompanying financial statements of East Chicago Urban Enterprise Academy, Inc. which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
East Chicago Urban Enterprise Academy, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Chicago Urban Enterprise Academy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 23, 2021

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 200,260	$ 17,553
Grants Receivable	508,882	173,518
Prepaid Expenses	10,086	8,755
Total Current Assets	719,228	199,826
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,408,538	2,408,538
Furniture and Equipment	617,173	369,617
Less: Accumulated Depreciation	(1,331,117)	(1,173,302)
Property and Equipment, Net	1,694,594	1,604,853
OTHER ASSETS		
Security Deposit	8,531	8,881
Total Assets	$ 2,422,353	$ 1,813,560
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 102,930	$ 169,587
Accounts Payable and Accrued Expenses	439,934	326,349
Total Current Liabilities	542,864	495,936
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	433,593	535,827
Total Liabilities	976,457	1,031,763
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,445,896	781,797
Total Liabilities and Net Assets	$ 2,422,353	$ 1,813,560

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 3,114,066	$ 3,013,231
Grant Revenue	2,075,261	1,145,897
Student Fees	6,913	28,881
Contributions	49	2,884
Other Income	40,603	81,855
Total Revenue and Support	5,236,892	4,272,748
EXPENSES		
Program Services	3,639,953	3,128,827
Management and General	932,840	819,107
Total Expenses	4,572,793	3,947,934
CHANGE IN NET ASSETS	664,099	324,814
Net Assets - Beginning of Year	781,797	456,983
NET ASSETS - END OF YEAR	$ 1,445,896	$ 781,797

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,484,602	$ 201,555	$ 1,686,157	$ 1,543,745	$ 193,253	$ 1,736,998
Employee Benefits	444,242	57,570	501,812	453,777	56,728	510,505
Professional Services	79,752	11,400	91,152	70,977	19,637	90,614
Depreciation	157,955	-	157,955	125,342	-	125,342
Classroom, Kitchen, and Office Supplies	129,108	-	129,108	108,441	-	108,441
Food Costs	827,649	-	827,649	313,605	-	313,605
Insurance	-	23,893	23,893	-	23,289	23,289
Occupancy	356,610	-	356,610	358,975	-	358,975
Authorizer Oversight Fees	-	89,839	89,839	-	87,096	87,096
Management Services	-	519,811	519,811	-	386,479	386,479
Equipment	9,626	-	9,626	-	-	-
Property Rental and Maintenance	26,233	-	26,233	26,831	-	26,831
Instruction Services	-	-	-	4,363	-	4,363
Interest	-	28,772	28,772	-	34,954	34,954
Advertising	-	-	-	-	17,119	17,119
Travel	-	-	-	10,269	-	10,269
Information Technology	111,575	-	111,575	86,257	-	86,257
Other	12,601	-	12,601	26,245	552	26,797
Total Functional Expenses	$ 3,639,953	$ 932,840	$ 4,572,793	$ 3,128,827	$ 819,107	$ 3,947,934

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 664,099	$ 324,814
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	157,955	125,342
Changes in Operating Assets and Liabilities:		
Grants Receivable	(335,364)	(79,488)
Prepaid Expenses	(1,331)	11,917
Security Deposit	350	(1,053)
Accounts Payable and Accrued Expenses	113,585	(87,419)
Refundable Advances	-	(17,806)
Net Cash Provided by Operating Activities	599,294	276,307
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(247,696)	(53,540)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(168,891)	(219,043)
NET CHANGE IN CASH	182,707	3,724
Cash - Beginning of Year	17,553	13,829
CASH - END OF YEAR	$ 200,260	$ 17,553
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 28,772	$ 34,491

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

East Chicago Urban Enterprise Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 415 students in grades kindergarten through eighth and is sponsored by Ball State University.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment, and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021 and 2020, the School did not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Cash

The School considers all demand accounts to be cash.

Grants Receivable and Revenue

Grants receivable and revenue relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Contributions, Grants, and Fees

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

East Chicago Urban Enterprise Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more- likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. 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:

Asset Category	Capitalization Threshold	Estimated Useful Life
Buildings and Improvements	$25,000	5 to 40 Years
Furniture and Equipment:		
Individual Items	$5,000	3 to 7 Years
Aggregate of Similar of Identical Items on a Single Purchase Order:	$12,500	3 to 7 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Subsequent Events

The School evaluated subsequent events through November 23, 2021, 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the School's leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2021	2020
Line of credit, refinanced to a term note, payable to a related party in monthly installments of $11,267 including interest at 1.0% per annum through December 2020 secured by all School assets (See Note 9).	$ -	$ 67,401
Finance agreement, payable in monthly installments of $301, including interest at 8.0% per annum through July 2021, secured by equipment.	-	3,733
Mortgage note payable in monthly installments of $10,538 including interest at 4.75% through February 2022, thereafter payable in monthly installments of $10,437 including interest at a variable rate based on One-Year Treasury Constant Maturity rate plus margin of 3.00%, adjustable annually, through March 2026, secured by a mortgage on School facilities and all School assets.	536,523	634,280
Total	536,523	705,414
Less: Current Portion	(102,930)	(169,587)
Long-Term Portion	$ 433,593	$ 535,827

NOTE 2 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2022	$ 102,930
2023	107,098
2024	112,297
2025	117,749
2026	96,449
Total	$ 536,523

NOTE 3 LEASES

The School leases its building from a party related through a common board of directors, and modular classrooms and equipment from unrelated parties, all under operating leases. Total expense under these operating leases was $274,776 and $265,368 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments for all operating leases with initial, noncancellable lease terms in excess of one year are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 264,037
2023	75,840
2024	75,840
2025	75,840
2026	75,840
Thereafter	12,640

NOTE 4 RETIREMENT PLANS

Retirement benefits for School employees 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. Substantially all full-time employees are eligible to participate.

Contribution requirements of plan members are established by the INPRS Board. Under the plans, the School contributes 5.5% of compensation for teaching faculty to TRF and 11.2% of compensation for other employees of PERF. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was more than 90% funded.

Retirement plan expense was $107,600 and $106,061 for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $89,839 and $87,096 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2026 and is renewable thereafter by mutual consent.

The School has contracted with The Leona Group, LLC to provide financial, management, administrative and educational programming services. Under the terms of the agreement, the School agrees to pay an amount equal to 10% of revenues, as defined, for such services. The contract will expire June 30, 2026. Expenses under this agreement were $519,811 and $386,479 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Lake 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. Any changes in state or federal legislation could significantly impact 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at Peoples Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

The Coronavirus Disease (COVID-19) pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including operating virtually for some periods of time and increases in nutrition funding and related expenses. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 7 FUNCTIONAL EXPENSE REPORTING

The cost of providing educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation between these categories of expenses was required.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash and grants receivable. Financial assets at June 30, 2021 total $709,142, all of which are available to meet cash needs for general expenditures within one year.

While the School has $709,142 and $191,071 in financial assets available to meet cash needs for general expenditures within one year, it also has $542,864 and $495,936 in current liabilities as of June 30, 2021 and 2020, respectively, which must be paid using these available financial assets, future year state tuition support, or some combination of the two.

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.

NOTE 9 RELATED PARTY

The School is related to the East Chicago Urban Enterprise Association, Inc. through common board members. The School paid off the remaining outstanding debt owed on the money borrowed from the Association during the year ended June 30, 2021.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
OTHER REPORT
JUNE 30, 2021

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

Supplemental Audit Report of
East Chicago Urban Enterprise Academy, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

SUPPLEMENTAL AUDIT REPORT
OF
EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.

LAKE COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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JULY 1, 2020 TO JUNE 30, 2021

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
Chairman of Board of Directors	John Artis	07/01/20 – 06/30/21
School Leader	Veronica Eskew	07/01/20 – 06/30/21
School Treasurer	Melinda Benkovsky	07/01/20 – 06/30/21

INDEPENDENT AUDITORS' REPORT

Board of Directors
East Chicago Urban Enterprise Academy, Inc., Inc.
East Chicago, Indiana

We have audited the financial statements of East Chicago Urban Enterprise Academy, Inc., Inc. (the School) as of and for the year ended June 30, 2021 and have issued our report thereon dated November 23, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 23, 2021

CASH DEPOSITS

The bank deposit was not completed timely for 5 of the 40 cash receipts tested.

All charter school money must be deposited in the designated depository no later than the business day following the receipt of funds in the same form in which the funds were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

An audit adjustment to grants receivable for $169,000 was detected as a result of audit procedures related to properly recording grants receivable and the related grants revenue. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around cut-off of revenues and receivables are an important element of internal controls.

Indiana Code 20-24-7-1 requires each charter school to report on the GAAP basis of accounting, which requires internal controls to be established by the school to ensure accurate financial reporting.

EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on October 25, 2021 with Ms. Veronica Eskew (School Leader), Mr. John Artis (Chairman of Board of Directors), Melinda Benkovsky and Renee Lindemann (Leona Group). The Official Response has been made a part of this report and may be found on page 5.

East Chicago Urban Enterprise Academy

"Students First, Family Focused"

The following letter is in response to the Supplemental Audit Report for East Chicago Urban Enterprise Academy for the 2020-2021 audit.

CASH RECEIPTS AND DEPOSITS

Finding:

The bank deposit was not completed timely for 5 of the 40 cash receipts tested.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

School Response:

East Chicago Urban Enterprise Academy will abide by the Accounting and Uniform Compliance Guideline Manual for Indiana Charter Schools, Part 8, and shall deposit all funds received in the designated depository in a timely manner. In order to increase efficiency, the Academy has begun offering Paypal, which will allow parents to pay by credit card, reducing the amount of cash transactions that will need to be deposited by the Academy. The Academy will continue to promote this option.

INTERNAL CONTROLS

Finding:

An audit adjustment to grants receivable for $169,000 was detected as a result of audit procedures to properly record grants receivable and the related grants revenue. As a result, these accounts were materially misstated. Proper procedures around cut-off of revenues and receivables are an important element of internal controls.

Indiana Code 20-24-7-1 requires each charter school to report on the GAAP basis of accounting, which requires internal controls to be established by the school to ensure accurate financial reporting.

School Response:

East Chicago Urban Enterprise Academy will abide by Indiana Code 20-24-7-1 and thoroughly investigate and accrue all anticipated revenues and receivables applicable to the fiscal year under consideration.

Sincerely,

Melinda Benkovsky

Melinda Benkovsky, Vice President of Finance

11-23-2021

Date

Geist Montessori

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Montessori Academy at Geist, Inc.
and GMA Holding, LLC
McCordsville, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Montessori Academy at Geist, Inc.
and GMA Holding, LLC

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Montessori Academy at Geist, Inc. and GMA Holding, LLC as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

The supplementary information is presented for the 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 19, 2021

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 559,403	$ 891,615
Accounts Receivable:		
Grants	20,168	13,120
Other	19,439	19,439
Due from Affiliated Entity	-	50,265
Prepaid Expenses	18,099	18,389
Total Current Assets	617,109	992,828
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Construction in Progress	-	580,336
Building	6,526,560	5,843,916
Building Improvements	206,477	193,435
Furniture and Equipment	305,404	305,404
Textbooks	12,507	12,505
Less: Accumulated Depreciation	(660,135)	(479,871)
Property and Equipment, Net	6,937,061	7,001,973
Total Assets	$ 7,554,170	$ 7,994,801
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 362,301	$ 354,899
Accounts Payable and Accrued Expenses	123,277	141,661
Due to Affiliated Entity	-	18,379
Total Current Liabilities	485,578	514,939
LONG-TERM LIABILITIES		
Payroll Protection Program Loan	300,000	300,000
Notes Payable, Net of Current Portion	5,015,772	5,518,446
Less: Unamortized Debt Issuance Costs	(46,255)	(64,756)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	5,269,517	5,753,690
Total Liabilities	5,755,095	6,268,629
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,799,075	1,726,172
Total Liabilities and Net Assets	$ 7,554,170	$ 7,994,801

See accompanying Notes to Consolidated Financial Statements.

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 1,727,232	$ 2,262,845
Grant Revenue	415,710	408,265
Student Fees	35,348	71,587
Contribution Income	2,805	6,309
Other Income	237,110	100,109
Total Revenue and Support	2,418,205	2,849,115
EXPENSES		
Program Services	1,514,932	1,943,600
Management and General	830,370	757,394
Total Expenses	2,345,302	2,700,994
CHANGE IN NET ASSETS	72,903	148,121
Net Assets - Beginning of Year	1,726,172	1,578,051
NET ASSETS - END OF YEAR	$ 1,799,075	$ 1,726,172

See accompanying Notes to Consolidated Financial Statements.

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 945,403	$ 292,031	$ 1,237,434	$ 1,157,149	$ 221,045	$ 1,378,194
Employee Benefits	136,931	52,317	189,248	132,301	23,271	155,572
Professional Services	225,076	93,959	319,035	211,895	115,297	327,192
Authorizer Oversight Fees	-	42,360	42,360	-	66,317	66,317
Food Costs	1,302	-	1,302	1,225	-	1,225
Property Rental and Equipment	43,483	-	43,483	28,053	-	28,053
Classroom, Kitchen, and Office Supplies	51,663	9,779	61,442	50,753	39,922	90,675
Occupancy	65,187	-	65,187	293,953	-	293,953
Depreciation	27,056	153,209	180,265	26,690	73,049	99,739
Insurance	-	45,545	45,545	-	26,853	26,853
Interest	-	128,300	128,300	-	165,035	165,035
Repairs and Maintenance	1,317	-	1,317	8,886	-	8,886
Information Technology	475	-	475	595	-	595
Student Transportation	-	-	-	6,745	-	6,745
Advertising	-	-	-	-	429	429
Other	17,039	12,870	29,909	25,355	26,176	51,531
Total Functional Expenses	$ 1,514,932	$ 830,370	$ 2,345,302	$ 1,943,600	$ 757,394	$ 2,700,994

See accompanying Notes to Consolidated Financial Statements.

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 72,903	$ 148,121
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	180,265	99,739
Amortization	18,501	18,501
Changes in Operating Assets and Liabilities:		
Grants Receivable	(7,048)	10,880
Other Receivable	-	(20)
Due from/to Affiliated Entity	31,886	(32,731)
Prepaid Expenses	290	(6,389)
Security Deposit	-	11,000
Accounts Payable and Accrued Expenses	(18,384)	39,161
Deferred Revenue	-	(54,965)
Net Cash Provided by Operating Activities	278,413	233,297
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in Progress Payments	-	(511,121)
Purchases of Property and Equipment	(115,353)	(3,771,605)
Net Cash Used by Investing Activities	(115,353)	(4,282,726)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(495,272)	(262,681)
Issuance of Notes Payable	-	4,800,000
Net Cash Provided (Used) by Financing Activities	(495,272)	4,537,319
NET CHANGE IN CASH	(332,212)	487,890
Cash - Beginning of Year	891,615	403,725
CASH - END OF YEAR	$ 559,403	$ 891,615
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 128,300	$ 165,035

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montessori Academy at Geist, Inc. (GMA) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. GMA operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. During the 2020-2021 school year, GMA served approximately 267 students in grades preschool to eight by providing an alternative to the traditional public schools.

Effective December 26, 2018, GMA formed GMA Holding, LLC, a wholly owned subsidiary of the School. GMA Holding, LLC was established to own land and construct a school building for use by the School. During the year ended June 30, 2019, GMA Holding, LLC began construction of the new school facility. As of June 30, 2021 and 2020, construction in progress totaled $-0- and $580,336, respectively. Total project cost, including land, was approximately $7,000,000. The School moved into the building in November and December 2019.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Montessori Academy at Geist, Inc. and GMA Holding, LLC, collectively referred to as the “School.” All significant intercompany transactions and balances have been eliminated in consolidation.

Accounting Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment, and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School’s revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021 and 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2021 and 2020.

Grants Receivable and Revenue

Grants receivable and revenue relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Other Accounts Receivable

Other accounts receivable relate to student fees. The School believes that all amounts are collectible, thus an allowance for doubtful accounts is not deemed necessary.

Contributions, Grants, and Fees

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Due from (to) Affiliated Entity

The School paid expenses and salaries for the Geist Montessori Pre- Kindergarten (Pre-K) program, which was a separate entity from the School. Several times during the year, Pre-K paid the School the balance of the account. In addition, Pre-K's annual net revenues in excess of expenses was contributed to the School and reported in other income ($-0- for 2020). As of June 30, 2020, Pre-K owed the School $50,265 and the School owed Pre-K $18,379. Effective March 31, 2021, the Pre-K was no longer regarded as a separate entity. As of March 31, 2021, the Pre-K owed the school $4,849 and the School owed Pre-K $-0-.

Debt Issuance Cost

During January 2019, GMA Holding, LLC entered into a construction loan agreement with First Financial Bank, with maximum borrowings of $4,500,000. Total costs incurred to secure the financing were $92,508. Amortization is provided on a straight-line basis over the term of the agreement (60 months). Accumulated amortization as of June 30, 2021 and 2020 was $46,253 and $27,752, respectively, and was included in construction in progress during the construction phase and interest expense thereafter. 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

Montessori Academy at Geist, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. The School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely- than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, and minor replacement costs 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:

Buildings	40 Years
Leasehold Improvements	9 to 12 Years
Furniture and Equipment	3 to 5 Years
Textbooks	3 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Corporation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The School evaluated subsequent events through November 19, 2021, 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 2 PAYROLL PROTECTION PROGRAM LOAN

On April 17, 2020, the School received a loan from First Financial Bank in the amount of $300,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over eighteen months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments were required through the maturity date in April 2022. As of July 26, 2021, the loan was fully forgiven and will be included in income for the next fiscal year.

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2021	2020
Note payable to First Financial bank, payable in $11,136 monthly installments plus interest at 4.95% with balloon payment of $3,950,027 due January 2024.	$ 4,178,320	$ 4,455,456
Note payable to State Board of Education, payable $109,068 semi-annually (January 1 and July 1) plus interest at 1% per annum. Due July 2026.	1,199,753	1,417,889
Total	5,378,073	5,873,345
Less: Current Portion	(362,301)	(354,899)
Long-Term Portion	$ 5,015,772	$ 5,518,446

The note payable to the State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

As discussed in Note 1, during January 2019, GMA Holding, LLC entered into an agreement with First Financial Bank for a construction loan of $4,500,000. Borrowings accrue interest at 2.00% above LIBOR (a total of 3.60% and 4.95% at June 30, 2021 and 2020, respectively). On February 1, 2020, the construction loan converted to a 48-month term note, using a 240-month amortization period. The loan is subject to certain covenants of which management believes it was in compliance or were waived at June 30, 2021.

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

Year Ending June 30,	Amount
2022	$ 362,301
2023	369,713
2024	4,100,717
2025	218,137
2026	218,137
Thereafter	109,068
Total	$ 5,378,073

NOTE 4 LEASES

The School leases certain items of office equipment under operating leases for terms from three to seven years with the leases expiring in 2023.

Future minimum lease obligations under noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 14,023
2023	1,169
Total	$ 15,192

NOTE 5 RETIREMENT PLAN

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is a cost-sharing multiple-employer defined benefit retirement plan 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. For the years ended June 30, 2021 and 2020, the School contributed 5.5% of compensation for eligible teaching personnel. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was approximately 102% funded.

Retirement benefits for School employees are provided under a Section 403(b) defined contribution retirement plan. Under the plan, the School matches 100% of each participant's contributions not to exceed 7% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2021 and 2020.

Retirement plan expense for the years ended June 30, 2021 and 2020 was $38,006 and $26,140, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was $42,360 and $66,317 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Hancock 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 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana and cash deposits. Cash deposits are maintained at First Financial Bank and are insured up to the FDIC insurance limit. From time to time during the year the School's deposit accounts exceed this limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results. For the year ended June 30, 2021, the School operated with a hybrid learning model allowing students to enroll remotely and in person. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available to meet its cash needs for general expenditures within one year of the date of the consolidated statement of financial position. Financial assets for the School include cash, grants receivables, and accounts receivables.

	2021	2020
Financial Assets	$ 599,010	$ 974,439
Less: Those Unavailable for General Expenditures Within One Year	-	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 599,010	$ 974,439

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.

NOTE 9 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. Management of the School has 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.

SUPPLEMENTARY INFORMATION

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.			GMA		
	School	Pre-K	Total	Holding, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	$ 401,737	$ -	$ 401,737	$ 157,666	$ -	$ 559,403
Accounts Receivable:						
Grants	20,168	-	20,168	-	-	20,168
Other	19,439	-	19,439	-	-	19,439
Due from Affiliated Entity	2,824,025	44,254	2,868,279	-	(2,868,279)	-
Prepaid Expenses	18,099	-	18,099	-	-	18,099
Total Current Assets	3,283,468	44,254	3,327,722	157,666	(2,868,279)	617,109
PROPERTY AND EQUIPMENT						
Land	-	-	-	546,248	-	546,248
Construction in Progress	-	-	-	-	-	-
Building	-	-	-	6,526,560	-	6,526,560
Leasehold Improvements	206,477	-	206,477	-	-	206,477
Furniture and Equipment	305,404	-	305,404	-	-	305,404
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	(433,877)	-	(433,877)	(226,258)	-	(660,135)
Property and Equipment, Net	90,511	-	90,511	6,846,550	-	6,937,061
Total Assets	$ 3,373,979	$ 44,254	$ 3,418,233	$ 7,004,216	$ (2,868,279)	$ 7,554,170
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current Portion of Notes Payable	$ 218,137	$ -	$ 218,137	$ 144,164	$ -	$ 362,301
Accounts Payable and Accrued Expenses	104,333	-	104,333	18,944	-	123,277
Due to Affiliated Entity	44,254	-	44,254	2,824,025	(2,868,279)	-
Total Current Liabilities	366,724	-	366,724	2,987,133	(2,868,279)	485,578
LONG-TERM LIABILITIES						
Payroll Protection Program Loan	300,000	-	300,000	-	-	300,000
Notes Payable, Net of Current Portion	981,616	-	981,616	4,034,156	-	5,015,772
Less: Unamortized Debt Issuance Costs	-	-	-	(46,255)	-	(46,255)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	1,281,616	-	1,281,616	3,987,901	-	5,269,517
Total Liabilities	1,648,340	-	1,648,340	6,975,034	(2,868,279)	5,755,095
NET ASSETS WITHOUT DONOR RESTRICTION	1,725,639	44,254	1,769,893	29,182	-	1,799,075
Total Liabilities and Net Assets	$ 3,373,979	$ 44,254	$ 3,418,233	$ 7,004,216	$ (2,868,279)	$ 7,554,170

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.			GMA		
	School	Pre-K	Total	Holding, LLC	Eliminations	Total
REVENUE AND SUPPORT						
State Education Support	$ 1,727,232	$ -	1,727,232	$ -	$ -	$ 1,727,232
Grant Revenue	415,710	-	415,710	-	-	415,710
Student Fees	35,348	-	35,348	-	-	35,348
Contributions	2,805	-	2,805	-	-	2,805
Other Income	42,351	194,759	237,110	372,000	(372,000)	237,110
Total Revenue and Support	2,223,446	194,759	2,418,205	372,000	(372,000)	2,418,205
EXPENSES						
Program Services	1,736,427	150,505	1,886,932	-	(372,000)	1,514,932
Management and General	559,483	-	559,483	270,887	-	830,370
Total Expenses	2,295,910	150,505	2,446,415	270,887	(372,000)	2,345,302
CHANGE IN NET ASSETS	(72,464)	44,254	(28,210)	101,113	-	72,903
Net Assets - Beginning of Year	1,798,103	-	1,798,103	(71,931)	-	1,726,172
NET ASSETS - END OF YEAR	$ 1,725,639	$ 44,254	$ 1,769,893	$ 29,182	$ -	$ 1,799,075

MONTESSORI ACADEMY AT GEIST, INC.
OTHER REPORT
JUNE 30, 2021

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

Supplemental Audit Report of Montessori Academy at Geist, 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*.

SUPPLEMENTAL AUDIT REPORT
OF
MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

MONTESSORI ACADEMY AT GEIST, INC.
TABLE OF CONTENTS
JULY 1, 2020 TO JUNE 30, 2021

MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
Board President	Uriah Ellis	07/01/20 – 06/30/21
Board Secretary	Lacey Willard	07/01/20 – 06/30/21
Executive Director	Jennifer Gosch	02/21/21 – 06/30/21
Assistant Executive Director	Jamie Rahmany	02/21/21 – 06/30/21

INDEPENDENT AUDITORS' REPORT

Board of Directors
Montessori Academy at Geist, Inc.
McCordsville, Indiana

We have audited the consolidated financial statements of Montessori Academy at Geist, Inc. (the School) as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated November 19, 2021. As part of our audits, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 19, 2021

GENERAL DISBURSEMENTS TESTING

We selected sixty (60) general disbursements for testing. Of the 60 disbursements selected, the School was unable to provide invoices and AP vouchers for three (3) of the disbursements. We were therefore unable to review the disbursements for any of the compliance attributes.

The charter school must establish procedures for the initiation, approval, and use of purchase requisitions and purchase orders. The procedures must include limits on approval of purchase orders after the purchase to emergency situations and all blanket purchases must have a fixed monetary limit. Upon receipt of the goods or services a charter school employee must verify the condition, quantity, and quality of the goods or services prior to payment of the invoice/bill/contract. Supporting documentation, such as invoices, shall be compared to purchase orders to ensure the prices, quantities, etc. are correct prior to payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

CREDIT CARD TESTING

One (1) of the five (5) credit card payments selected for testing included payment for interest ($130.70).

Payment shall not be made on the basis of a statement or a credit card slip only. Procedures for payments shall be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee shall be the responsibility of that officer or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

ADM TESTING

The following issues were noted in completing ADM testing of seventy-two (72) students:

- Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) and the School's enrollment policy for each student.
    - The process used did not result in maintaining consistent and complete enrollment records as identified in the School's enrollment policy for one (1) of the seventy-two (72) students tested for enrollment. The 1 selection was missing all enrollment documents.
- ADM Count sheets are required to be submitted to the IDOE within 30 days of the count date.
    - The process used resulted in the count sheet being submitted seventy-one (71) days after the count was performed.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.), which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on November 19, 2021 with Uriah Ellis (Board President), Lacey Willard (Board Secretary), Jennifer Gosch (Executive Director), Jamie Rahmany (Assistant Executive Director), and Tina Spencer (Outsourced Accountant). The Official Response has been made a part of this report and may be found on page 6.

November 18, 2021

Many improvements have been made over the last several months to the systems of operations and organization at Geist Montessori Academy. This is evident in the fact that last year there were six (6) findings that required addressing after our annual audit, while this year there are three (3). Our response to the findings is as follows:

General Disbursements

Three vouchers were unaccounted for during the audit period. We have since instituted a protocol for disbursements whereby nothing is submitted to our third-party bookkeeper for payment unless all required documents (receipt/invoice/statement and voucher) are submitted at the same time. This will eliminate the issue of missing vouchers moving forward.

Credit Card Payments

One credit card payment included an amount for interest due to a transition between staff members in our Business Office. We have since implemented safeguards to ensure that payments are made on time regardless of staff changes.

ADM Testing

One student from the ADM sample did not have the required documents for enrollment. To address this, our Registrar will complete an audit of all student files before the end of the first semester of the 2021-2022 school year to ensure that each file contains the required documents. The required documents are:

- Birth certificate
- Immunization records
- Enrollment form/Parent Contact Information Form
- Student Health Information Form

Parents of students with incomplete files will be contacted to provide the missing documentation within a designated time frame.

Jennifer Gosch, Executive Director, jgosch@gma.k12.in.us
Jamie Rahmany, Assistant Executive Director, jrahmany@gma.k12.in.us

Gary Middle College

GARY MIDDLE COLLEGE, INC.

FINANCIAL STATEMENTS

June 30, 2021 and 2020

GARY MIDDLE COLLEGE, INC.

FINANCIAL STATEMENTS
June 30, 2021 and 2020

CONTENTS

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Gary Middle College, Inc.
Gary, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Gary Middle College, Inc. (the School), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gary Middle College, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the School has adopted, ASU 2014-09, *Revenue from Contracts with Customers Topic (606).* Our opinion is not modified with respect to this matter.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 21, 2021

GARY MIDDLE COLLEGE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 1,057,813	$ 823,757
Grants receivable	42,075	36,937
Prepaid expenses	17,014	19,338
Property and equipment, net (Note 2)	461,757	553,136
Total assets	$ 1,578,659	$ 1,433,168
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 109,511	$ 85,618
Deferred revenue	4,557	6,976
Due to management company (Note 5)	19,689	4,019
Note payable (Note 4)	110,000	130,000
Total liabilities	243,757	226,613
NET ASSETS		
Without donor restrictions	1,334,902	1,206,555
Total liabilities and net assets	$ 1,578,659	$ 1,433,168

See accompanying notes to financial statements.

	2021	2020
Public support and revenues		
Federal grants	$ 170,525	$ 196,626
State and local grants	1,272,476	1,627,919
Supporting services	419,872	165,058
Rental income	75,000	75,000
Loss on disposal of fixed assets	(3,132)	-
Total revenue and support	1,934,741	2,064,603
Expenses		
Education services	1,593,424	1,678,756
Management and general	212,970	188,118
Total expenses	1,806,394	1,866,874
Change in net assets	128,347	197,729
Net assets – without donor restrictions, beginning of year	1,206,555	1,008,826
Net assets – without donor restrictions, end of year	$ 1,334,902	$ 1,206,555

See accompanying notes to financial statements.

GARY MIDDLE COLLEGE, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities		
Change in net assets	$ 128,347	$ 197,729
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	121,522	124,473
Loss on sale of property and equipment	3,132	-
Change in assets and liabilities		
Grants receivable	(5,138)	(4,950)
Prepaid expenses	2,324	25,112
Due to/from management company	15,670	(11,015)
Accounts payable and other accrued expenses	23,893	(14,970)
Deferred revenue	(2,419)	(3,093)
Net cash from operating activities	287,331	313,286
Cash flows from investing activities		
Purchases of property and equipment	(33,275)	(101,548)
Net cash from investing activities	(33,275)	(101,548)
Cash flows from financing activities		
Payments on note payable	(20,000)	(20,000)
Net cash from financing activities	(20,000)	(20,000)
Net change in cash and cash equivalents	234,056	191,738
Cash and cash equivalents, beginning of year	823,757	632,019
Cash and cash equivalents, end of year	$ 1,057,813	$ 823,757
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 1,150	$ 1,450

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization: Gary Middle College, Inc. (the School) is a nonprofit corporation established to operate a charter school. The School is dedicated to ensure that all students are armed with the skills and tools they will need to not only receive a high school diploma, but also to excel at the collegiate level.

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

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

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

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

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2021 and 2020.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses. Actual results could differ from those estimates.

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

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

Allowances: No allowance for doubtful accounts is recorded as of June, 30, 2021 and 2020. The allowances are based upon prior experience and management’s analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property and equipment	3-15 years

Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2021 and 2020, management believes that no impairment exists.

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

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

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

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

The net asset with donor restrictions class also includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions as of June 30, 2021 and 2020.

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

Supporting Services: Revenue for services (such as employee time) provided to charter schools managed by Greater Education Opportunities Foundation, Inc., (GEOF). Reimbursement is requested for services provided to offset the corresponding expense. Revenue is recognized as services are performed and performance obligations are achieved.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue: Cash from certain grants are received in advance upon acceptance of the award and revenue is recognized as performance obligations are completed throughout the year. Unearned income represents cash receive for awards for expenditures have not occurred as of June 30. The following table represents balances and activity of deferred revenue as of and for the years ending June 30:

The following table represents activities for the year ended June 30, 2021:

Deferred revenue - beginning balance	$	6,976
Deferred revenue recognized during the year		(6,976)
Cash received in advance of performance obligations being met		4,557
	$	4,557

The following table represents activities for the year ended June 30, 2020:

Deferred revenue - beginning balance	$	10,069
Deferred revenue recognized during the year		(10,069)
Cash received in advance of performance obligations being met		6,976
	$	6,976

Functional and Allocated Expenses: Expenses have been classified as program services and supporting services based on the actual direct expenditures and estimated cost allocations based on employee head count and time incurred. Supporting services include management and general activities of the School. The School did not incur any fundraising expenses for the years ended June 30, 2021 and 2020.

Advertising: The School expenses advertising costs as incurred. During 2021 and 2020, expenses totaling $14,249 and $8,514, were incurred for advertising.

Recently Adopted Accounting Guidance: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2014-09, *Revenue from Contracts with Customers Topic (606).* This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU has superseded the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance.

The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The School adopted the amendments in this ASU during the year ended June 30, 2021, using the full retrospective method but was not materially impacted by the ASU and as a result, no cumulative effect adjustment was recorded upon adoption.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2021, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2021. Management has performed their analysis through December 21, 2021, the date the financial statements were available to be issued.

As of July 2021, the School's Board of Directors approved the merging of the School's operations into East Chicago Focus Academy, Inc. (d/b/a Gary Middle College West).

(Continued)

NOTE 2 - PROPERTY AND EQUIPMENT

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

	2021	2020
Property and equipment	$ 1,235,522	$ 1,324,814
Less: accumulated depreciation and amortization	(773,765)	(771,678)
	$ 461,757	$ 553,136

Depreciation expense for the years ended June 30, 2021 and 2020, was $121,522 and $124,473, respectively.

NOTE 3 - LEASES

In 2016, the School entered into a five-year building lease agreement with a third party through 2022. The original five-year lease term includes subsequent renewal options. Rent expense totaled $52,895 and $52,821 for the years ended June 30, 2021 and 2020, respectively.

Future minimum lease payments under operating leases at June 30, 2021, are as follows:

2022	$ 21,120
	$ 21,120

NOTE 4 - NOTE PAYABLE

Note payable consisted of the following at June 30:

	2021	2020
Note payable to State of Indiana Treasurer to support school operations, payable semi-annually beginning January 2017, plus interest computed at 1.00%, through maturity in August 2026.	$ 110,000	$ 130,000

The estimated future principal payments due on the note payable are:

2022	$ 20,000
2023	20,000
2024	20,000
2025	20,000
2026	20,000
Thereafter	10,000
	$ 110,000

Interest expense during the years ending June 30, 2021 and 2020, was $1,150 and $1,350, respectively.

(Continued)

NOTE 5 – MANAGEMENT AGREEMENT

The School has a management agreement with the Greater Education Opportunities Foundation, Inc., (GEOF). Under the management agreement, GEOF charges administrative and per student fees in exchange for the management, operation, administration, payroll and accounting services provided. During the years ended June 30, 2021 and 2020, the School paid GEOF fees of $187,091 and $185,636, respectively. As part of the management services provided, GEOF acts as the payor of certain operating expenses, which are reimbursed to GEOF by the School. The School's Board retains final authority and responsibility for financial and budgetary commitments. At June 30, 2021 and 2020, the School had a payable to GEOF for $19,689 and $4,019, respectively. At June 30, 2021 and 2020, the School had a receivable from GEOF in the amount of $0, respectively.

The School periodically has receivables and payables with other charter schools managed by GEOF for shared costs. At June 30, 2021 and 2020, the School had no receivable or payable balances with other charter schools.

The School also has a select number of employees that work for multiple charter schools managed by GEOF. As opposed to an employee receiving multiple checks from different locations these employees are paid by the School and then reimbursed by Gary Middle College West (GMC West), a separate charter school managed by GEOF, for their portion of the employee salary expense. As of June 30, 2021 and 2020 the School received reimbursements of $419,872 and $165,058, respectively.

On July 1, 2018, the School entered into a six-year building lease agreement with GMC West maturing on June 30, 2024. The lease requires monthly rent payments of $6,142 and includes a purchase option for GMC West to purchase the facility from the School at fair market value. The School recognizes rental income as services are provided monthly. The School recognized rental income of $75,000 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 - CHARTER AGREEMENT

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay Ball State University an annual administrative fee equal to 3% of State tuition support, along with other licensing fees. Payments under this charter agreement were $21,200 and $23,054 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 - PENSION PLANS

The School's faculty and certain administrative employees are participants in a 403(b) tax deferred annuity retirement plan. All participants may contribute to the plan. There were no employer matching contributions to the plan for the years ended June 30, 2021 and 2020.

(Continued)

NOTE 7 - PENSION PLANS (Continued)

The School participates in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The School employees are required to contribute three percent of their annual covered salary. The School is required to contribute an actuarially determined rate determined annually for PERF and TRF. The School's expense for the years ended June 30, 2021 and 2020 were $47,749 and $40,318, respectively.

NOTE 8 - FUNCTIONAL EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for education services and management and general activities. The table below presents these functional expenses by their natural classification for the years ended June 30, 2021 and 2020, respectively.

	2021		
	Education Services	Management and General	Total
Salaries and benefits	$ 993,660	$ -	$ 993,660
Student support and supplies	245,840	-	245,840
Office and operation expense	112,240	-	112,240
Depreciation expense	121,522	-	121,522
Building and grounds	64,571	-	64,571
Service contracts	55,591	212,970	268,561
Total expenses	$ 1,593,424	$ 212,970	$ 1,806,394

	2020		
	Education Services	Management and General	Total
Salaries and benefits	$ 981,640	$ -	$ 981,640
Student support and supplies	110,696	-	110,696
Office and operation expense	62,236	-	62,236
Depreciation expense	124,473	-	124,473
Building and grounds	223,153	-	232,153
Service contracts	167,558	188,118	355,676
Total expenses	$ 1,678,756	$ 188,118	$ 1,866,874

(Continued)

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 1,057,813	$ 823,757
Grants receivable	42,075	36,937
Total financial assets	$ 1,099,888	$ 860,694

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

NOTE 10 – COVID-19 IMPACT

In December 2019, a novel strain of coronavirus surfaced and spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. In response to the pandemic and in compliance with various state and local ordinances, the School moved to online instruction from March 30, 2020 through the end of the 2019-2020 academic year.

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

During 2020 the school received an allocation of the Education Stabilization Relief Fund through the CARES Act totaling $10,000, and fully spent and recognized the corresponding grant revenue during the period.

During 2021, the School was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER II) through the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act totaling $109,059. As of June 30, 2021, the School had expended $108,134 of funding, which is currently being recognized as revenue within the federal grant revenue line on the statement of activities. As of June 30, 2021, the school had yet to receive $35,075 and has recorded a corresponding grants receivable. The remaining $925 of the award is expected to be expended and recognized during fiscal year 2022.

During 2021, the School was awarded an allocation of the Education Stabilization Relief Fund through the Elementary and Secondary School Emergency Relief Funding (ESSER III) through American Rescue Plan (ARP) Act totaling $244,931. The award is expected to be expended and recognized during fiscal year 2022.

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

Indiana State Board of Accounts Compliance Report of Gary Middle College, Inc.

The above report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressing is *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools.*

INDIANA STATE BOARD OF ACCOUNTS
COMPLIANCE REPORT OF
GARY MIDDLE COLLEGE, INC.

LAKE COUNTY, INDIANA
July 1, 2020 to June 30, 2021

GARY MIDDLE COLLEGE, INC.

LAKE COUNTY, INDIANA
July 1, 2020 to June 30, 2021

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Office	**Official**	**Term**
Lead Principal	Joseph Arredondo	July 1, 2020 to June 30, 2021
Treasurer	Dana Johnson Teasley	July 1, 2020 to June 30, 2021
President of the Charter Board	Arlene Colvin	July 1, 2020 to June 30, 2021

Crowe LLP
Independent Member Crowe Global

TRANSMITTAL LETTER

Board of Directors and Management
Gary Middle College
Indianapolis, Indiana

We have audited the financial statements of Gary Middle College, Inc. (the "School") for the period from July 1, 2020 to June 30, 2021 and have issued our report thereon dated December 21, 2021. As part of our audit, we performed certain tests of the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual ("Manual") for the audits of Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions. However, providing an opinion on compliance with the Manual was not an objective of our tests, and accordingly, we do not express such an opinion.

The School's response to the finding identified in our report is described in the accompanying pages. The School's response was not subjected to the procedures applied in the tests of the School's compliance with the Manual and, accordingly, we express no opinion on it.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
December 21, 2021

FINDING 2021-001: **CONFLICT OF INTEREST STATEMENTS**

Criteria: Part 13 of the Indiana Charter School Manual notes that conflict of interest statements should be filed and provided to State Board of Accounts.

Condition: During our review of conflict of interest statements, we noted five board members did not complete the conflict of interest form for the year under review.

Recommendation: We recommend all board members complete their conflict of interest statements in a timely manner.

Management Response: Management agrees with finding. Management communicates the requirement to board members frequently and will continue to work with all board members to ensure conflict of interest forms are completed in a timely manner.

The contents of this report were discussed on December 21, 2021 with Dana Johnson Teasley, Treasurer. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

Hoosier Academy, Inc.
(for Hoosier Academy-Indianapolis
and
Insight School of Indiana)

HOOSIER ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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HOOSIER ACADEMY, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Hoosier Academy, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Hoosier Academy, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hoosier Academy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information is presented for the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 9, 2022

HOOSIER ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 758,730	$ 866,593
Accounts Receivable:		
Grants	489,367	161,053
Prepaid Expenses	5,089	56,179
Total Current Assets	1,253,186	1,083,825
PROPERTY AND EQUIPMENT		
Leasehold Improvements	777,312	777,312
Furniture and Equipment	1,004,268	1,363,994
Less: Accumulated Depreciation	(1,669,979)	(1,973,904)
Property and Equipment, Net	111,601	167,402
Total Assets	$ 1,364,787	$ 1,251,227
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
K12 Classroom, LLC	$ 822,278	$ 618,464
Other	386,600	547,811
Refundable Advance	155,909	84,952
Total Current Liabilities	1,364,787	1,251,227
NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-
Total Liabilities and Net Assets	$ 1,364,787	$ 1,251,227

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 4,910,492	$ 6,484,843
Grant Revenue	923,148	694,451
Interest Income	-	10
Other	456	2,315
Total Revenue and Support	5,834,096	7,181,619
EXPENSES		
Program Services	5,011,750	6,244,543
Management and General	822,346	937,076
Total Expenses	5,834,096	7,181,619
CHANGE IN NET ASSETS	-	-
Net Assets - Beginning of Year	-	-
NET ASSETS - END OF YEAR	$ -	$ -

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 2,866,586	$ 64,058	$ 2,930,644	$ 3,414,878	$ 83,247	$ 3,498,125
Employee Benefits	552,943	8,915	561,858	722,344	12,616	734,960
Staff Development and Recruitment	18,459	-	18,459	20,092	-	20,092
Professional Services	162,647	425,452	588,099	246,909	493,187	740,096
Management Services	-	38,000	38,000	-	49,654	49,654
Food Costs	4,861	-	4,861	22,801	-	22,801
Authorizer Oversight Fees	-	129,595	129,595	-	176,318	176,318
Equipment Rental and Maintenance	56,671	-	56,671	90,863	1,220	92,083
Classroom and Office Supplies and Fees	1,003,955	26,050	1,030,005	1,264,843	4,307	1,269,150
Occupancy	211,831	-	211,831	150,732	-	150,732
Depreciation	55,801	-	55,801	70,125	-	70,125
Bad Debt	-	-	-	153,823	-	153,823
Other	77,996	130,276	208,272	87,133	116,527	203,660
Total Functional Expenses	$ 5,011,750	$ 822,346	$ 5,834,096	$ 6,244,543	$ 937,076	$ 7,181,619

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ -	$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	55,801	70,125
Provision for Uncollectible Receivables	-	153,823
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(328,314)	(37,300)
Prepaid Expenses	51,090	(4,617)
Accounts Payable and Accrued Expenses	42,603	(235,893)
Refundable Advances	70,957	59,318
Net Cash Provided (Used) by Operating Activities	(107,863)	5,456
NET CHANGE IN CASH	(107,863)	5,456
Cash - Beginning of Year	866,593	861,137
CASH - END OF YEAR	$ 758,730	$ 866,593
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Write Off of State Education Support Receivable, Reducing Amount Owed to K12 Classroom, LLC	$ -	$ 4,996,296

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Hoosier Academy, Inc. (Hoosier Academy) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana, and is the organizer and governing body of two charter schools located in Indianapolis, Indiana:

- *Hoosier Academies Indianapolis* is a blended learning program serving students in grades K-12.
- *Insight School of Indiana* is a fully virtual or online program serving students in grades 7-12 who have struggled in their education.

Enrollment during the 2020-2021 school year ranged between approximately 780 and 654 students in total for the two schools. Each of the schools is a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. *Hoosier Academies Virtual School*, a third charter school organized and governed by Hoosier Academy, Inc., ceased operations as a charter school effective June 30, 2018.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, Hoosier Academy receives an amount per student similar to the funding received by other public schools in Indiana. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

A portion of Hoosier Academy's revenue is the product of cost reimbursement grants. Therefore, Hoosier Academy recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021 and 2020, Hoosier Academy has $155,909 and $84,952, respectively, of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Grants Revenue

Hoosier Academy receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2021 and 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2021 and 2020.

Accounts Receivable

Accounts receivable relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana. Hoosier Academy believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $1,000 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:

Leasehold Improvements	12 to 15 Years
Furniture and Equipment	2 to 5 Years

Impairment of Long-Lived Assets

On an ongoing basis, Hoosier Academy reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Taxes on Income

Hoosier Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require Hoosier Academy 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 that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. Hoosier Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of Hoosier Academy are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Hoosier Academy is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Going Concern Considerations

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As of June 30, 2021, the School's current liabilities are greater than current assets by approximately $111,000. A majority of the balance in accounts payable and accrued expenses represents payments to the management company and current payroll and future payroll to fulfill School year teaching contracts, totaling approximately $1,500,000. The remainder of current liabilities is related to various accounts payable outstanding invoices. The School also had a negative cash flow from operating activities for fiscal year 2021. If this trend continues, these factors could threaten the School's ability to continue as a going concern.

The School's management is aware of the negative financial results presented in the previous paragraph and has taken the following measures to improve its finances. The School elected to close Hoosier Academies Indianapolis subsequent to year-end and focus on Insight School of Indiana while also expanding to grades K-12. The School has also worked with its management company to develop a budget for fiscal year 2022 that will allow the School to meet its current and upcoming obligations.

Subsequent Events

Hoosier Academy evaluated subsequent events through February 9, 2022, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

In August 2021, Board voted to close Hoosier Academies Indianapolis due to continued decline in enrollment.

NOTE 2 LEASES

Hoosier Academy leases its school facility under an operating lease. The lease provides for monthly lease payments through August 2022. Hoosier Academy also leases certain items of office equipment under an operating lease, which provides for monthly payments through August 2025. Rent expense for the years ended June 30, 2021 and 2020 under these operating leases was $211,831 and $150,732, respectively.

Future minimum lease obligations for noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 167,265
2023	37,399
2024	4,932
2025	4,932
2026	822
Total	$ 215,350

NOTE 3 COMMITMENTS

Hoosier Academy operates its schools under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, Hoosier Academy has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Payments under the charter agreements were $129,595 and $176,318 for the years ended June 30, 2021 and 2020, respectively. The charters remain in effect for Hoosier Academies Indianapolis and Insight School of Indiana until June 30, 2022, and are renewable thereafter by mutual consent. The charter for Insight school of Indiana is currently in the renewal process with Ball State University.

Hoosier Academy has contracted with K12 Classroom, LLC to provide administrative and technology services. Under the terms of the agreement, Hoosier Academy has agreed to pay an amount equal to 22% of revenues, as defined, for such services. Such fees for the years ended June 30, 2021 and 2020 were $2,139,969 and $1,595,686, respectively. Hoosier Academy also purchases certain other curriculum materials and supplies for which it is billed as goods and services are received. Such purchases aggregated $1,282,002 and $2,927,321 for the years ended June 30, 2021 and 2020, respectively. This agreement remains in effect until June 30, 2022.

K12 Classroom, LLC has agreed to issue credits against the amounts billed for services and products provided, if needed, to ensure that Hoosier Academy does not end a fiscal year with a financial deficit.

NOTE 3 COMMITMENTS (CONTINUED)

For the years ended June 30, 2021 and 2020, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
Year Ended June 30, 2021:		
Charges per Contract	$ 2,139,969	$ 1,282,002
Credit Issued by K12 Classroom LLC	(1,234,340)	(1,281,794)
Net Charges	$ 905,629	$ 208
Year Ended June 30, 2020:		
Charges per Contract	$ 1,595,686	$ 2,927,321
Credit Issued by K12 Classroom LLC	(1,593,305)	(2,441,708)
Net Charges	$ 2,381	$ 485,613

The deficit credits provided by K12 Classroom, LLC are subject to repayment if Hoosier Academy experiences a surplus in subsequent fiscal years. The amount of the repayment is based on a percentage of the surplus experienced during such fiscal year ranging from 25% to 75% dependent upon the amount of the surplus. Any unpaid credits remaining upon termination of the agreement are not subject to repayment. Hoosier Academy is not able to estimate the amount of the repayment, if any, expected to be made in future years.

NOTE 4 RETIREMENT PLANS

Hoosier Academy provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiemployer defined benefit retirement plan 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. For the years ended June 30, 2021 and 2020, Hoosier Academy contributed 7.5% of compensation for eligible teaching personnel to TRF. Should Hoosier Academy elect to withdraw from TRF, it could be subject to a withdrawal fee. Hoosier Academy's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was approximately 90% funded.

In lieu of TRF, employees can opt to participate in a Section 403(b) plan sponsored by Hoosier Academy. Under this plan, Hoosier Academy contributes 7.5% of compensation, as defined. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2021 or 2020. Retirement plan expense under both plans was $159,918 and $183,273 for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 RISKS AND UNCERTAINTIES

Hoosier Academy provides educational instruction services to families residing in Marion and surrounding counties in Indiana, and to students throughout the state of Indiana through its virtual curriculum 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 could significantly affect Hoosier Academy. Additionally, Hoosier Academy is subject to monitoring and audit by state and federal agencies. Those examinations could result in additional liability to be imposed.

Financial instruments that potentially subject Hoosier Academy to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, substantially all of the receivable balance was due from the state of Indiana.

Hoosier Academy primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, Hoosier Academy has not experienced losses in any of these accounts.

The Coronavirus Disease (COVID-19) pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2021 and 2020 operations and financial results, including operating virtually for some periods of time. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 6 LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The Hoosier Academy's financial assets include cash and grants receivable. Financial assets at June 30, 2021 total $1,248,097, all of which are available to meet cash needs for general expenditures within one year. Financial assets at June 30, 2020 total $1,027,646, all of which are available to meet cash needs for general expenditures within one year.

NOTE 6 LIQUIDITY (CONTINUED)

From time to time, Hoosier Academy receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Hoosier Academy 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 Hoosier Academy'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.

NOTE 7 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 Hoosier Academy has 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 is required.

SUPPLEMENTARY INFORMATION

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Eliminating Entries	Total
ASSETS					
CURRENT ASSETS					
Cash	$ 469,787	$ -	$ 288,943	$ -	$ 758,730
Accounts Receivable:					
Grants	114,287	-	468,889	(93,809)	489,367
Prepaid Expenses	1,042	-	4,047	-	5,089
Total Current Assets	585,116	-	761,879	(93,809)	1,253,186
PROPERTY AND EQUIPMENT					
Leasehold Improvements	777,312	-	-	-	777,312
Furniture and Equipment	975,217	-	29,051	-	1,004,268
Less: Accumulated Depreciation	(1,640,928)	-	(29,051)	-	(1,669,979)
Property and Equipment, Net	111,601	-	-	-	111,601
Total Assets	$ 696,717	$ -	$ 761,879	$ (93,809)	$ 1,364,787
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses:					
K12 Classroom, LLC	$ 454,297	$ -	$ 367,981	$ -	$ 822,278
Other	199,044	-	281,365	(93,809)	386,600
Refundable Advance	43,376	-	112,533	-	155,909
Total Current Liabilities	696,717	-	761,879	(93,809)	1,364,787
NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-	-	-	-
Total Liabilities and Net Assets	$ 696,717	$ -	$ 761,879	$ (93,809)	$ 1,364,787

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 323,671	$ -	$ 542,922	$ 866,593
Accounts Receivable:				
Grants	41,591	-	119,462	161,053
Prepaid Expenses	15,550	-	40,629	56,179
Total Current Assets	380,812	-	703,013	$ 1,083,825
PROPERTY AND EQUIPMENT				
Leasehold Improvements	777,312	-	-	777,312
Furniture and Equipment	975,217	359,726	29,051	1,363,994
Less: Accumulated Depreciation	(1,585,127)	(359,726)	(29,051)	(1,973,904)
Property and Equipment, Net	167,402	-	-	167,402
Total Assets	$ 548,214	$ -	$ 703,013	$ 1,251,227
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses:				
K12 Classroom, LLC	$ 377,267	$ -	$ 241,197	$ 618,464
Other	132,459	-	415,352	547,811
Refundable Advance	38,488	-	46,464	84,952
Total Current Liabilities	548,214	-	703,013	1,251,227
NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-	-	-
Total Liabilities and Net Assets	$ 548,214	$ -	$ 703,013	$ 1,251,227

HOOSIER ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
REVENUE AND SUPPORT				
State Education Support	$ 956,156	$ -	$ 3,954,336	$ 4,910,492
Grant Revenue	297,135	-	626,013	923,148
Interest Income	-	-	-	-
Other	456	-	-	456
Total Revenue and Support	1,253,747	-	4,580,349	5,834,096
EXPENSES				
Program Services	1,071,591	-	3,940,159	5,011,750
Management and General	182,156	-	640,190	822,346
Total Expenses	1,253,747	-	4,580,349	5,834,096
CHANGE IN NET ASSETS	-	-	-	-
Net Assets - Beginning of Year	-	-	-	-
NET ASSETS - END OF YEAR	$ -	$ -	$ -	$ -

HOOSIER ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
REVENUE AND SUPPORT				
State Education Support	$ 933,800	$ -	$ 5,551,043	$ 6,484,843
Grant Revenue	197,310	4,684	492,457	694,451
Interest Income	-	10	-	10
Other	2,122	-	193	2,315
Total Revenue and Support	1,133,232	4,694	6,043,693	7,181,619
EXPENSES				
Program Services	870,570	61,652	5,312,321	6,244,543
Management and General	205,704	-	731,372	937,076
Total Expenses	1,076,274	61,652	6,043,693	7,181,619
CHANGE IN NET ASSETS	56,958	(56,958)	-	-
Net Assets - Beginning of Year	(56,958)	56,958	-	-
NET ASSETS - END OF YEAR	$ -	$ -	$ -	$ -

The reports presented herein were prepared in addition to another official report prepared for Hoosier Academy, Inc. as listed below:

Supplemental Audit Report of Hoosier Academy, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

SUPPLEMENTAL AUDIT REPORT
OF
HOOSIER ACADEMY, INC.

MARION COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

HOOSIER ACADEMY, INC.
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JULY 1, 2020 TO JUNE 30, 2021

HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
Board President	Jayme Short-DeLeon	12/15/20 – Present
Board President	Michelle Study-Campbell	07/01/19 – 12/15/20
Head of School	Tina Walker	01/04/21 – 07/18/21
Head of School	Janice Silver	10/09/19 –11/09/20
Principal Indy School	Miranda Tolentino	10/21/19 – 08/20/21
Principal Insight School	Vicky Creasy	05/18/20 – 07/31/20
Principal Insight School	Susan Fries	09/23/20 – 06/30/21
Board Treasurer	Gary Meyer	07/01/19 – Present

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
Indianapolis, Indiana

We have audited the financial statements of Hoosier Academy, Inc. (Hoosier Academy) as of and for the year ended June 30, 2021, and have issued our report thereon dated February 9, 2022. As part of our audit, we tested Hoosier Academy's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe Hoosier Academy was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 9, 2022

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Hoosier Academy Indianapolis and Insight School of Indiana have adopted a policy requiring birth certificates, immunization records, and proof of residency. The process used did not result in maintaining consistent and complete enrollment records. The Indianapolis school had 16 of the 38 tested students missing either birth certificates or immunization records and 9 of 38 students missing proof of residency. The Insight school had 18 of 90 students missing birth certificates or immunization records and 9 of 90 students missing proof of residency.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

GENERAL DISBURSEMENTS – LATE FEES PAID

During our testing of general disbursements, there were two (2) instances of the forty (40) disbursements tested for Hoosier Academy Indianapolis where the school paid late fees that totaled $19.24.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on January 25, 2022, with Jayme Short-Deleon (Board President), Gary Meyer (Board Treasurer), and representatives from K12, Inc. The Official Response has been made a part of this report and may be found on page 5.

HOOSIER ACADEMIES℠ Network of Schools

POWERED BY K12

5650 Caito Drive
Indianapolis, IN 46226
317.495.6494
Fax: 317.454.0670
Website: http://ha.k12.com
Website: http://in.insightschools.net

General Disbursements: Late Fees Paid– Response by HOS

Background: Late fees cited in the 2000-21 audit process were both for a telecommunications provider, totaling $19.24.   Late postal delivery of bills and staffing issues contributed to the delay in payment. When bills are delivered late, the office manager contacts the vendor to attempt to eliminate late fees.

Action Steps: Insight is currently working with this telecommunications provider to come up with a solution which will result in the electronic delivery of their statement to avoid bills reaching the AP desk in an untimely matter. Further, Insight's office manager will monitor invoices that have late fees at all levels before approving the invoice for payment processing. An electronic check will be processed as needed to avoid late fees.

In summary, district administration will take action to avoid future instances of late fees to ensure compliance with IDOE and Uniform Guidelines for Charter Schools. Administration will also investigate the method of payment for vendors to make sure prompt payments are made, such as online payments, etc. School officials will work to mitigate all unreasonable fees from being assessed against the governmental unit.

ADM Testing and Enrollment Documentation – Response by HOS

Background: The finding in the audit indicated that "Hoosier Academy Indianapolis and Insight School of Indiana have adopted a policy requiring birth certificates, immunizations records, and proof of residency." The Head of School will review this policy and recommend changes, if necessary, to ensure consistency with all statutory and regulatory requirements for charter schools to maintain consistent and complete enrollment records. District administration will also work to collect all required enrollment documents in the onboarding process. School officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. The students registered with Insight will attend educational programs and receive education services virtually.

In summary, district administration will take action to correct the findings for the ADM testing and enrollment documentation to comply with the Indiana Department of Education. School officials will ensure for the future enrollment process, that all required enrollment documents will be available as dictated by Indiana Code.

Indiana Online Learning Options, Inc.
(For Indiana Connections Academy
and
Indiana Connections Career Academy

INDIANA ONLINE LEARNING OPTIONS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

INDIANA ONLINE LEARNING OPTIONS, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of Indiana Online Learning Options, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Online Learning Options, Inc., as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of financial position by school on pages 14 and 15 and the schedules of activities and change in net assets by school on pages 16 and 17 are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 7, 2022

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 8,111,726	$ 6,677,067
State Tuition Support Receivable	-	74,076
Grants Receivable	2,274,982	1,775,391
Total Current Assets	10,386,708	8,526,534
PROPERTY AND EQUIPMENT		
Leasehold Improvements	95,900	4,568
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(95,401)	(86,146)
Property and Equipment, Net	95,443	13,366
Total Assets	$ 10,482,151	$ 8,539,900
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to Connections Academy of Indiana, LLC	$ 9,097,878	$ 7,427,954
Accounts Payable and Accrued Expenses	1,310,645	1,002,171
Deferred Revenue	41,714	23,820
Total Current Liabilities	10,450,237	8,453,945
NET ASSETS WITHOUT DONOR RESTRICTIONS	31,914	85,955
Total Liabilities and Net Assets	$ 10,482,151	$ 8,539,900

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 43,317,901	$ 33,506,904
Grant Revenue	3,936,629	2,264,751
Total Revenue and Support	47,254,530	35,771,655
EXPENSES		
Program Services	39,976,791	31,112,089
Management and General	7,331,780	4,602,876
Total Expenses	47,308,571	35,714,965
CHANGES IN NET ASSETS	(54,041)	56,690
Net Assets - Beginning of Year	85,955	29,265
NET ASSETS - END OF YEAR	$ 31,914	$ 85,955

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 12,445,931	$ -	$ 12,445,931	$ 9,465,587	$ -	$ 9,465,587
Employee Benefits	3,778,701	-	3,778,701	2,762,950	-	2,762,950
Staff Development and Recruitment	1,079,568	26,353	1,105,921	567,617	1,945	569,562
Authorizer Fees	-	1,163,780	1,163,780	-	875,202	875,202
Professional Services	753,839	253,930	1,007,769	977,629	361,823	1,339,452
School Administration and Support Services	5,405,258	4,751,033	10,156,291	5,108,840	2,971,304	8,080,144
Classroom and Office Supplies	9,254,730	25,339	9,280,069	6,484,005	-	6,484,005
Technology	6,083,322	-	6,083,322	4,859,643	-	4,859,643
Testing	958,868	-	958,868	553,780	-	553,780
Occupancy	123,652	-	123,652	163,727	-	163,727
Travel	11,837	-	11,837	98,242	-	98,242
Depreciation	9,253	-	9,253	12,896	-	12,896
Equipment	16,505	-	16,505	9,593	-	9,593
Repairs and Maintenance	3,514	-	3,514	2,922	-	2,922
Insurance	-	11,952	11,952	-	5,816	5,816
Other	51,813	1,099,393	1,151,206	44,658	386,786	431,444
Total Functional Expenses	$ 39,976,791	$ 7,331,780	$ 47,308,571	$ 31,112,089	$ 4,602,876	$ 35,714,965

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ (54,041)	$ 56,690
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,253	12,896
Provision for Uncollectible Receivables	-	3,848,885
Changes in Operating Assets and Liabilities:		
State Tuition Receivable	74,076	(74,076)
Grants Receivable	(499,591)	(566,734)
Due to Connections Academy of Indiana, LLC	1,669,924	(2,982,931)
Accounts Payable and Accrued Expenses	308,474	125,007
Deferred Revenue	17,894	23,820
Net Cash Provided by Operating Activities	1,525,989	443,557
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(91,330)	-
NET CHANGE IN CASH	1,434,659	443,557
Cash - Beginning of Year	6,677,067	6,233,510
CASH - END OF YEAR	$ 8,111,726	$ 6,677,067

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Indiana Online Learning Options, Inc. (IOL) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana and is the governing body of two virtual public charter schools, Indiana Connections Academy (INCA) and Indiana Connections Career Academy (INCC). The 2017-2018 school year was the first year of operations for INCC. Both INCA and INCC (together referred to as the Schools) operate under Indiana Code 20-24 and are sponsored by Ball State University. The Schools are available to students residing in the state of Indiana and provide educational instruction to approximately 7,080 students in grades kindergarten through 12.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, IOL receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of IOL's revenue is the product of cost reimbursement grants. Therefore, IOL recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, IOL does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Grants Revenue

IOL receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2021 and 2020.

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. There were no cash equivalents at June 30, 2021 and 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and State Tuition Support Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the State of Indiana. IOL believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. IOL believes that all balances will be collected.

Amounts receivable from the state of Indiana for education support reflect the following amounts as of June 30, 2021 and 2020:

	2021	2020
Tuition Support	$ -	$ 74,076
Special Education Grant	-	-
Subtotal	$ -	$ 74,076

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $1,000 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:

Leasehold Improvements	3 to 7 Years
Furniture and Equipment	5 to 7 Years

Impairment of Long-Lived Assets

On an ongoing basis, IOL reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Taxes on Income

IOL has received a determination from the Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, IOL would be subject to tax on income unrelated to its tax-exempt purpose. For the periods ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

Professional accounting standards require IOL 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 that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. IOL has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of IOL are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. IOL is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The School evaluated subsequent events through January 7, 2022, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RETIREMENT PLANS

IOL's personnel are eligible to participate in a 401(k) retirement plan sponsored by Pearson Online & Blended Learning, LLC. Under the plan, IOL matches 100% of employee contributions up to 3% of compensation and 50% of employee contributions for the next 3% of compensation. IOL may also make additional discretionary contributions. No discretionary contributions were made in 2021 and 2020. Retirement plan expense for the years ended June 30, 2021 and 2020 was $228,621 and $189,254, respectively.

NOTE 3 LEASE

IOL leases its facilities under an operating lease through August 30, 2026. Expense under the lease for the years ended June 30, 2021 and 2020 was $123,652 and $163,727, respectively. Future minimum lease obligations under this lease are as follows for the years ending June 30:

Years Ending June 30,	Amount
2022	$ 40,755
2023	41,800
2024	42,845
2025	43,890
2026	44,935
Thereafter	7,664
Total	$ 221,889

NOTE 4 COMMITMENTS

INCA and INCC operate under a single charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, IOL agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was $1,163,780 and $875,202 for the years ended June 30, 2021 and 2020, respectively. The charters remain in effect until June 30, 2026 and are renewable thereafter by mutual consent.

IOL has contracted with Connections Academy of Indiana, LLC to provide instructional materials and services as well as administrative and technology services to IOL. As compensation for these services, IOL negotiates a schedule of fees for services for each year of the term of agreement, which remains in effect until June 30, 2026.

Connections Academy of Indiana, LLC has agreed to make a contribution and/or issue credits against the amounts billed for services and products provided, if needed, to ensure that IOL does not end a fiscal year with a financial deficit. The total contribution was $115,227 and $294,604 for the years ended June 30, 2021 and 2020, respectively, and the credits issued to IOL were $748,626 and $3,016,936 for the years ended June 30, 2021 and 2020, respectively.

Such fees were as follows for the years ended June 30:

	2021	2020
Enrollment/Unit-Based Fees	$ 18,324,789	$ 15,937,181
Revenue-Based Fees	10,210,665	8,635,063
Total	28,535,454	24,572,244
Less: Total Contribution and Credits Issues	(863,853)	(3,311,540)
Net Fees	$ 27,671,601	$ 21,260,704

NOTE 5 RISKS AND UNCERTAINTIES

IOL provides educational instruction services in a virtual school environment to families residing 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 could significantly affect IOL. Additionally, IOL is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on IOL.

Financial instruments that potentially subject IOL to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, substantially all of the receivable balance was due from the state of Indiana.

IOL primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, IOL has not experienced losses in any of these accounts.

The Coronavirus Disease (COVID-19) pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the IOL, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increased demand for virtual learning options. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 6 LIQUIDITY

Under ASU 2016-14, IOL is required to disclose the assets it has available at June 30, 2021 and 2020, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. IOL's financial assets include cash and grants receivable. Financial assets at June 30, 2021 and 2020 totaling $10,386,708 and $8,526,534, respectively, all of which are available to meet cash needs for general expenditures within the next year.

From time to time, IOL receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, IOL 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 IOL'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.

NOTE 7 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and changes in net assets. Management of IOL has 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.

INDIANA ONLINE LEARNING OPTIONS, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2021

The report presented herein was prepared in addition to another official report prepared for IOL as listed below:

Supplemental Audit Report of Indiana Online Learning Options, 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.*

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 7,448,093	$ 663,633	$ 8,111,726
Grants Receivable	2,120,367	154,615	2,274,982
Due from (to) Intercompany	57,713	(57,713)	-
Total Current Assets	9,626,173	760,535	10,386,708
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(95,401)	-	(95,401)
Property and Equipment, Net	95,443	-	95,443
Total Assets	$ 9,721,616	$ 760,535	$ 10,482,151
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 8,482,991	$ 614,887	$ 9,097,878
Accounts Payable and Accrued Expenses	1,183,675	126,970	1,310,645
Deferred Revenue	33,777	7,937	41,714
Total Current Liabilities	9,700,443	749,794	10,450,237
NET ASSETS WITHOUT DONOR RESTRICTIONS	21,173	10,741	31,914
Total Liabilities and Net Assets	$ 9,721,616	$ 760,535	$ 10,482,151

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 6,320,053	$ 357,014	$ 6,677,067
State Tuition Support Receivable	74,076	-	74,076
Grants Receivable	1,674,292	101,099	1,775,391
Due from (to) Intercompany	5,605	(5,605)	-
Total Current Assets	8,074,026	452,508	8,526,534
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	4,568	-	4,568
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(86,146)	-	(86,146)
Property and Equipment, Net	13,366	-	13,366
Total Assets	$ 8,087,392	$ 452,508	$ 8,539,900
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 7,130,102	$ 297,852	$ 7,427,954
Accounts Payable and Accrued Expenses	914,626	87,545	1,002,171
Deferred Revenue	23,820	-	23,820
Total Current Liabilities	8,068,548	385,397	8,453,945
NET ASSETS WITHOUT DONOR RESTRICTIONS	18,844	67,111	85,955
Total Liabilities and Net Assets	$ 8,087,392	$ 452,508	$ 8,539,900

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 40,122,085	$ 3,195,816	$ 43,317,901
Grant Revenue	3,632,465	304,164	3,936,629
Total Revenue and Support	43,754,550	3,499,980	47,254,530
EXPENSES			
Program Services	36,776,736	3,200,055	39,976,791
Management and General	6,975,485	356,295	7,331,780
Total Expenses	43,752,221	3,556,350	47,308,571
CHANGES IN NET ASSETS	2,329	(56,370)	(54,041)
Net Assets - Beginning of Year	18,844	67,111	85,955
NET ASSETS - END OF YEAR	$ 21,173	$ 10,741	$ 31,914

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 31,421,362	$ 2,085,542	$ 33,506,904
Grant Revenue	2,128,426	136,325	2,264,751
Total Revenue and Support	33,549,788	2,221,867	35,771,655
EXPENSES			
Program Services	29,108,699	2,003,390	31,112,089
Management and General	4,439,401	163,475	4,602,876
Total Expenses	33,548,100	2,166,865	35,714,965
CHANGES IN NET ASSETS	1,688	55,002	56,690
Net Assets - Beginning of Year	17,156	12,109	29,265
NET ASSETS - END OF YEAR	$ 18,844	$ 67,111	$ 85,955

SUPPLEMENTAL AUDIT REPORT
OF
INDIANA ONLINE LEARNING OPTIONS, INC.

MARION COUNTY INDIANA

JULY 1, 2020 TO JUNE 30, 2021

WEALTH ADVISORY | OUTSOURCING
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INDIANA ONLINE LEARNING OPTIONS, INC.
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INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
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Office	Official	Term
President of Board of Directors	Stacy Taylor	07/01/20 – 06/30/21
Executive Director	Chandre Sanchez Reyes	07/01/20 – 06/30/21
Board Treasurer	Andrew Norris	07/01/20 – 06/30/21

INDEPENDENT AUDITORS' REPORT

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

We have audited the financial statements of Indiana Online Learning Options, Inc. (IOL) as of and for the year ended June 30, 2021, and have issued our report thereon dated January 7, 2022. As part of our audit, we tested IOL's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe IOL was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 7, 2022

GENERAL RECEIPTS – TIMELY DEPOSITS

During our testing of the general receipts, it was noted that six (6) of the 40 receipts selections were not timely deposited for Indiana Connections Academy (INCA) and four (4) of the 35 receipts selections were not timely deposited for Indiana Connections Career Academy (INCC). Deposits were not made within 3-4 business days of the receipt.

All charter school money must be deposited in the designated depository in a timely manner following the receipt of funds in the same form in which the funds were received. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were four (4) instances of the 40 disbursement selections where INCA paid sales tax and noted there were three (3) instances of the 40 disbursement selections where INCC paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. During our testing of ADM, we noted there was one (1) student out of 90 selections where INCA did not maintain consistent and complete enrollment records.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil." An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1." IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on January 7, 2022, with the School's Executive Director Carol Larson (replaced Chandre Sanchez Reyes in Fall 2021), School's Board Treasurer Andrew Norris, and representatives from Pearson Education. The Official Response has been made a part of this report and may be found on page 5.

INDIANA CONNECTIONS ACADEMY

INDIANA CONNECTIONS *Career Academy*

January 7, 2022

The Board of Directors
Indiana Online Learning Options, Inc.

As part of the financial statement audit of Indiana Online Learning Options, Inc. ("IOL") as of and for the year ended June 30, 2021, CliftonLarsonAllen LLP tested IOL's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, and grant agreements, and has communicated Audit Results and Comments. Included herein is the Office Response to the Comments provided by CliftonLarsonAllen LLP in their report presented on January 7, 2022:

IOL Response to Comment on General Receipts – Timely Deposit – Delays in deposits during the FY21 school year stemmed from the reduction of administrative personnel in the office due to pandemic as well as delays in deposits due to planned office closures throughout the school year. Additionally, the assessment of timeliness for purpose of the audit procedure was based on the check issuance date, which does not necessarily correspond to the date the check for deposit was received by the IOL administrative staff, in addition to consideration of significant systematic delays in USPS stemming from the pandemic. The administrative staff at IOL will note the date checks are received and will continue to adhere to the SBOA policy of completing timely deposits.

IOL Response to Comment on Sales Tax Exemption – The vendor disbursements selected for testing for INCA and INCC for sales tax exemption guidelines which included sales tax related to invoices that were not directly paid by the School. The selections primarily relate to invoices paid by Connections Academy of Indiana LLC on behalf of IOL as a pay agent and then submitted for reimbursement to IOL. As Connections Academy of Indiana LLC is not a tax-exempt entity and is acting as a pay agent for the School, the related sales tax cost is also invoiced to the School with the associated service and/or product by Connections Academy of Indiana LLC. The remaining selections related to disbursements for employee reimbursements, for which the employee reimbursement request included sales tax. As the employee is not tax exempt, sales tax was incurred on the employee's transaction and therefore sales tax was included in the reimbursement to the employee.

For invoices paid directly by the School, prior to invoice payment, IOL will continue to implement its review procedure to ensure sales tax is not remitted with invoice payment. Upon receipt of invoices from vendors, IOL will review invoices to verify sales tax has not been captured on the invoice prior to payment of the invoice and will provide Sales Tax Exemption certificate to vendors where sales tax has been captured on the invoice.

IOL Response to Comment on Average Daily Maintenance (ADM) Testing – 90 students were selected for ADM testing for INCC and 90 students were selected for ADM testing for INCA, for a total sample of 180 students across the fall and spring count dates. Enrollment documents and attendance records were provided for all students, including enrollment packet, proof of residency, birth certificate and attendance records to evidence enrollment on the count date. The student in question enrolled in 2014 and at that time IOL utilized a different documentation upload system and the student's birth certificate was not retained in the current documentation repository system upon transition. For this student, other documentation was provided evidencing the student's existence and attendance for the selected count date. Since 2014, improvements have been made to the documentation upload and retention system, which includes allowing Caretakes to directly upload required documentation to a student's account and unique identifier for specific documents and implementation of quality checks to ensure all documents uploaded are verified. IOL will ensure birth certificates and other required enrollment documents are retained for all enrolled students to support the ADM reported to the Indiana Department of Education during the fall and spring count dates.

IOL will ensure the responses to the above Comments are incorporated immediately into the School's financial procedures.

Sincerely,

Carol Larson

Carol Larson
Executive Director, Indiana Online Learning Options, Inc.

Lighthouse Academies of Northwest Indiana for East Chicago Lighthouse Charter School and Gary Lighthouse Charter School

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Lighthouse Academies of Northwest Indiana, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Academies of Northwest Indiana, Inc. as of June 30, 2021 and 2020, the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information is presented for the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 19, 2021

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 5,628,830	$ 3,838,799
Cash - Restricted for Bond Interest	308,225	298,099
Accounts Receivable:		
Grants	941,702	515,818
Other	59,226	64,474
Prepaid Expenses	72,567	3,184
Total Current Assets	7,010,550	4,720,374
PROPERTY AND EQUIPMENT, NET	15,968,287	16,538,851
OTHER ASSETS		
Cash - Restricted for Debt Service	1,689,288	1,726,644
Cash - Restricted for Property Repairs and Replacement	126,535	150,857
Total Other Assets	1,815,823	1,877,501
Total Assets	$ 24,794,660	$ 23,136,726
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	$ 335,000	$ 315,000
Accounts Payable and Accrued Expenses	1,721,189	1,490,548
Total Current Liabilities	2,056,189	1,805,548
LONG-TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program	-	1,805,215
Bonds Payable	18,725,000	19,060,000
Less: Unamortized Debt Issuance Costs	(216,574)	(225,790)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	18,508,426	20,639,425
Total Liabilities	20,564,615	22,444,973
NET ASSETS, WITHOUT DONOR RESTRICTIONS	4,230,045	691,753
Total Liabilities and Net Assets	$ 24,794,660	$ 23,136,726

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 15,054,742	$ 14,781,363
Grant Revenue	8,980,424	6,611,829
In-Kind Contributions	72,000	-
Student Fees	13,136	17,406
Contributions	108	355,681
Interest	235	29,264
Other	94,337	138,993
Total Revenue and Support	24,214,982	21,934,536
EXPENSES		
Program Services	16,934,751	17,523,850
Management and General	3,741,939	3,453,267
Total Expenses	20,676,690	20,977,117
CHANGES IN NET ASSETS	3,538,292	957,419
Net Assets (Deficit) - Beginning of Year	691,753	(265,666)
NET ASSETS - END OF YEAR	$ 4,230,045	$ 691,753

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 7,707,063	$ 1,214,898	$ -	$ 8,921,961
Employee Benefits	2,099,545	169,673	-	2,269,218
Staff Development and Recruitment	77,184	2,177	-	79,361
Academic Services - Lighthouse Academics	-	1,772,301	-	1,772,301
Authorizer Oversight Fee	-	427,668	-	427,668
Food Service	333,458	-	-	333,458
Transportation Service	373,136	-	-	373,136
Information Technology	224,134	-	-	224,134
Other Professional Services	1,087,847	52,737	-	1,140,584
Equipment Rental	116,543	-	-	116,543
Classroom, Kitchen, and Office Supplies	1,893,391	48,008	-	1,941,399
Occupancy	857,382	11,000	-	868,382
Rent In-Kind	72,000	-	-	72,000
Depreciation	696,571	-	-	696,571
Interest	1,390,431	-	-	1,390,431
Other	6,066	43,477	-	49,543
Total Functional Expenses	$ 16,934,751	$ 3,741,939	$ -	$ 20,676,690

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 8,086,685	$ 1,166,031	$ -	$ 9,252,716
Employee Benefits	2,079,254	239,515	-	2,318,769
Staff Development and Recruitment	63,280	-	-	63,280
Academic Services - Lighthouse Academics	-	1,517,070	-	1,517,070
Authorizer Oversight Fee	-	412,823	-	412,823
Food Service	832,224	-	-	832,224
Transportation Service	877,727	-	-	877,727
Information Technology	155,737	-	-	155,737
Other Professional Services	1,158,823	20,943	-	1,179,766
Equipment Rental	182,413	-	-	182,413
Classroom, Kitchen, and Office Supplies	911,998	56,616	-	968,614
Occupancy	868,509	-	-	868,509
Depreciation	777,199	-	-	777,199
Interest	1,389,086	-	-	1,389,086
Other	140,915	40,269	-	181,184
Total Functional Expenses	$ 17,523,850	$ 3,453,267	$ -	$ 20,977,117

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 3,538,292	$ 957,419
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	696,571	777,199
Amortization	9,216	9,216
Paycheck Protection Program Loan Forgiveness	(1,805,215)	-
Changes in Certain Assets and Liabilities:		
Grants Receivable	(425,884)	229,847
Other Receivables	5,248	(58,630)
Prepaid Expenses	(69,383)	9,314
Accounts Payable and Accrued Expenses	230,641	(1,418,150)
Net Cash Provided by Operating Activities	2,179,486	506,215
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(126,007)	(38,720)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	-	1,805,215
Principal Repayment of Bonds Payable	(315,000)	(295,000)
Net Cash Provided (Used) by Financing Activities	(315,000)	1,510,215
NET CHANGE IN CASH	1,738,479	1,977,710
Cash - Beginning of Year	6,014,399	4,036,689
CASH - END OF YEAR	$ 7,752,878	$ 6,014,399
CASH - END OF YEAR		
Cash - Unrestricted	$ 5,628,830	$ 3,838,799
Cash - Restricted for Bond Interest	308,225	298,099
Cash - Restricted for Debt Service	1,689,288	1,726,644
Cash - Restricted for Property Repairs and Replacement	126,535	150,857
Total Cash - End of Year	$ 7,752,878	$ 6,014,399
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 1,381,215	$ 1,381,406

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Lighthouse Academies of Northwest Indiana, Inc. (LANWI), a public benefit nonprofit organization incorporated under the laws of the state of Indiana, is the organizer and governing body of two charter schools located in Indiana. Both schools are public charter schools established under Indiana Code 20-24 and are sponsored by Ball State University. Gary Lighthouse Charter School served approximately 1,300 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 520 students in grades kindergarten through eight during the 2020 - 2021 school year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the schools receive an amount per student in relation to the funding received by other public schools in the same geographic areas. Funding from the state of Indiana is based on enrollment, and is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

A portion of LANWI's revenue is the product of cost reimbursement grants. Accordingly, LANWI recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

LANWI receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. When restricted support is received and the restriction is satisfied in the current year, the activity is reported in net assets without donor restrictions. LANWI did not have any conditional grants or contributions as of June 30, 2021 and 2020.

Cash and Restricted Cash

Cash and restricted 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. There were no cash equivalents at June 30, 2021 and 2020.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. LANWI believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $5,000 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 and Improvements	30 Years
Furniture and Equipment	3 to 5 Years

Impairment of Long-Lived Assets

On an ongoing basis, LANWI reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. LANWI recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Debt Issuance Costs

LANWI incurred debt issuance costs totaling $258,046 associated with securing financing under Indiana Finance Authority Education Facilities Revenue Bonds. Amortization of the debt issuance costs is provided on a straight-line basis over the term of the bonds (27 years). Accumulated amortization was $41,472 and $32,256 as of June 30, 2021 and 2020, respectively. Amortization expense was $9,216 for the years ended June 30, 2021 and 2020. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* debt issuance costs are presented on the statements of financial position as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

LANWI has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, LANWI would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

Professional accounting standards require LANWI to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. LANWI has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of LANWI are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. LANWI is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

LANWI evaluated subsequent events through November 19, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

Cash

Restricted for bond interest is reserved for the payment of interest on the bond semi-annually. Funds are placed in the account monthly to cover one-sixth of the semi-annual interest payment.

Restricted for debt service is reserved for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements.

Restricted for property repairs and replacement was established with the bond proceeds and represents resources available for repairing and replacing facilities.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following as of June 30:

	2021	2020
Land	$ 1,245,200	$ 1,245,200
Buildings and Improvements	17,335,671	17,209,664
Furniture and Equipment	1,901,521	1,901,521
Subtotal	20,482,392	20,356,385
Less: Accumulated Depreciation	(4,514,105)	(3,817,534)
Total	$ 15,968,287	$ 16,538,851

NOTE 4 BONDS PAYABLE

LANWI purchased its facilities with Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2016 with original amounts totaling $19,950,000. Principal is payable in annual installments that increase from $280,000 to $1,575,000, beginning in December 2018 and maturing in December 2044. Interest payments are made semi-annually at rates ranging from 6.25% to 7.25% in accordance with the bond agreements. The bonds are secured by land, buildings, and improvements.

The Indiana Finance Authority Educational Facilities Revenue Bond agreements contain certain covenants requiring:

- submission of audited financial statements within 150 days after the end of the fiscal year or, if audited, financial statements are not available at that time, unaudited financial statements, and audited financial statements within 10 business days after availability;
- a minimum 45 days cash on hand as of June 30, 2019 and each annual reporting period thereafter (35 days cash on hand as of June 30, 2018); and
- meeting a minimum debt service coverage ratio of 1.15 to 1.00, measured annually.

LANWI was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2021.

Principal maturities of bonds payable are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 335,000
2023	355,000
2024	375,000
2025	400,000
2026	425,000
Thereafter	17,170,000
Total	$ 19,060,000

NOTE 5 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM

On April 13, 2020, LANWI received a loan from a financial institution in the amount of $1,805,215 to fund payroll, rent, and utilities through the Paycheck Protection Program Flexibility Act of 2020 (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. On May 24, 2021, LANWI received full forgiveness of the PPP Loan from the bank and the Small Business Administration (SBA). Accordingly, LANWI recorded the extinguishment of debt as a gain on the statement of activities and changes in net assets. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on LANWI's financial position.

NOTE 6 LEASES

LANWI leases certain items of equipment under operating leases. Total lease expense under operating leases was $76,588 and $168,272 for the years ended June 30, 2021 and 2020, respectively. Future minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 69,300
2023	69,300
2024	23,100
Total	$ 161,700

NOTE 7 RETIREMENT PLAN

All LANWI personnel are employees of Lighthouse Academies, Inc., which provides management services to LANWI. LANWI personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, LANWI matches 100% of employee contributions up to 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the LANWI Board of Directors. No discretionary contributions were made during the years ended June 30, 2021 and 2020. Retirement plan expense was $93,647 and $125,746 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 COMMITMENTS

LANWI has contracted with Lighthouse Academies, Inc. to provide management, administrative, and educational programming services for each of its schools. Under the terms of the agreements, LANWI has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services, plus any necessary travel costs. Expense under the agreements for both academic oversight and travel costs was $1,772,301 and $1,517,070 for the years ended June 30, 2021 and 2020, respectively. LANWI owed $80,564 to Lighthouse Academies, Inc. as of June 30, 2021. This agreement remains in effect as long as the schools' charters remain in effect.

LANWI's two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, LANWI has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Total expense under the charter agreements was $427,668 and $412,823 for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

LANWI provides education services to families residing in Lake and surrounding counties of 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 could significantly affect LANWI. Additionally, LANWI is subject to monitoring and audit by state and federal agencies. These examinations may result in additional liability to be imposed.

Financial instruments that potentially subject LANWI to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, substantially all receivable balances were due from the state of Indiana.

LANWI primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, LANWI has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to LANWI, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition funding. Management believes LANWI is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 10 LIQUIDITY

Under ASU 2016-14, the LANWI is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The LANWI's financial assets include cash, restricted cash, grants receivable, and other receivables.

Financial Assets	$ 8,753,806	$ 6,594,691
Less: Those Unavailable for General Expenditures		
Within One Year, Due to:		
Restricted Cash for Use in Payment of Bond Interest,		
Debt Service, and Property Repairs and Replacement	(2,124,048)	(2,175,600)
Financial Assets Available to Meet Cash Needs		
for General Expenditures Within One Year	$ 6,629,758	$ 4,419,091

From time to time, LANWI receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, LANWI 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 LANWI'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.

NOTE 11 IN-KIND RENT

The School leases a modular classroom under an operating lease with Lighthouse Academies, Inc. Beginning in the year ending June 30, 2021, Lighthouse Academies, Inc. provided rent abatement for the lease and therefore a donation to the School by allowing it to occupy the modular classroom for free, an amount which is below the fair market value for the rent. The fair market value of the contribution, as determined by the fair market value paid by the school prior to the school year ending June 30, 2021, is $72,000. The School is responsible for all repairs, maintenance, utilities, and insurance.

NOTE 12 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 (deficit). Management of LANWI has 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.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 3,804,640	$ 1,824,190	$ -	$ 5,628,830
Cash - Restricted for Bond Interest	246,580	61,645	-	308,225
Accounts Receivable:				
Grants	491,625	450,077	-	941,702
Other	29,300	463,682	(433,756)	59,226
Prepaid Expenses	45,440	27,127	-	72,567
Total Current Assets	4,617,585	2,826,721	(433,756)	7,010,550
PROPERTY AND EQUIPMENT, NET	12,821,965	3,146,322	-	15,968,287
OTHER ASSETS				
Cash - Restricted for Debt Service	1,351,430	337,858	-	1,689,288
Cash - Restricted for Property Repairs and Replacement	84,957	41,578	-	126,535
Total Other Assets	1,436,387	379,436	-	1,815,823
Total Assets	$ 18,875,937	$ 6,352,479	$ (433,756)	$ 24,794,660
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 268,000	$ 67,000	$ -	$ 335,000
Accounts Payable and Accrued Expenses	1,694,266	460,679	(433,756)	1,721,189
Total Current Liabilities	1,962,266	527,679	(433,756)	2,056,189
LONG-TERM LIABILITIES				
Bonds Payable	15,070,000	3,655,000	-	18,725,000
Less: Unamortized Debt Issuance Costs	(174,238)	(42,336)	-	(216,574)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	14,895,762	3,612,664	-	18,508,426
Total Liabilities	16,858,028	4,140,343	(433,756)	20,564,615
NET ASSETS, WITHOUT DONOR RESTRICTIONS	2,017,909	2,212,136	-	4,230,045
Total Liabilities and Net Assets	$ 18,875,937	$ 6,352,479	$ (433,756)	$ 24,794,660

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 2,571,579	$ 1,267,220	$ -	$ 3,838,799
Cash - Restricted for Bond Interest	238,479	59,620	-	298,099
Accounts Receivable:				
Grants	356,721	159,097	-	515,818
Other	186,982	9,553	(132,061)	64,474
Prepaid Expenses	-	3,184	-	3,184
Total Current Assets	3,353,761	1,498,674	(132,061)	4,720,374
PROPERTY AND EQUIPMENT, NET	13,270,643	3,268,208	-	16,538,851
OTHER ASSETS				
Cash - Restricted for Debt Service	1,381,315	345,329	-	1,726,644
Cash - Restricted for Property Repairs and Replacement	109,282	41,575	-	150,857
Total Other Assets	1,490,597	386,904	-	1,877,501
Total Assets	$ 18,115,001	$ 5,153,786	$ (132,061)	$ 23,136,726
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 252,000	$ 63,000	$ -	$ 315,000
Accounts Payable and Accrued Expenses	1,210,816	411,793	(132,061)	1,490,548
Total Current Liabilities	1,462,816	474,793	(132,061)	1,805,548
LONG-TERM LIABILITIES				
Loan Payable Under Paycheck Protection Program	1,805,215	-	-	1,805,215
Bonds Payable	15,338,000	3,722,000	-	19,060,000
Less: Unamortized Debt Issuance Costs	(181,652)	(44,138)	-	(225,790)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	16,961,563	3,677,862	-	20,639,425
Total Liabilities	18,424,379	4,152,655	(132,061)	22,444,973
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(309,378)	1,001,131	-	691,753
Total Liabilities and Net Assets (Deficit)	$ 18,115,001	$ 5,153,786	$ (132,061)	$ 23,136,726

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) BY SCHOOL
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 10,863,542	$ 4,191,200	$ -	$ 15,054,742
Grant Revenue	7,136,695	1,843,729	-	8,980,424
In-Kind Contributions	72,000	-	-	72,000
Student Fees	12,035	1,101	-	13,136
Contributions	108	-	-	108
Interest	188	47	-	235
Other	51,167	560,661	(517,491)	94,337
Total Revenue and Support	18,135,735	6,596,738	(517,491)	24,214,982
EXPENSES				
Program Services	13,029,666	4,422,576	(517,491)	16,934,751
Management and General	2,778,782	963,157	-	3,741,939
Fundraising	-	-	-	-
Total Expenses	15,808,448	5,385,733	(517,491)	20,676,690
CHANGES IN NET ASSETS	2,327,287	1,211,005	-	3,538,292
Net Assets (Deficit) - Beginning of Year	(309,378)	1,001,131	-	691,753
NET ASSETS - END OF YEAR	$ 2,017,909	$ 2,212,136	$ -	$ 4,230,045

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) BY SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 10,780,173	$ 4,001,190	$ -	$ 14,781,363
Grant Revenue	5,096,714	1,515,115	-	6,611,829
Student Fees	4,407	12,999	-	17,406
Contributions	355,181	500	-	355,681
Interest	23,411	5,853		29,264
Other	171,719	47,274	(80,000)	138,993
Total Revenue and Support	16,431,605	5,582,931	(80,000)	21,934,536
EXPENSES				
Program Services	13,559,815	4,044,035	(80,000)	17,523,850
Management and General	2,568,856	884,411	-	3,453,267
Fundraising	-	-	-	-
Total Expenses	16,128,671	4,928,446	(80,000)	20,977,117
CHANGES IN NET ASSETS	302,934	654,485	-	957,419
Net Assets (Deficit) - Beginning of Year	(612,312)	346,646	-	(265,666)
NET ASSETS (DEFICIT) - END OF YEAR	$ (309,378)	$ 1,001,131	$ -	$ 691,753

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2021

The reports presented herein were prepared in addition to another official report prepared for Lighthouse Academies of Northwest Indiana, Inc. as listed below:

Supplemental Audit Report of Lighthouse Academies of Northwest Indiana, 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.*

SUPPLEMENTAL AUDIT REPORT
OF
LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY INDIANA

JULY 1, 2020 TO JUNE 30, 2021

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
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JULY 1, 2020 TO JUNE 30, 2021

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
President of Board of Directors	Amina Payne	07/01/20 – 06/30/21
Superintendent	Jessica Beasley	07/01/20 – 06/30/21
Controller	Mary Beth Rousseau	07/01/20 – 06/30/21

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

We have audited the financial statements of Lighthouse Academies of Northwest Indiana, Inc. (LANWI) as of and for the year ended June 30, 2021, and have issued our report thereon dated November 19, 2021. As part of our audit, we tested LANWI's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe LANWI was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 19, 2021

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for eight (8) students (4 fall, 4 spring) of the 75 tested for enrollment at East Chicago Lighthouse Charter School (ECLCS) and six (6) students of the 75 tested for enrollment at GLCS. The eight (8) students at ECLCS and six (6) students (3 fall, 3 spring) at GLCS selections were missing the proof of residency documentation, proof of enrollment, and/or birth certificate as required by the School's policy.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. The process used to determine eligible pupil status resulted in one (1) student (fall) of the 75 tested at ECLCS being included in the ADM count that did not meet the qualifications of an eligible pupil due to lack of supporting attendance records but was included in the count date reporting and certification.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

ECLCS officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to ECLCS because of incorrect reporting.

CREDIT CARD TESTING

GLCS did not retain supporting documentation for the entire credit card charge in for at least one (1) purchase on four (4) of the five (5) credit card statements tested.

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on October 19, 2021 with Jessica Beasley (Executive Director), Jonathon Tebeleff and Mary Beth Rousseau (Representatives from Lighthouse Academies, Inc), and other school officials. Official response has been made part of this report and may be found starting on page 5.

November 18, 2021

CliftonLarsonAllen LLP

Indianapolis, Indiana

RE: Responses to Lighthouse Academies of Northwest Indiana Supplemental Audit Report

Average Daily Attendance (ADM) Testing

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for eight (8) students (4 fall, 4 spring) of the 75 tested for enrollment at East Chicago Lighthouse Charter School (ECLCS) and six (6) students of the 75 tested for enrollment at GLCS. The eight (8) students at ECLCS and six (6) students (3 fall, 3 spring) at GLCS selections were missing the proof of residency documentation, proof of enrollment, and/or birth certificate as required by the School's policy.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

725 Clark Road
Gary, IN 46406
219.977.9583 WWW.LHA.NET

The process used to determine eligible pupil status resulted in one (1) student (fall) of the 75 tested at ECLCS being included in the ADM count that did not meet the qualifications of an eligible pupil due to lack of supporting attendance records but was included in the count date reporting and certification.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

ECLCS officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to ECLCS because of incorrect reporting.

Response: The school is reviewing its list of required additional documents and training is scheduled with appropriate personnel to review the documents needed for each student. The school buildings were closed for much of the 2020-2021 school year due to the COVID-19 pandemic resulting in unforeseen challenges with obtaining some documentation. A full audit of all student files will be performed this year, and missing documents will be obtained. The school is also reviewing the process for addressing absent students to ensure accurate ADM reporting. School officials shall contact the IDOE Division of School Finance to determine possible steps to be taken to correct any overpayment due to incorrect reporting.

Please find additional updates to the enrollment and registration process at Lighthouse Academies of Northwest Indiana below:

- Families now have the option to complete the enrollment and registration processes either electronically or via paper packets.
- Lighthouse Academies hired new Family Coordinators at 3 of our 4 schools for the 2021-2022 school year. The Family Coordinators will directly oversee and manage the registration process to ensure student files are complete and contain the required documentation.
- A Regional Family Liaison was hired to support all schools with community outreach and to provide additional support to our families around the registration process and attendance.
- The new hires and existing staff involved in the registration process completed training around the enrollment and registration processes and expectations in July 2021 in preparation for the upcoming school year.

- Lighthouse Academies of Northwest Indiana has hosted multiple in-person registration events for 2021-2022 to support families with the registration process and to collect required documentation prior to the start of the school year.
- Internal student file audits will be completed on an ongoing basis throughout the 2021-2022 school year to ensure accurate student files are maintained at all times.
- Lighthouse Academies hired a new Regional Director of Operations to advise the enrollment and registration processes and ensure all required documentation is on file.

Lighthouse Academies of Northwest Indiana is confident we will maintain complete and accurate records with the new and additional team members, adequate training, additional support to our families, ongoing student file audits, and a clear understanding of required documents.

Credit Card Testing

GLCS did not retain supporting documentation for the entire credit card charge in for at least one (1) purchase on four (4) of the five (5) credit card statements tested.

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

<u>Response:</u> Of the 4 credit card statements that were found to have missing documentation, 3 of the 4 were missing just 1 receipt. Furthermore, that one receipt was for the same recurring charge for each month. Management agrees that keeping proper documentation for all credit card transactions is vital and has been working to refine its credit card procedures to ensure that receipts or other documentation are kept for all credit card transactions. Management is in the process of updating the fiscal policies to ensure they are not only strong, but also include procedures that can be regularly followed. Lighthouse Academies has also hired 4th Sector Solutions to manage its finances. 4th Sector has an extensive staff with years of experience and a proven track record of sound financial management. 4th Sector will assist with updating the financial policies and ensure they are followed. All credit card transactions will be entered into the payables software, Avid Exchange. Receipts or other supporting documentation must be included with the record. Supervisors should not approve transactions without sufficient backup. 4th Sector solutions will also confirm backup is attached during their part of the review process. Each month 4th Sector Solutions will also reconcile the credit card statements monthly which can also serve as a final check for documentation.

Management appreciates this review and believes they have instituted sufficient procedures to ensure this issue is rectified moving forward.

Sincerely,

Alyse Nicholson

Alyse Nicholson

Director, Regional Operations

Mays Community Academy

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
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YEARS ENDED JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy
Mays, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Rush County Schools, Incorporated dba: Mays Community Academy, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Rush County Schools, Incorporated dba: Mays Community Academy as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

The supplementary information is presented for the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 7, 2022

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 46,413	$ 58,511
Grants Receivable	130,046	111,325
Total Current Assets	176,459	169,836
PROPERTY AND EQUIPMENT		
Land	88,400	88,400
Buildings and Improvements	621,588	605,875
Furniture and Equipment	279,804	279,804
Software and Textbooks	90,082	90,082
Vehicles	5,000	5,000
Less: Accumulated Depreciation	(349,013)	(290,685)
Property and Equipment, Net	735,861	778,476
OTHER ASSETS		
Security Deposit	3,900	3,900
Total Assets	$ 916,220	$ 952,212
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lines of Credit	$ 386,653	$ 157,305
Current Portion of Notes Payable	78,082	78,082
Accounts Payable and Accrued Expenses	120,716	120,960
Total Current Liabilities	585,451	356,347
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	266,464	340,496
Loan Payable Under Paycheck Protection Program	-	243,954
Total Long-Term Liabilities	266,464	584,450
Total Liabilities	851,915	940,797
NET ASSETS WITHOUT DONOR RESTRICTIONS	64,305	11,415
Total Liabilities and Net Assets	$ 916,220	$ 952,212

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 1,522,803	$ 1,721,205
Grant Revenue	842,436	763,364
Student Fees	63,209	43,512
Contributions	7,336	3,353
Fundraising and Other Income	61,124	58,680
Gain on Extinguishment of Payroll Protection Program Loan	243,954	-
Total Revenue and Support	2,740,862	2,590,114
EXPENSES		
Program Services	2,001,569	1,936,664
Management and General	686,403	777,955
Total Expenses	2,687,972	2,714,619
CHANGE IN NET ASSETS	52,890	(124,505)
Net Assets - Beginning of Year	11,415	135,920
NET ASSETS - END OF YEAR	$ 64,305	$ 11,415

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 939,494	$ 305,275	$ 1,244,769	$ 979,822	$ 367,325	$ 1,347,147
Employee Benefits	284,327	90,739	375,066	292,459	134,254	426,713
Staff Development	5,544	-	5,544	37,125	-	37,125
Professional Services	86,943	185,085	272,028	67,334	157,447	224,781
Repairs and Maintenance	-	13,711	13,711	-	39,241	39,241
Authorizer Oversight Fees	-	39,850	39,850	-	37,111	37,111
Food Costs	68,637	-	68,637	81,951	-	81,951
Transportation	207,397	1,281	208,678	232,145	215	232,360
Information Technology	79,474	-	79,474	23,211	-	23,211
Advertising	-	370	370	-	44	44
Classroom, Kitchen, and Office Supplies	208,286	12,519	220,805	83,249	9,484	92,733
Occupancy	53,133	-	53,133	54,219	-	54,219
Depreciation	58,328	-	58,328	74,269	-	74,269
Interest	-	25,507	25,507	-	28,254	28,254
Insurance	2,500	-	2,500	2,500	-	2,500
Other	7,506	12,066	19,572	8,380	4,580	12,960
Total Functional Expenses	$ 2,001,569	$ 686,403	$ 2,687,972	$ 1,936,664	$ 777,955	$ 2,714,619

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 52,890	$ (124,505)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	58,328	74,269
Gain on Extinguishment of Payroll Protection Program Loan	(243,954)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(18,721)	(17,040)
Accounts Payable and Accrued Expenses	(244)	(9,270)
Net Cash Used by Operating Activities	(151,701)	(76,546)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(15,713)	(109,735)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Lines of Credit, Net	229,349	37,105
Proceeds from Notes Payable	-	702,974
Repayment of Notes Payable	(74,033)	(885,683)
Proceeds from Loan Payable Under Paycheck Protection Program	-	243,954
Net Cash Provided by Financing Activities	155,316	98,350
NET CHANGE IN CASH	(12,098)	(87,931)
Cash - Beginning of Year	58,511	146,442
CASH - END OF YEAR	$ 46,413	$ 58,511
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 25,507	$ 28,254

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Northern Rush County Schools, Incorporated dba: Mays Community Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School is sponsored by Ball State University and operates a public charter school established under Indiana Code 20-24. The School served approximately 184 and 220 students during the years ended June 30, 2021 and 2020, respectively, in grades kindergarten through eight.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic School year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021 and 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees, fundraising, and other income is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service is performed is reported as deferred revenue in the statement of financial position. As of June 30, 2021 and 2020, the School did not have any such deferred revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

The School receives income from contributions and grants that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The School did not have any net assets with donor restrictions as of June 30, 2021 and 2020.

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. There were no cash equivalents at June 30, 2021 and 2020.

Grants Receivable

Grants receivable relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Taxes on Income

Northern Rush County Schools, Incorporated has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2016 are open to audit for both federal and state purposes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $500 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:

Buildings and Improvements	7 to 40 Years
Furniture and Equipment	5 to 10 Years
Software and Textbooks	3 to 5 Years
Vehicles	10 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Going Concern Considerations

The accompanying financial statements have been prepared assuming the School will continue as a going concern. As of June 30, 2021, the School's current liabilities are greater than current assets by approximately $409,000. A majority of the balance in accounts payable and accrued expenses represents current payroll and future payroll to fulfill School year teaching contracts, totaling approximately $102,000. The remainder of current liabilities is related to the line of credit which currently has a maturity date of October 2022. The School also had a negative cash flow from operating activities for both fiscal year 2020 and 2021. If this trend continues, these factors could threaten the School's ability to continue as a going concern.

The School's management is aware of the negative financial results presented in the previous paragraph and has taken the following measures to improve its finances. The School has focused its efforts on enrollment. The School has also worked with its management company to develop a budget for fiscal year 2022 that will allow the School to meet its current and upcoming obligations and strengthen its net asset position. This budget includes revenue from additional funding sources as a result of the School's focused efforts on identifying and securing additional grant opportunities.

Subsequent Events

The School evaluated subsequent events through January 7, 2022, 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events (Continued)

Subsequent to year-end, the School was awarded approximately $66,000 in Coronavirus Aid, Relieve and Economic Security (CARES) Act funding.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2021	2020
Note payable to FCN Bank with monthly installments of $3,298 including interest at 6.25% annum, maturing in July 2024.	$ 110,796	$ 142,328
Note payable to Indiana State Board of Education, payable $21,250 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, maturing in July 2026.	233,750	276,250
Total	344,546	418,578
Less: Current Portion	(78,082)	(78,082)
Long-Term Portion	$ 266,464	$ 340,496

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

Year Ending June 30,	Amount
2022	$ 78,082
2023	78,082
2024	78,082
2025	46,550
2026	63,750
Total	$ 344,546

NOTE 3 DEBT EXTINGUISHMENT

On April 15, 2020, the School received proceeds in the amount of $243,954 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan was formally forgiven by the U.S. Small Business Administration (SBA) on April 5, 2021. Accordingly, the School recognized a gain on the extinguishment of debt of $243,954 during the year ended June 30, 2021. This amount is included in the accompanying statement of activities.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 4 LINES OF CREDIT

During the year ended June 30, 2019, the School entered into two line of credit arrangements with FCN Bank. The first line of credit has a $300,000 borrowing capacity and incurred interest at 6.5% per annum, maturing October 2019. This was extended to October 2022 with an interest rate of 5%. The second line of credit has a $120,000 borrowing capacity and incurred interest at 6.5% per annum, maturing August 2019. This was extended to October 2022 with an interest rate of 4.5%. The balance of the lines of credit as of June 30, 2021 and 2020 was $386,653 and $157,305, respectively.

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. For the years ended June 30, 2021 and 2020, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2020 (the latest year reported), TRF and PERF were approximately 90% and 102% funded, respectively. The School's total retirement expense was $43,396 and $76,192 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $39,850 and $37,111 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2023, and is renewable thereafter by mutual consent.

The School contracted with Indiana Charters LLC, a for-profit organization incorporated in the state of Indiana, to perform data management, financial, administrative, and general operational support services. Expenses under this contract were $81,825 and $75,836 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Rush 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. Any changes in state or federal legislation could significantly impact 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at FCN Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition funding. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable which total $176,459 and $169,836 in 2021 and 2020, respectively.

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. In addition, the School has a $33,347 and $149,947 line of credit available as of June 30, 2021 and 2020, respectively.

NOTE 9 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories is required.

NOTE 10 RELATED PARTY TRANSACTIONS

The School contracts with a transportation company that is owned by the husband of the Board Treasurer. The School uses the transportation company for busing services and also employs two relatives of the Board Treasurer. Expenses under this relationship during the years ended June 30, 2021 and 2020 were $192,592 and $158,432, respectively, for transportation and $10,769 and $70,599, respectively, for labor.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Northern Rush County Schools, Incorporated
dba: Mays Community Academy

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*.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 46,413	$ -	$ -	$ 46,413
Grants Receivable	130,046	-	-	130,046
Due from Pre-K	16,992	-	(16,992)	-
Total Current Assets	193,451	-	(16,992)	176,459
PROPERTY AND EQUIPMENT				
Land	88,400	-	-	88,400
Buildings and Improvements	621,588	-	-	621,588
Furniture and Equipment	279,804	-	-	279,804
Software and Textbooks	90,082	-	-	90,082
Vehicles	5,000	-	-	5,000
Less: Accumulated Depreciation	(349,013)	-	-	(349,013)
Property and Equipment, Net	735,861	-	-	735,861
OTHER ASSETS				
Security Deposit	3,900	-	-	3,900
Total Assets	$ 933,212	$ -	$ (16,992)	$ 916,220
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Lines of Credit	$ 386,653	$ -	$ -	$ 386,653
Current Portion of Notes Payable	78,082	-	-	78,082
Accounts Payable and Accrued Expenses	120,716	-	-	120,716
Due to Charter School	-	16,992	(16,992)	-
Total Current Liabilities	585,451	16,992	(16,992)	585,451
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	266,464	-	-	266,464
Total Liabilities	851,915	16,992	(16,992)	851,915
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	81,297	(16,992)	-	64,305
Total Liabilities and Net Assets	$ 933,212	$ -	$ (16,992)	$ 916,220

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,522,803	$ -	$ 1,522,803
Grant Revenue	838,228	4,208	842,436
Student Fees	13,689	49,520	63,209
Contributions	7,336	-	7,336
Fundraising and Other Income	56,853	4,271	61,124
Gain on Extinguishment of Payroll Protection Program Loan	243,954	-	243,954
Total Revenue and Support	2,682,863	57,999	2,740,862
EXPENSES			
Program Services	1,942,571	58,998	2,001,569
Management and General	686,403	-	686,403
Total Expenses	2,628,974	58,998	2,687,972
CHANGE IN NET ASSETS	53,889	(999)	52,890
Net Assets - Beginning of Year	27,408	(15,993)	11,415
NET ASSETS (DEFICIT) - END OF YEAR	$ 81,297	$ (16,992)	$ 64,305

SUPPLEMENTAL AUDIT REPORT

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY

RUSH COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

WEALTH ADVISORY | OUTSOURCING
AUDIT, TAX, AND CONSULTING

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NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2020 TO JUNE 30, 2021

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
Board President	Nansi Custer	07/01/2020 – 06/30/2021
Board Treasurer	Marcia Schwering	07/01/2020 – 06/30/2021
Principal	Shannon New	07/01/2020 – 06/30/2021
Principal	Lauren Yoke	09/15/2021 – Present

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Rush County Schools, Inc.
DBA: Mays Community Academy
Mays, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Northern Rush County Schools, Inc. d/b/a Mays Community Academy, as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon dated January 7, 2022. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 7, 2022

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2020 TO JUNE 30, 2021

No findings noted for the period of July 1, 2020 to June 30, 2021.

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed with Nansi Custer, Board President, Marcia Schwering, Board Treasurer, and Kevin Davis, Indiana Charters, on December 10, 2021.

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2020 TO JUNE 30, 2021

No findings noted for the period of July 1, 2020 to June 30, 2021.

Neighbors' New Vistas High School

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

We have audited the accompanying financial statements of Neighbors' Educational Opportunities, Inc. (the Corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighbors' Educational Opportunities, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The supplementary information is presented for the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 15, 2021

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 399,891	$ 257,924
Grants Receivable	221,967	115,494
Other Receivables	3,112	6,483
Total Current Assets	624,970	379,901
PROPERTY AND EQUIPMENT		
Land	835,000	835,000
Buildings and Improvements	3,995,999	3,995,999
Furniture and Equipment	547,244	457,844
Less: Accumulated Depreciation	(969,143)	(792,297)
Property and Equipment, Net	4,409,100	4,496,546
OTHER ASSETS		
Security Deposit	10,833	11,910
Total Assets	$ 5,044,903	$ 4,888,357
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 294,052	$ 360,980
Accounts Payable and Accrued Expenses	128,293	140,210
Security Deposit	2,882	2,882
Total Current Liabilities	425,227	504,072
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	3,463,832	3,585,679
Loan Payable Under Paycheck Protection Program	312,200	321,700
Total Long-Term Liabilities	3,776,032	3,907,379
Total Liabilities	4,201,259	4,411,451
NET ASSETS		
Without Donor Restrictions	843,644	476,906
Total Liabilities and Net Assets	$ 5,044,903	$ 4,888,357

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 1,407,718	$ 1,691,191
Grant Revenue	1,066,286	865,021
Student Fees	25,927	33,382
Rental Income	47,568	46,710
Contributions	66,465	26,096
Payroll Protection Program Income	321,700	-
Fundraising and Other Income	115,615	61,855
Total Revenue and Support	3,051,279	2,724,255
EXPENSES		
Program Services	1,977,559	1,910,489
Management and General	706,982	765,040
Total Expenses	2,684,541	2,675,529
CHANGE IN NET ASSETS	366,738	48,726
Net Assets - Beginning of Year	476,906	428,180
NET ASSETS - END OF YEAR	$ 843,644	$ 476,906

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,108,990	$ 347,685	$ 1,456,675	$ 1,052,216	$ 393,707	$ 1,445,923
Employee Benefits	132,869	67,385	200,254	145,537	66,589	212,126
Staff Development	-	-	-	31,640	-	31,640
Authorizer Oversight Fees	-	38,359	38,359	-	48,173	48,173
Educational Content	48,572	-	48,572	66,159	-	66,159
Food Costs	17,277	-	17,277	30,953	-	30,953
Equipment	53,153	-	53,153	33,910	-	33,910
Classroom Office Supplies	27,223	12,480	39,703	50,754	7,939	58,693
Professional Services	111,458	54,170	165,628	96,426	34,021	130,447
Occupancy	110,314	-	110,314	104,907	-	104,907
Contracted IT Services	79,832	-	79,832	76,436	-	76,436
Travel	203	3,974	4,177	6	2,306	2,312
Insurance	-	24,398	24,398	-	23,130	23,130
Advertising	-	16,775	16,775	-	9,772	9,772
Depreciation	176,846	-	176,846	176,846	-	176,846
Interest	1,801	133,195	134,996	-	172,307	172,307
Other	109,021	8,561	117,582	44,699	7,096	51,795
Total Functional Expenses	$ 1,977,559	$ 706,982	$ 2,684,541	$ 1,910,489	$ 765,040	$ 2,675,529

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 366,738	$ 48,726
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	176,846	176,846
Gain on Extinguishment of Debt	(321,700)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(106,473)	(48,007)
Other Receivables and Security Deposit	4,448	38,129
Accounts Payable and Accrued Expenses	(11,917)	(17,436)
Net Cash Provided by Operating Activities	107,942	198,258
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(89,400)	(53,945)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	312,200	321,700
Principal Payments of Notes Payable	(188,775)	(271,790)
Net Cash Provided by Financing Activities	123,425	49,910
NET CHANGE IN CASH	141,967	194,223
Cash - Beginning of Year	257,924	63,701
CASH - END OF YEAR	$ 399,891	$ 257,924
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 134,996	$ 159,492

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Neighbors' Educational Opportunities, Inc. (the Corporation) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The Corporation operates a public alternative charter high school established under Indiana Code 20-24 that served approximately 219 students during 2020-2021. The Corporation also operates a comprehensive adult education program and an official testing site for the State of Indiana's High School Equivalency diploma.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the Corporation receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the Corporation's revenue is the product of cost reimbursement grants. Therefore, the Corporation recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the Corporation does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income

Rentals income is recognized when the rental event takes place and/or time period occurs.

Cash and Cash Equivalents

Cash equivalents include money market funds and time deposits with maturities of three months or less at the date of purchase.

Grants Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The Corporation believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable, included in other receivables, relate to unpaid student fees from the 2020-2021 school year. The Corporation believes that all balances will be collected.

Security Deposits

Security deposits consist of required deposits made with the local utility companies.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $1,000 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:

Buildings and Improvements	37.5 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

On an ongoing basis, the Corporation reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Corporation recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The Corporation has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Corporation would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the Corporation to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Corporation has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the Corporation are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Corporation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The Corporation evaluated subsequent events through November 15, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2021	2020
Note payable to Indiana State Board of Education, payable $57,633 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, due July 2026	$ 831,252	$ 982,389
Note payable to 1st Source Bank, payable in monthly installments $21,230 including interest at 4.25% per annum, with a balloon payment due March 2026, secured by mortgage on Corporation facilities.	2,776,732	2,964,270
EIDL note payable to 1st Source Bank, payable in monthly installments, beginning in September 2022, of $641 including interest at 2.75% per annum, due September 2051, secured by property owned by Corporation	149,900	-
Total	3,757,884	3,946,659
Less: Current Portion	(294,052)	(360,980)
Long-Term Portion	$ 3,463,832	$ 3,585,679

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

Year Ending June 30,	Amount
2022	$ 294,052
2023	300,809
2024	307,238
2025	313,945
2026	2,334,789
Thereafter	207,051
Total	$ 3,757,884

NOTE 3 LOAN PAYABLE UNDER THE PAYCHECK PROTECTION PROGRAM

In February of 2021, the Corporation received a second round of the payroll protection program loan from 1st Source Bank in the amount of $312,200, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Corporation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Corporation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2021, principal and interest payments will be required through the maturity date in April 2022.

NOTE 4 LEASES

The Corporation leases equipment under operating lease agreements that expire in 2023 and 2025. Expense under these operating leases was $28,418 and $24,890 for the years ended June 30, 2021 and 2020, respectively.

A schedule of minimum lease obligations are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 27,538
2023	27,538
2024	17,824
2025	2,161
2026	-
Total	$ 75,061

NOTE 5 RETIREMENT PLAN

The Corporation provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are a cost-sharing multiple-employer defined benefit retirement plan 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. For the years ended June 30, 2021 and 2020, the Corporation contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the Corporation elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The Corporation's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2020 (the latest year reported), TRF and PERF were approximately 101% and 83% funded, respectively.

The Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 18 years of age and have at least 30 days of employment. There is no provision for an employer match.

Retirement plan expenses totaled $35,927 and $37,110 during the years ended June 30, 2021 and 2020, respectively.

NOTE 6 COMMITMENTS

The Corporation operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the Corporation has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $38,359 and $48,173 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

The Corporation provides educational instruction services to families residing in Porter 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. Any changes in state or federal legislation could significantly impact the Corporation. Additionally, the Corporation is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the Corporation.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, 98% and 95% of the receivable balance was due from the state of Indiana, respectively.

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

The Corporation primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, the Corporation has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the Corporation, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results. During the 2020-2021 school year, the Corporation operated using a hybrid model allowing students to learn both remotely and in person. Management believes the Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the Corporation is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the Corporation include cash, grants, and student fees receivable. Financial assets available at June 30, 2021 and 2020 were $624,970 and $379,901, respectively.

From time to time, the Corporation receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Corporation 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 Corporation’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.

NOTE 9 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 Corporation has 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 is required.

NOTE 10 EXTINGUISHMENT OF DEBT

In April 2020, the Corporation received proceeds in the amount of $321,700 to fund payroll, rent, and utilities through the Paycheck Protection Program (the "PPP Loan"). The PPP loan was formally forgiven by the U.S. Small Business Administration (SBA) in November of 2020. Accordingly, the Corporation recognized a gain on the extinguishment of debt of $321,700 during the year ended June 30, 2021. This amount is included in income on the accompanying statement of income.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Corporation's financial position.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 319,106	$ 80,785	$ 399,891
Grants Receivable	92,825	129,142	221,967
Other Receivables	1,455	1,657	3,112
Interfund Receivable	76,793	-	76,793
Total Current Assets	490,179	211,584	701,763
PROPERTY AND EQUIPMENT			
Land	835,000	-	835,000
Buildings and Improvements	3,995,999	-	3,995,999
Furniture and Equipment	525,902	21,342	547,244
Less: Accumulated Depreciation	(969,143)	-	(969,143)
Property and Equipment, Net	4,387,758	21,342	4,409,100
OTHER ASSETS			
Security Deposit	10,833	-	10,833
Total Assets	$ 4,888,770	$ 232,926	$ 5,121,696
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current Portion of Notes Payable	$ 294,052	$ -	$ 294,052
Accounts Payable and Accrued Expenses	127,861	432	128,293
Interfund Payable	-	76,793	76,793
Short-Term Note Payable	2,882	-	2,882
Total Current Liabilities	424,795	77,225	502,020
LONG-TERM LIABILITIES			
Notes Payable, Net of Current Portion	3,473,547	(9,715)	3,463,832
Loan Payable Under Paycheck Protection Program	312,200	-	312,200
Total Long-Term Liabilities	3,785,747	(9,715)	3,776,032
Total Liabilities	4,210,542	67,510	4,278,052
NET ASSETS			
Without Donor Restrictions	678,228	165,416	843,644
Total Liabilities and Net Assets	$ 4,888,770	$ 232,926	$ 5,121,696

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,407,718	$ -	$ 1,407,718
Grant Revenue	608,780	457,506	1,066,286
Student Fees	22,109	3,818	25,927
Rental Income	47,568	-	47,568
Contributions	66,465	-	66,465
Fundraising and Other Income	6,594	109,021	115,615
Total Revenue and Support	2,480,934	570,345	3,051,279
EXPENSES			
Program Services	1,629,368	348,191	1,977,559
Management and General	582,503	124,479	706,982
Total Expenses	2,211,871	472,670	2,684,541
CHANGES IN NET ASSETS	269,063	97,675	366,738
Net Assets - Beginning of Year	409,165	67,741	476,906
NET ASSETS - END OF YEAR	$ 678,228	$ 165,416	$ 843,644

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Neighbors' Educational Opportunities, 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*.

SUPPLEMENTAL AUDIT REPORT

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
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JULY 1, 2020 TO JUNE 30, 2021

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
President, Board of Directors	Deborah Birch	07/01/20 - 06/30/21
Executive Director	Rebeca Reiner	07/01/20 - 06/30/21
Business Manager	Jennifer Jennings	07/01/20 - 06/30/21

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

School Officials
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

We have audited the financial statements of Neighbors' Educational Opportunities, Inc. (the School) as of and for the year ended June 30, 2021 and have issued our report thereon dated November 15, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 15, 2021

GENERAL DISBURSEMENTS TESTING

Six (6) of the forty (40) disbursements selected for testing included payment of sales tax.

The charter school must establish procedures to review invoices before payment is made to ensure there is no sales tax included. (*Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*, Part 2)

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed with management on November 10, 2021.

NEO
Neighbors' Educational Opportunities

5201 US Highway 6 Portage, IN 46368 219.850.4448 www.neoadulted.org

November 11, 2020

To Whom It May Concern:

In response to the 2021 Financial Audit conducted by CliftonLarsonAllen LLP in October 2021, Neighbors' Educational Opportunities (NEO) will take the following steps to ensure that no sales tax is included on invoices:

1. NEO's Executive Director will ensure that NEO's policies and procedures regarding purchasing and reimbursement clearly conveys information NEO not reimbursing for sales tax, except in rare situations that cannot be avoided

2. NEO's Business Manager will review NEO's vendor account to ensure that we have submitted proper paperwork to ensure our tax-exempt status

3. NEO's Business Manager will review all invoices prior to paying them to make sure sales tax is not included

Sincerely,

Rebecca Reiner

Rebecca Reiner, NEO Executive Director

Renaissance Academy Charter School

RENAISSANCE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2021 AND 2020

RENAISSANCE ACADEMY, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

We have audited the accompanying financial statements of Renaissance Academy, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renaissance Academy, Inc. as of June 30, 2021 and 2020, and the change in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

The supplementary information is presented for the 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 20, 2021

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 673,627	$ 492,767
Grants Receivable	204,875	179,269
Other Receivables, Net of Allowance for Doubtful Accounts	59,669	92,255
Prepaid Expenses and Other Assets	300	1,765
Total Current Assets	938,471	766,056
PROPERTY AND EQUIPMENT		
Land	355,346	355,346
Buildings and Improvements	777,541	767,281
Leasehold Improvements	649,329	649,329
Furniture and Equipment	174,472	174,472
Vehicles	57,916	57,916
Textbooks	33,712	33,712
Less: Accumulated Depreciation	(894,217)	(816,261)
Property and Equipment, Net	1,154,099	1,221,795
Total Assets	$ 2,092,570	$ 1,987,851
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 67,160	$ 67,160
Accounts Payable and Accrued Expenses	95,975	87,771
Deferred Revenue	83,924	72,181
Total Current Liabilities	247,059	227,112
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	612,632	650,181
Total Liabilities	859,691	877,293
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,232,879	1,110,558
Total Liabilities and Net Assets	$ 2,092,570	$ 1,987,851

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS		
State Education Support	$ 1,561,202	$ 1,502,110
Grant Revenue	542,007	451,867
Student Fees	98,664	186,876
Fundraising and Other Income	5,539	34,094
Other Income	22,656	36,878
Total Revenue and Support, Without Donor Restrictions	2,230,068	2,211,825
EXPENSES		
Program Services	1,319,556	1,245,273
Management and General	788,191	794,738
Total Expenses	2,107,747	2,040,011
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	122,321	171,814
Net Assets Without Donor Restrictions - Beginning of Year	1,110,558	938,744
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,232,879	$ 1,110,558

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 727,454	$ 415,601	$ 1,143,055	$ 699,053	$ 417,106	$ 1,116,159
Employee Benefits	214,212	139,651	353,863	176,983	158,308	335,291
Professional Services	3,223	25,024	28,247	2,389	18,253	20,642
Staff Development and Recruitment	543	-	543	17,810	-	17,810
Authorizer Oversight Fees	-	45,036	45,036	-	43,248	43,248
Food Costs	4,951	-	4,951	17,244	-	17,244
Classroom, Kitchen, and Office Supplies	67,553	23,840	91,393	36,767	41,535	78,302
Field Trips and Events	4,260	-	4,260	16,574	-	16,574
Occupancy	176,854	-	176,854	151,506	-	151,506
Repairs and Maintenance	41,870	-	41,870	37,497	-	37,497
Information Technology	-	32,203	32,203	-	10,997	10,997
Depreciation	77,956	-	77,956	82,768	-	82,768
Insurance	-	38,627	38,627	-	37,371	37,371
Interest	-	29,611	29,611	-	28,830	28,830
Transportation	680	-	680	5,190	-	5,190
Bad Debt	-	20,000	20,000	-	11,060	11,060
Other	-	18,598	18,598	1,492	28,030	29,522
Total Functional Expenses	$ 1,319,556	$ 788,191	$ 2,107,747	$ 1,245,273	$ 794,738	$ 2,040,011

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 122,321	$ 171,814
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	77,956	82,768
Provision for Bad Debts	10,000	10,090
Changes in Operating Assets and Liabilities:		
Grants Receivable	(25,606)	(130,901)
Other Receivables	22,586	(26,407)
Prepaid Expenses	1,465	6,557
Accounts Payable and Accrued Expenses	8,204	(9,156)
Deferred Revenue	11,743	6,811
Net Cash Provided by Operating Activities	228,669	111,576
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(10,260)	(52,963)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(37,549)	(610,569)
Proceeds from Borrowings	-	877,525
Net Cash Provided (Used) by Financing Activities	(37,549)	266,956
NET CHANGE IN CASH	180,860	325,569
Cash - Beginning of Year	492,767	167,198
CASH - END OF YEAR	$ 673,627	$ 492,767
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 29,611	$ 28,830

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Renaissance Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School served approximately 246 students in grades kindergarten to eight during the 2020-2021 School year (243 during the 2019-2020 School year). The School also provides an early childhood education program for children ages three and four on a fee basis.

Revenue Recognition

Revenues generally come from resources provided under the Indiana Charter Schools Act (the Act). Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and is paid in monthly installments in July through June coinciding with the academic School year. Revenue is recognized in the year in which the educational services are rendered.

A 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021 and 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statement of financial position. As of June 30, 2021, 2020, and 2019, the School has $59,669, $92,255, and $75,938, respectively, of accounts receivable from student fees, net of allowance for doubtful accounts. Amounts received prior to service is performed are reported as deferred revenues in the statement of financial position. As of June 30, 2021, 2020 and 2019, the School has $83,924, $72,181 and $65,370, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

NOTE 1 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. There were no cash equivalents at June 30, 2021 and 2020.

Grants and Other Receivables

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such, no allowance for doubtful accounts is deemed necessary with regard to such receivables. Other receivables include student and preschool fees and are reviewed for collectability on an annual basis. The accompanying statements of financial position reflect allowances for doubtful accounts of $41,875 and $44,204 as of June 30, 2021 and 2020, respectively.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs and minor replacement costs 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:

Buildings and Improvements	39 Years
Leasehold Improvements	5 to 15 Years
Furniture and Equipment	3 to 7 Years
Vehicles	5 Years
Textbooks	3 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Deferred Revenue

Deferred revenue consists of enrollment fees and materials and supplies fees received as part of the enrollment process for the subsequent academic School year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

Renaissance Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2017 are open to audit for both federal and state purposes.

Recently Issued Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases.* The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The School is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The School evaluated subsequent events through December 20, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June:

Description	2021	2020
Mortgage note payable to 1st Source Bank, payable in monthly installments of $4,532, including interest at 5.55% per annum through September 2019. The note was refinanced with 1st Source Bank in October 2019, monthly installments of $5,597, including interest at 4.17% per annum through September 2024. The School drew additional proceeds of $327,681 to be used for loan closing costs, facility and grounds improvements, and operations.	$ 679,792	$ 717,341
Less: Current Portion	(67,160)	(67,160)
Long-Term Portion	$ 612,632	$ 650,181

Principal maturities of notes payable, after the October 2019 refinancing and including the additional loan proceeds, are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 67,160
2023	67,160
2024	67,160
2025	67,160
2026	411,152
Total	$ 679,792

NOTE 3 RELATED PARTY LEASE

The School leases a portion of the School facilities from V&K, LLC under a 10-year lease that ends June 30, 2027. The lease is accounted for as an operating lease. V&K, LLC is owned by Kieran McHugh and Vicki McHugh, both of whom are employees of the School. Under the lease agreement, monthly base rent is $8,191 (adjusted annually by the rate of inflation, as defined) and the School is responsible for all utilities and insurance on the contents. Expense under this lease was $102,315 and $93,282 for the years ended June 30, 2021 and 2020, respectively.

NOTE 3 RELATED PARTY LEASE (CONTINUED)

Future minimum lease obligations under this lease (ignoring the annual rate of inflation adjustment) are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 98,292
2023	98,292
2024	98,292
2025	98,292
2026	98,292
Thereafter	196,584
Total	$ 688,044

NOTE 4 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition payments received. Expense under this charter agreement was $45,036 and $43,248 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

NOTE 5 RETIREMENT PLANS

Retirement benefits for School employees 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 by the INPRS Board. Under the plans, the School contributed 5.5% of compensation for eligible teaching faculty to TRF and 11.2% of compensation for other eligible employees to PERF. 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, 2020 (the latest year reported), both TRF and PERF were more than 90% funded.

In addition, the school has a 401k program for eligible employees. Under the plan, the School matches 100% of employee contributions up to 4%.

Total retirement plan expense was $90,322 and $92,538 for the years ended June 30, 2021 and 2020, respectively.

NOTE 6 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in LaPorte 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 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, substantially all of the grants receivable balance was due from the state of Indiana. All cash deposits are maintained at 1st Source Bank and are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance up to the legal limit.

The Coronavirus Disease (COVID-19) pandemic continues to have significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including operating virtually for some periods of time. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash, grants receivable, and other receivables, net of allowance for doubtful accounts. Financial assets at June 30, 2021 and 2020 total $938,171 and $764,291, respectively, all of which are available to meet cash needs for general expenditures within a year.

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to is 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.

NOTE 8 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statement of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 492,686	$ 180,941	$ -	$ 673,627
Grants Receivable	204,875	-	-	204,875
Other Receivables, Net of Allowance for Doubtful Accounts	20,467	39,931	(729)	59,669
Prepaid Expenses	300	-	-	300
Total Current Assets	718,328	220,872	(729)	938,471
PROPERTY AND EQUIPMENT				
Land	355,346	-	-	355,346
Buildings and Improvements	777,541	-	-	777,541
Leasehold Improvements	649,329	-	-	649,329
Furniture and Equipment	174,472	-	-	174,472
Vehicles	-	57,916	-	57,916
Textbooks	33,712	-	-	33,712
Less: Accumulated Depreciation	(837,009)	(57,208)	-	(894,217)
Property and Equipment, Net	1,153,391	708	-	1,154,099
Total Assets	$ 1,871,719	$ 221,580	$ (729)	$ 2,092,570
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 67,160	$ -	$ -	$ 67,160
Accounts Payable and Accrued Expenses	95,975	729	(729)	95,975
Deferred Revenue	57,110	26,814	-	83,924
Total Current Liabilities	220,245	27,543	(729)	247,059
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	612,632	-	-	612,632
Total Liabilities	832,877	27,543	(729)	859,691
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,038,842	194,037	-	1,232,879
Total Liabilities and Net Assets	$ 1,871,719	$ 221,580	$ (729)	$ 2,092,570

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,561,202	$ -	$ 1,561,202
Grant Revenue	542,007	-	542,007
Student Fees	48,557	50,107	98,664
Fundraising and Other Income	5,539	-	5,539
Other Income	22,656	-	22,656
Total Revenue and Support	2,179,961	50,107	2,230,068
EXPENSES			
Program Services	1,277,096	42,460	1,319,556
Management and General	749,815	38,376	788,191
Total Expenses	2,026,911	80,836	2,107,747
CHANGE IN NET ASSETS	153,050	(30,729)	122,321
Net Assets - Beginning of Year	885,792	224,766	1,110,558
NET ASSETS - END OF YEAR	$ 1,038,842	$ 194,037	$ 1,232,879

RENAISSANCE ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Renaissance Academy, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

SUPPLEMENTAL AUDIT REPORT

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA

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JULY 1, 2020 TO JUNE 30, 2021

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
President of Board of Directors	Ann Bates	07/01/20 – 06/30/21
Head of School	Kieran McHugh	07/01/20 – 06/30/21
Administrator	Lori Gayheart	07/01/20 – 06/30/21

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Renaissance Academy, Inc. (the School), as of and for the year ended June 30, 2021, and have issued our report thereon dated December 20, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 20, 2021

VENDOR DISBURSEMENTS TESTING

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. There were five (5) instances of the forty (40) selections where the School paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed with Kieran McHugh (Head of School), Lori Gayheart (Administrator), Tina Bushue (Accountant), and Jack Stewart (Vice President of the Board) on December 17, 2021. The officials concurred with our audit finding. The Official Response has been made part of this report and may be found on page 5.

RENAISSANCE
ACADEMY

SUPPLEMENTAL AUDIT REPORT RESPONSES

VENDOR DISBURSEMENTS TESTING

The guidance from SBOA regarding sales tax indicates that Charter schools are eligible for exemption on sales tax, and if it is paid erroneously, there is a process to request a refund. While for obvious reasons, not paying sales tax is typically the preferred practice, nothing in that guidance seems to suggest that it is a requirement that Charter schools do this.

All Renaissance employees are instructed to use the tax-exempt certificate when making purchases on behalf of the school. However, sometimes, especially when the process of obtaining the ability to purchase tax-exempt from some vendors is very time consuming and/or cumbersome, they do not. Often, vendors that make tax-exempt purchasing an easier process charge more for the product, service, or delivery than those that do not, making it more fiscally responsible to pay the sales tax those instances. In addition, it is beneficial due to limited school resources such as time and money to have salaried staff share in the burden of researching, selecting, and then purchasing approved classroom and school supplies. They most often do this on their own time. Failing to reimburse the full amount paid on the occasion that it happens that the purchase is not made tax-exempt will lead to staff being unwilling to make purchases on behalf of the school or choose the lowest price available when doing so. Renaissance will continue to ask staff to purchase tax exempt and will utilize the refund request process whenever feasible.

Submitted by:

Lori Gayheart

Lori Gayheart
Chief Administrator

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Rock Creek Community Academy

ROCK CREEK COMMUNITY ACADEMY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

ROCK CREEK COMMUNITY ACADEMY, INC.
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YEARS ENDED JUNE 30, 2021 AND 2020

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rock Creek Community Academy, Inc.
Anderson, Indiana

We have audited the accompanying financial statements of Rock Creek Community Academy, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Rock Creek Community Academy, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rock Creek Community Academy, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 27, 2022

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 2,224,974	$ 1,788,579
Cash - Restricted for Construction	3	106,531
Cash - Restricted for Debt Service	1,764,378	1,592,082
Total Cash	3,989,355	3,487,192
Grants Receivable	142,303	16,435
Prepaid Expenses	51,923	16,942
Total Current Assets	4,183,581	3,520,569
PROPERTY AND EQUIPMENT		
Land	1,196,153	1,196,153
Leasehold Improvements	13,375,771	13,185,802
Furniture and Equipment	1,056,593	745,242
Textbooks	441,611	437,573
Less: Accumulated Depreciation	(2,130,629)	(1,716,253)
Property and Equipment, Net	13,939,499	13,848,517
OTHER ASSETS		
Security Deposits	7,714	4,000
Total Assets	$ 18,130,794	$ 17,373,086

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 708,682	$ 264,480
Current Portion of Bonds Payable	205,000	65,000
Current Portion of Capital Leases Payable	70,440	14,988
Accrued Bond Interest Payable	431,484	433,556
Deferred Revenue	166,561	159,447
Student Activity Funds	103,518	111,123
Refundable Advances	6,827	15,374
Total Current Liabilities	1,692,512	1,063,968
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	14,380,000	14,585,000
Plus: Unamortized Premiums on Bonds Payable	115,372	119,606
Less: Unamortized Debt Insurance Costs	(416,966)	(432,267)
Capital Leases Payable, Net of Current Portion	210,904	47,518
Loan Payable Under Payroll Protection Program	-	504,600
Total Long-Term Liabilities	14,289,310	14,824,457
Total Liabilities	15,981,822	15,888,425
NET ASSETS		
Without Donor Restrictions	2,148,972	1,484,661
Total Liabilities and Net Assets	$ 18,130,794	$ 17,373,086

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 4,280,594	$ 3,818,677
Grant Revenue	1,609,716	731,882
Student Fees	295,555	254,963
Contributions	4,254	43,379
Fundraising Income	56,541	9,605
Forgiveness of Payroll Protection Program Loan	504,600	-
Interest Income	98	34,660
Total Revenue and Support	6,751,358	4,893,166
EXPENSES		
Program Services	4,269,740	3,574,503
Management and General	1,817,307	1,157,944
Total Expenses	6,087,047	4,732,447
CHANGE IN NET ASSETS	664,311	160,719
Net Assets Without Donor Restrictions - Beginning of Year	1,484,661	1,323,942
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 2,148,972	$ 1,484,661

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Total
Salaries and Wages	$ 1,982,128	$ 367,416	$ 2,349,544
Employee Benefits	485,852	66,744	552,596
Professional Services	363,590	352,549	716,139
Occupancy	86,754	-	86,754
Classroom, Kitchen, and Office Supplies	344,457	17,390	361,847
Depreciation	414,376	-	414,376
Equipment	248,327	-	248,327
Authorizer Oversight Fees	-	74,648	74,648
Food Costs	133,077	-	133,077
Field Trips	7,164	-	7,164
Insurance	-	32,272	32,272
Repairs and Maintenance	43,728	763	44,491
Advertising	-	4,945	4,945
Staff Development	31,457	-	31,457
Interest	-	870,631	870,631
Other	128,830	29,949	158,779
Total Functional Expenses	$ 4,269,740	$ 1,817,307	$ 6,087,047

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Total
Salaries and Wages	$ 1,766,273	$ 330,650	$ 2,096,923
Employee Benefits	470,104	61,799	531,903
Professional Services	342,643	132,430	475,073
Occupancy	265,578	-	265,578
Classroom, Kitchen, and Office Supplies	223,666	18,910	242,576
Depreciation	243,244	-	243,244
Equipment	65,553	-	65,553
Authorizer Oversight Fees	-	99,675	99,675
Food Costs	71,499	-	71,499
Field Trips	560	-	560
Insurance	-	37,046	37,046
Repairs and Maintenance	46,175	158	46,333
Advertising	-	7,904	7,904
Staff Development	17,711	-	17,711
Interest	-	442,294	442,294
Other	61,497	27,078	88,575
Total Functional Expenses	$ 3,574,503	$ 1,157,944	$ 4,732,447

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 664,311	$ 160,719
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	414,376	243,244
Amortization of Debt Issuance Costs	15,301	15,302
Amortization of Bond Premium	(4,234)	(4,234)
Forgiveness of Payroll Protection Program Loan	(504,600)	-
(Increase) Decrease in Assets:		
Grants Receivable	(125,868)	27,994
Prepaid Expenses	(34,981)	45,313
Security Deposits	(3,714)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	444,202	(39,828)
Student Activity Funds	(7,605)	46,948
Construction Costs Payable	-	(1,272,655)
Accrued Bond Interest Payable	(2,072)	-
Deferred Revenue	7,114	23,489
Refundable Advances	(8,547)	6,786
Net Cash Provided (Used) by Operating Activities	853,683	(746,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(210,957)	(2,857,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Payroll Protection Program	-	504,600
Payments on Bond Payable	(65,000)	-
Payments on Capital Leases	(75,563)	(7,494)
Net Cash Provided (Used) by Financing Activities	(140,563)	497,106
NET CHANGE IN CASH AND RESTRICTED CASH	502,163	(3,106,963)
Cash and Restricted Cash - Beginning of Year	3,487,192	6,594,155
CASH AND RESTRICTED CASH - END OF YEAR	$ 3,989,355	$ 3,487,192
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest, Including Capitalized Interest	$ 872,703	$ 433,556
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Capitalized Interest Included in Construction in Progress	$ -	$ 433,556
Assets Acquired Under Capital Lease	$ 294,401	$ 70,000
Amortization of Premiums on Bonds Payable Included in Construction in Progress	$ -	$ 4,234

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Rock Creek Community Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School, located in Sellersburg, Indiana, provided educational instruction to students in grades kindergarten to twelve, serving approximately 600 students during the 2020 – 2021 school year and approximately 554 students during the 2019 – 2020 school year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021 and 2020, the School had conditional grants it had received advances in excess of expenditures of $6,827 and $15,374, respectively. Accordingly, these amounts have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statement of financial position. As of June 30, 2021, 2020, and 20219, the School did not have any accounts receive from student fees. Amounts received prior to service being performed are reported as deferred revenues in the statement of financial position. As of June 30, 2021, 2020, and 2019, the School has $166,561, $159,447, and $135,958, respectively, of deferred revenue from student fees.

Grants Receivable and Revenue

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, and Fees

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

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. There were no cash equivalents at June 30, 2021 and 2020.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than $5,000 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 and Improvements	40 Years
Leasehold Improvements	5 to 8 Years
Furniture and Equipment	3 to 5 Years
Textbooks	5 Years

Construction in Progress

Construction in progress represents expenditures incurred for construction and development of the new school facility and are carried at cost. Cost includes related acquisition expenses, development/construction costs, and capitalized interest during the construction phase of the project, and other direct expenditures.

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

During the year ended June 30, 2019, the School incurred costs totaling $459,045 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bonds. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization and amortization expense were $42,079 and $15,301 for the year ended June 30, 2021. Accumulated amortization and amortization expense were $26,778 and $15,302 for the year ended June 30, 2020. 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.

Taxes on Income

Rock Creek Community Academy, Inc. has received a determination from the United States Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2018 are open to audit for both federal and state purposes.

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The School is evaluating the effects of this new standard.

Subsequent Events

The School evaluated subsequent events through January 27, 2022, 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.

In July 2021, the School entered into a lease agreement for computer equipment requiring $5,118 monthly payments for 48 months.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In September 2021, the School reached a litigation settlement and was required to pay $190,000, which was paid in November 2021. This has been included in accrued expenses as of June 30, 2021.

NOTE 2 RESTRICTED CASH

Cash – Restricted for Construction represents resources available for the building project and are drawn down as construction is completed. As of June 30, 2021 and 2020, the School had $3 and $106,351, respectively, restricted for construction.

Cash – Restricted for Debt Service is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. As of June 30, 2021 and 2020, the School had $1,764,378 and $1,592,082, respectively, restricted for debt service.

NOTE 3 BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

Description	2021	2020
Indiana Finance Authority Education Facilities Revenue Bonds, Series 2018A with a face amount of $14,450,000, plus premium of $127,015. The principal is payable in annual installments that increase from $140,000 to $905,000 from July 2021 to July 2048, with a lump sum payment of $2,060,000 due in July 2048. Interest payments are made semi-annually on January 1 and July 1 at rates ranging from 5.25% to 6.125% from July 2021 to July 2039 in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	$ 14,450,000	$ 14,450,000
Indiana Finance Authority Taxable Education Facilities Revenue Bonds, Series 2018B with a face amount of $200,000. The principal is payable in annual installments of $65,000, $65,000, and $70,000 in July 2020, 2021, and 2022, respectively. Interest payments are made semi-annually on January 1 and July 1 at a rate of 6.375% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	135,000	200,000
Total	14,585,000	14,650,000
Less: Current Portion	(205,000)	(65,000)
Long-Term Portion	$ 14,380,000	$ 14,585,000

NOTE 3 BONDS PAYABLE (CONTINUED)

The premium on the Series A bonds above totaled $127,015 and is being amortized over the 30-year life of the bonds. Amortization of the premium for the year ended June 30, 2021 was $4,234 and is included as part of interest expense. Amortization of the premium for the year ended June 30, 2020 was $4,234 and is netted against capitalized interest expense (i.e., a reduction of construction in progress).

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain covenants requiring minimum unrestricted cash reserves sufficient to meet 45 days of operating expenses and establishes a minimum debt service coverage ratio of 1.10 to 1. The School believes it was in compliance with covenants for 2021.

Principal maturities of the bonds payable are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 205,000
2023	215,000
2024	225,000
2025	240,000
2026	250,000
Thereafter	13,450,000
Total	$ 14,585,000

NOTE 4 PAYROLL PROTECTION PROGRAM LOAN

In April 2020, the School received a loan from First Financial Bank in the amount of $504,600 to fund payroll, rent utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. Payment of principal and interest were deferred until the date on which the amount of forgiveness is remitted to the lender. The School completed and submitted the PPP Loan Forgiveness application and received notification on November 18, 2020, that the $504,600 PPP Loan was approved for full forgiveness by the U.S. Small Business Administration (SBA). The recognition of the PPP Loan is recorded in the statement of activities and changes in net assets. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School’s financial position.

NOTE 5 LEASES

The School leased its school facility, modular classrooms, and items of equipment under operating leases until the new building was completed and the School took ownership of the new building in December 2019. Under the facility lease, the School was also responsible for repairs, maintenance, and utilities. Total expense under these operating leases was $18,175 and $188,418 for the years ended June 30, 2021 and 2020, respectively.

The School leases a bus under a capital lease which was acquired during the year ended June 30, 2020. At June 30, 2021, the cost and accumulated depreciation relating to this asset was $70,000 and $18,667, respectively.

The School leases several vehicles under a capital lease which was acquired during the year ended June 30, 2021. At June 30, 2021, the cost and accumulated depreciation related to these assets was $294,401 and $9,813, respectively.

Minimum future lease payments as of June 30, 2021 under capital leases and the present value of the net minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,	Amount
2022	$ 77,400
2023	77,400
2024	77,400
2025	77,400
2026	7,494
Less: Amount Representing Interest	(35,750)
Total	$ 281,344

NOTE 6 RETIREMENT PLAN

The School maintains a Section 403(b) defined contribution retirement plan with Mass Mutual Financial Group for the benefit of its employees. Substantially all full-time employees are eligible to participate. Under the plan, the School contributes 7.5% of each participant's compensation for the plan year. Retirement plan expense for the years ended June 30, 2021 and 2020 was $172,061 and $151,398, respectively.

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2027 and is renewable thereafter by mutual consent. Payments under this charter agreement were $74,648 and $99,675 for the years ended June 30, 2021 and 2020, respectively.

NOTE 8 RELATED PARTY TRANSACTIONS

During the year ended June 20, 2021, the School paid $58,875 to companies of a related party for cleaning and landscaping needs of the School.

NOTE 9 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Clark 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 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the grants receivable balance was due from the state of Indiana. Cash deposits are maintained at New Washington State Bank and US Bank and normally exceed the FDIC insurance limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition funding. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable.

	2021	2020
Financial Assets	$ 4,131,658	$ 3,503,627
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Construction and Debt Service	(1,764,381)	(1,698,613)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 2,367,277	$ 1,805,014

NOTE 10 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.

NOTE 11 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

ROCK CREEK COMMUNITY ACADEMY, INC.
OTHER REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of
Rock Creek Community Academy, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

SUPPLEMENTAL AUDIT REPORT

ROCK CREEK COMMUNITY ACADEMY, INC.

CLARK COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

ROCK CREEK COMMUNITY ACADEMY, INC.
SUPPLEMENTAL AUDIT REPORT
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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2020 to JUNE 30, 2021

Office	Official	Term
Board Chairman	Jeff Dethy	07/01/20 – 06/30/21
School Treasurer	Terry Eldridge	07/01/20 – 06/30/21
Business Manager	Karen Rogers	07/01/20 – 06/30/21

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

School Officials
Rock Creek Community Academy, Inc.
Indianapolis, Indiana

We have audited the financial statements of Rock Creek Community Academy, Inc. (the School) as of and for the year ended June 30, 2021 and have issued our report thereon dated January 27, 2022. As part of our audit, we tested the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments is a matter where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 27, 2022

CONFLICT OF INTEREST

During conflict of interest testing, it was noted that the School did not file the appropriate conflict of interest notice or provide it to the Indiana State Board of Accounts (SBOA) for new related parties during the year. Total amounts paid by the School to these related parties for the year ended June 30, 2021 was $58,875.

Part 13 of the Charter School Manual (as well as IC 5-16-11) require that the appropriate conflict of interest statements be filed and also be provided to the State Board of Accounts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 13)

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY
EXIT CONFERENCE
JULY 1, 2020 to JUNE 30, 2021

The contents of this report were discussed with Karen Floyd (replaced Terry Eldridge as treasurer subsequent to year end) and Karen Rogers, on December 16, 2021. The Official Response has been made a part of this report and may be found on page 5.

Rock Creek Community Academy

8000 Diefenbach Lane • Sellersburg, IN 47172 • 812-246-9271 • www.rccasi.org

January 21, 2021

CliftonLarsonAllen LLP
9365 Counselors Row
Suite 200
Indianapolis, IN 46260

To Whom It May Concern:

Rock Creek Community Academy acknowledges the one finding that the auditors have cited, which pertains to not filing the appropriate documents for conflict of interest notices. In the future, Rock Creek will make sure the appropriate forms are filed and provided to the State Board of Accounts.

Sincerely,

Karen Rogers

Karen Rogers
Business Manager

Rural Community Academy

RURAL COMMUNITY SCHOOLS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

RURAL COMMUNITY SCHOOLS, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2021 AND 2020

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rural Community Schools, Inc.
Sullivan, Indiana

We have audited the accompanying financial statements of Rural Community Schools, Inc. (the School), which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rural Community Schools, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, its functional expenses, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the financial statements, the School has experienced significant decreases in enrollment for the 2018-2019, 2019-2020, and 2020-2021 School years. The decrease in enrollment significantly reduces revenue and, accordingly, the School has stated that substantial doubt exists about the school's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plan regarding these matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 2, 2021

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash	$ 270,185	$ 221,859
Grants Receivable	5,149	55,208
Total Current Assets	275,334	277,067
PROPERTY AND EQUIPMENT		
Leasehold Improvements	173,197	173,197
Furniture and Equipment	334,136	334,136
Textbooks and Library Books	79,430	79,430
Less: Accumulated Depreciation	(438,274)	(411,110)
Property and Equipment, Net	148,489	175,653
Total Assets	$ 423,823	$ 452,720
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 64,611	$ 52,794
LONG-TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program	176,100	162,500
NET ASSETS WITHOUT DONOR RESTRICTIONS	183,112	237,426
Total Liabilities and Net Assets	$ 423,823	$ 452,720

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	$ 752,806	$ 742,340
Gain on Extinguishment of Debt	162,500	-
Grant Revenue	289,751	269,449
Student Fees	1,340	1,546
Extracurricular Activities Revenue	14,238	18,350
Contributions	2,207	53
Other Income	3,945	2,329
Total Revenue and Support	1,226,787	1,034,067
EXPENSES		
Program Services	926,785	1,080,586
Management and General	354,316	343,949
Total Expenses	1,281,101	1,424,535
CHANGE IN NET ASSETS	(54,314)	(390,468)
Net Assets - Beginning of Year	237,426	627,894
NET ASSETS - END OF YEAR	$ 183,112	$ 237,426

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 477,796	$ 190,135	$ 667,931	$ 555,961	$ 197,675	$ 753,636
Employee Benefits	134,497	48,130	182,627	161,400	55,300	216,700
Staff Development	7,424	-	7,424	759	-	759
Professional Services	62,185	5,089	67,274	61,571	6,360	67,931
Textbooks and Education Materials	12,212	-	12,212	3,096	-	3,096
Authorizer Oversight Fees	-	19,308	19,308	-	18,391	18,391
Food Costs	41,642	-	41,642	42,004	-	42,004
Transportation	30,287	1,734	32,021	40,464	740	41,204
Equipment and Rentals	-	28,210	28,210	5,837	10,164	16,001
Classroom, Kitchen, and Office Supplies	5,894	8,368	14,262	22,608	6,561	29,169
Extracurricular Activities	19,546	-	19,546	22,686	-	22,686
Occupancy	107,148	4,251	111,399	128,073	4,116	132,189
Depreciation	27,164	-	27,164	35,047	-	35,047
Insurance	-	27,978	27,978	-	22,470	22,470
Advertising	-	16,358	16,358	-	17,762	17,762
Other	990	4,755	5,745	1,080	4,410	5,490
Total Functional Expenses	$ 926,785	$ 354,316	$ 1,281,101	$ 1,080,586	$ 343,949	$ 1,424,535

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (54,314)	$ (390,468)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used by Operating Activities:		
Depreciation	27,164	35,047
Gain on Extinguishment of Debt	(162,500)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	50,059	(45,308)
Accounts Payable and Accrued Expenses	11,817	(1,337)
Net Cash Used by Operating Activities	(127,774)	(402,066)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	176,100	162,500
NET CHANGE IN CASH	48,326	(239,566)
Cash - Beginning of Year	221,859	461,425
CASH - END OF YEAR	$ 270,185	$ 221,859

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Rural Community Academy (the School or RCA) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School provides educational instruction to students in grades kindergarten through eight, serving approximately 97 students during the 2020-2021 School year and approximately 95 students in the 2019-2020 School year. The student count is 118 for the 2021-2022 School year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash consists of cash held in bank and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2021 and 2020.

Grants Receivable

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs and minor replacement costs 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:

Leasehold Improvements	15 to 40 Years
Furniture and Equipment	5 to 10 Years
Textbooks and Library Books	5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

On an ongoing basis, the Corporation reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Corporation recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic School year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Grants and Contribution Revenue

The School receives income from grants and contributions that support certain School activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as Net Assets Released from Restrictions. There were no grants or contributions received with restriction in the years ended June 30, 2021 and 2020.

Taxes on Income

The School is a nonprofit corporation, exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(3).

The School is subject to unrelated business income tax on any activities unrelated to its tax-exempt purpose, of which the School had none for the years ended June 30, 2021 and 2020. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the School has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the School, and has concluded that as of June 30, 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standard. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the School’s leasing activities. The guidance will initially be applied using a modified retrospective approach. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted.

Subsequent Events

The School evaluated subsequent events through December 2, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 GOING CONCERN CONSIDERATION

Student enrollment increased from approximately 95 during the 2019-2020 School year to 97 students enrolled as of September 2021. During the year ended June 30, 2021, expenses exceeded revenues by approximately $54,000. While the School has approximately $275,300 of financial assets as of June 30, 2021, the slight increase in student enrollment does not alleviate substantial doubt about the School’s ability to continue as a going concern beyond 12 months of the date of the accompanying audit report.

Management’s Response

RCA financial viability is based on student enrollment. We have been aware that with decreased enrollment, RCA does not receive enough funding to allow for continued operation into the future unless enrollment is brought up.

NOTE 2 GOING CONCERN CONSIDERATION (CONTINUED)

Management's Response (Continued)

In 2019-20 and 2020-21, we were able to use PPP loan money to help with the deficit and keep RCA operational while continuing to work on bringing up enrollment numbers. Currently RCA has 118 students, up from 97 last year that are being counted to determine the amount of funding received from the state. Along with ESSER II and ESSER III funds that have been allotted due to the pandemic, RCA is in a much better financial position than in years past.

We have continued to keep certain positions as part time positions, keeping us from hiring a full-time teacher and having to offer insurance for the year. Positions that were cut such as Social Worker, have been added back with all of their salary coming from ESSER funds for the next 3 years.

With the current trend in enrollment and projections for the next year being higher still, we believe that with continued restraint in spending, Rural Community Academy's Financial viability will be sustainable, and we will be able to start saving money once again.

NOTE 3 LEASES

The School leases its facility under an operating lease that is renewable annually and provides for monthly rental payments of $1,000. Under the terms of the facilities lease, the School is responsible for the cost of utilities and maintenance. The School also leases a copier on a short- term contract. Rent expense for the years ended June 30, 2021 and 2020 was $23,366 and $22,164, respectively.

NOTE 4 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was $19,308 and $18,391 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2021 and is renewable thereafter by mutual consent.

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

The School had Loans of $176,100 and $162,500 from First Financial Bank at June 30, 2021 and 2020, respectively, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loans bear interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in December 2021, principal and interest payments will be required through the maturity date in February 2026.

On November 20, 2020, the School was notified that the PPP Loan in the amount of $162,500 has been forgiven and recorded as a gain on extinguishment of debt in the accompanying statements of activities and changes in net assets.

On October 5, 2021, the School was notified that the second PPP loan in the amount of $176,100 has been forgiven and will be recorded accordingly in the year ending June 30, 2022.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from the potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 6 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel 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 7.25% of compensation for eligible teaching personnel to TRF and 11.25% of compensation for other eligible employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2020 (the latest year reported), TRF and PERF were approximately 90% and 83% funded, respectively.

Retirement plan expense was $48,947 and $62,953 for the years ended June 30, 2021 and 2020, respectively.

NOTE 7 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Sullivan and surrounding counties in Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is still having significant effects on domestic and global markets, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2021 operations and financial results, including but not limited to, more extensive virtual School attendance, loss of revenues, and declines in enrollment. Management believes the organization is taking actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

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 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 that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, substantially all of the receivable balance was due from the state of Indiana. Cash deposits are maintained at First Financial Bank and are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit. Cash balances exceeded FDIC insured limits at various times during the year.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash and grants receivable. Financial assets at June 30, 2021 and 2020 totaled $275,334 and $277,067, respectively, all of which are available to meet cash needs for general expenditures within one year.

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and changes in net assets. Management of the School has 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.

RURAL COMMUNITY SCHOOLS, INC.
OTHER REPORT
JUNE 30, 2021 AND 2020

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

Supplemental Audit Report of Rural Community Schools, 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*.

SUPPLEMENTAL AUDIT REPORT
OF
RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

JULY 1, 2020 TO JUNE 30, 2021

RURAL COMMUNITY SCHOOLS, INC.
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RURAL COMMUNITY SCHOOLS, INC.
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SCHOOL OFFICIALS
JULY 1, 2020 TO JUNE 30, 2021

Office	Official	Term
President of Board of Directors	Susie Pierce	07/01/20 – 06/30/21
School Leader	Derek Grant	07/01/19 – 06/30/21
Chief Financial Officer	Leona Davis	07/01/19 – 06/30/21
Treasurer of Board of Directors	Darin May	07/01/19 – 06/30/20

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rural Community Schools, Inc.
Anderson, Indiana

We have audited the financial statements of Rural Community Schools, Inc. (the School) as of and for the year ended June 30, 2021, and have issued our report thereon dated December 2, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 2, 2021

ADM TESTING

The following issues were noted in completing ADM testing of forty (40) students:

- Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) and the School's enrollment policy for each student.
    - The process used did not result in maintaining consistent and complete enrollment records as identified in the School's enrollment policy for nine (9) of the forty (40) students tested for enrollment.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.), which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

REQUIRED REPORTS - FORM 9 REPORTING

The Form 9 Biannual Financial Report is submitted by the School to the Indiana Department of Education (IDOE) two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information and shall be reported utilizing the State Board of Accounts prescribed chart of accounts. The School submitted both Form 9s in the required time; however, the June 30, 2021 Form 9 cash balance was not accurate, but the difference was within a trivial amount and does not require correction. This is non-compliance with the requirements set forth by the SBOA.

Charter Schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information and shall be reported utilizing the State Board of Accounts prescribed chart of accounts. The January report must include previous calendar year financial information and other required information for the period of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

CONFLICT OF INTEREST

The Chief Operating Officer owns a side business to provide certain services to the School (DGS (Dirt, Gravel, and Snow)). During the year, DGS provided services to the School one time for certain parking lot grading services; however, a conflict-of-interest forms was not filed.

Conflict of Interest statements are required to be provided to the School and to the Indiana State Board of Accounts (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 13).

INTERNAL CONTROLS – JOURNAL ENTRIES

We noted a significant deficiency in our testing of internal control. A significant deficiency is a deficiency in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiency in the entity's internal control to be a significant deficiency:

- *Journal Entry Processing:* Two (2) errors were noted from the five (5) journal entries selected for testing. One was for an incorrect classification of an entry and the other was that supporting documentation for an entry was missing an approval on the supporting invoice; however the related cash disbursement was properly approved. This could result in a material misstatement to the financial statement if transactions are not properly classified and approved.

Indiana Code 20-24-7-1 requires each charter school to report on the generally accepted accounting principles (GAAP) basis of accounting, which requires internal controls to be established by the school to ensure accurate financial reporting.

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2020 TO JUNE 30, 2021

The contents of this report were discussed on October 11, 2021, with Susie Pierce (Board President), and on October 15, 2021 with Derek Grant (School Leader). The official response has been made a part of this report and may be found starting on page 6.

Management Response to SBOA Report:

ADM Testing:

In 2019- 20 a memo was received from the IDOE after the school year began that a proof of residency in the form of official mail was to be obtained for each student. This is a practice that had not been implemented in prior years at Rural Community Academy, though addresses were obtained in the application process. Great lengths were taken to encourage parents to send in proof of residency throughout the year, from letters being sent home, weekly school outreach calls with reminders, to even calling individual families and going to their house to retrieve said "proof" of residency. The cases where proof of residencies were not filed are from families that withdrew before the second count in February or are habitual offenders when it comes to getting paperwork, and even though all other paperwork was turned in for them, there was not an official piece of mail to "prove" their residency.
RCA has made it a policy to require a proof of residency, birth certificates and an application at time of enrollment. Except when a child is considered homeless under the McKinney-Vento act and students are allowed to start immediately, even without the proper documentation.

Form – 9

Over the last year, the School Leader, through training has taken a more active role in monitoring all accounts to be prepared for the Form -9 twice a year. With extra monitoring throughout each form – 9 time period, instead of turning items over just before the deadline to the CPA firm, errors will hopefully be caught in a timely manner with increased likelihood of correction.

Conflict of Interest:

The School Leader owns a tractor with equipment to do such tasks as grading, mowing, tilling and various loader work. It was becoming evident that our gravel parking lot was going to need regraded due to the compaction of stone over time. The options were to regrade, or add new stone. The previous contractor was contacted to see if he was available to grade the parking lot (a much less expensive alternative to adding new stone). The previous contractor was not available and would not be able to be available before winter months started setting in, making the parking lot a much greater hazard with freezing puddles.
The School Leader, knowing what the previous contractor was paid, agreed to do the job that needed done for the same amount of money. For the 2021-22 school year the School Leader filled out a conflict of interest statement. Stating, "I will occasionally perform other maintenance/contractor work for the school, such as grading the parking lot." Signed August 6th 2021.
During the audit process, the job did not even register as something to report to the auditors as a conflict of interest until it was brought up after the fact as something that should have been reported. The School Leader will continue to perform duties outside of his job description for free when able, but will ask for compensation when another contractor cannot be found and when financial and physical wear and tear is to be had on the school leader's personal equipment.

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Graysville, IN 47852
Phone 812-382-4500

Rural Community Academy

"A Public School Where Every Child Soars"
www.rcsi.k12.in.us

Physical Address
2385 N. State Road 63
Sullivan, IN 47882
Fax 812-382-4055

Management Response in regards to Internal Controls:

Due to confusion on classification of PPP loan which was forgiven on 10/5/21, information has been sent to CPA firm on the finding for corrective action in the future as they will make any changes or edits to entries.

The one item that was missing an approval was shown to another authorized administrator to approve, because it involved a payment to the School Leader. However, she was unaware of the way that the School Leader shows authorization for all approvals, and did not write her name or initials on the paper as an approval. The School Leader then did not follow up to make sure she had initialed in the same way once it was given back to the CFO to write the check and sign, along with the other administrator's signature, which constitutes approval. Because of this, all authorized administrators have been shown how approvals are made by the school leader so as to be consistent. Furthermore, writing "OK [Approvers Initials]" is not a required practice according to internal controls, but is one that is done by the School leader for his own documentation before forwarding onto the CFO to review and pay. All payments are required two signatures, again constituting two approvals.