BALL STATE UNIVERSITY

2022-2023

Office of Charter Schools

For more information about this report, contact

Ball State University Office of Charter Schools
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www.bsu.edu/teachers/charter

LETTER FROM THE ASSOCIATE DEAN FOR EQUITY AND ENGAGEMENT

BSU Office of Charter Schools

Ball State University serves as the largest public University authorizer of public charter schools in Indiana, with 23 schools throughout the state serving 15,244 students during 2022-23. In the 2023-24 school year Ball State will authorize 21 schools serving approximately 14,637 children. Our portfolio of charter schools reaches every corner of the state, representing diverse communities and needs.

As an authorizer for the last 21 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 2022-23, 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; 2022-23 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 2022-23, 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 2022-23 is not available. OCS recognizes that focusing on standardized test passing rates alone does not consider 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

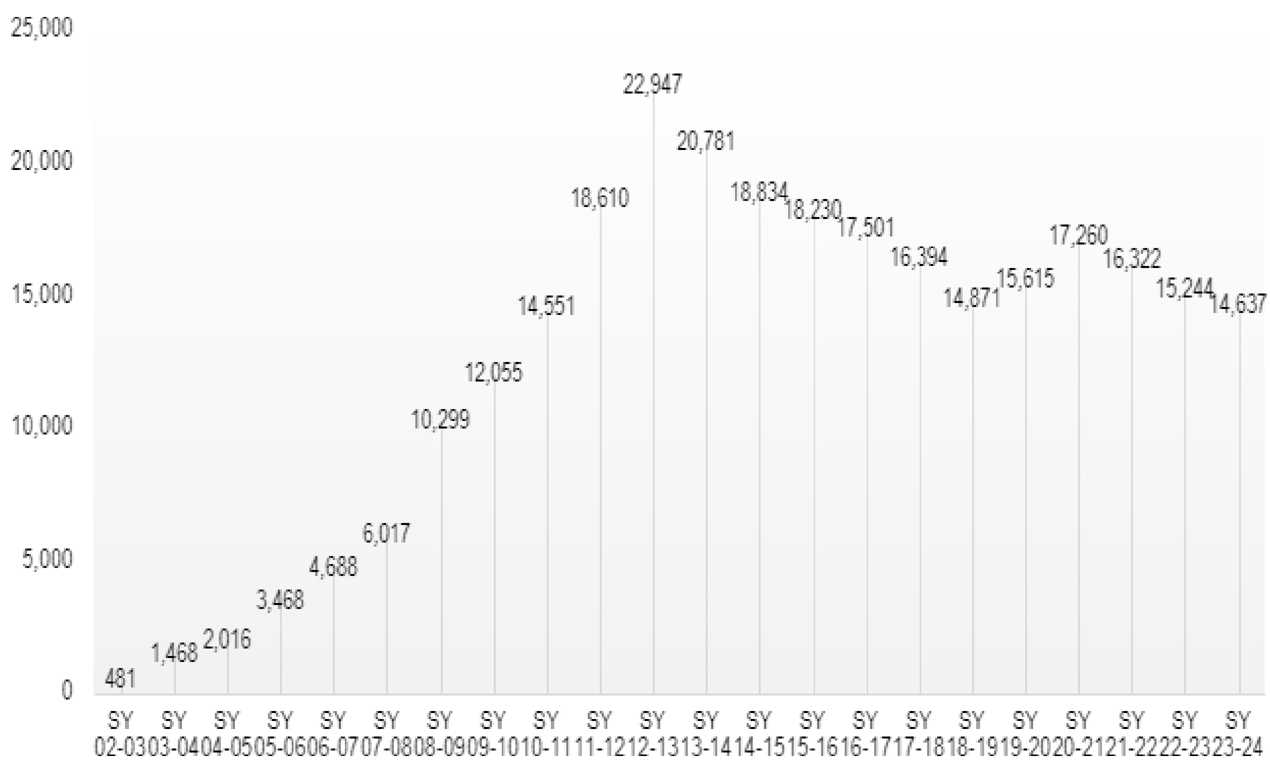
of BSU Charter Schools

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. Similar to traditional 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 (2022-23)



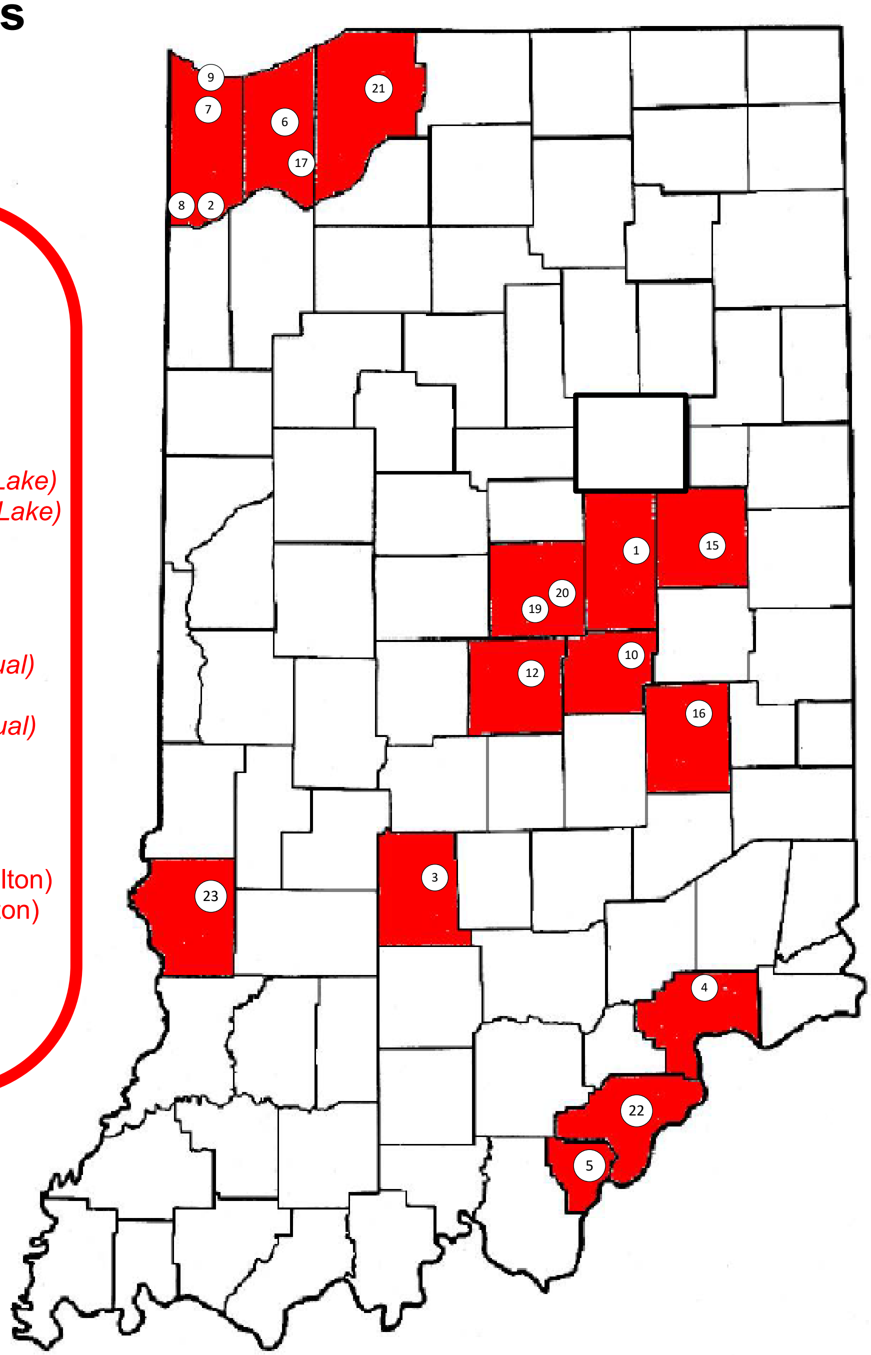
MAP OF BALL STATE CHARTER SCHOOLS

BSU Public Charter Schools
(As of July 1, 2022)

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

EMO – 30% (7 schools)

Independent – 70% (16 schools)



DIVERSITY OF BSU CHARTER SCHOOLS

Serving as Indiana's first postsecondary institution authorizing public charter schools was one way 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

2022-23	Traditional Public Schools		BSU Authorized Charter Schools		
Enrollment	1,036,138		15,244		
Ethnicity	Number**	Percent*	Number	Percent	Range
Black	135,602	13.1%	3,364	22.1%	0 – 92.0%
White	665,964	64.3%	8,857	58.1%	0.3 – 96.5%
Hispanic	145,532	14.0%	1,811	11.9%	0 – 56.5%
Multiracial	56,468	5.4%	998	6.6%	1.2 – 25.6%
Asian	29,771	2.9%	161	1.1%	0 – 5.2%
American Indian	1,762	0.2%	28	0.2%	0 – 0.7%
Native Hawaiian/Pacific Island or Other	1,039	0.1%	15	0.1%	0 – 0.4%
Lunch (Free/Reduced/Paid)					
Free/Reduced	512,062	49.4%	7,686	50.4%	9.9 – 100%
Paid	524,076	50.6%	7,550	49.6%	0 – 90.1%
Special Education	181,344	17.5%	3146	20.7%	8.1 – 56.7%
English Language Learner	79,046	7.6%	4350	2.9%	0 – 23.5%

2022-23 Student Enrollment

of BSU Charter Schools

<table>
<tr><th>School Name</th><th>Enrollment</th><th>Attendance Rate</th><th># of Students Suspensions</th><th># of Students Expelled</th><th>Safety & Disciplinary Incidents</th><th># of students with Chronic Absenteeism</th><th>% of students with Chronic Absenteeism</th></tr>
<tr><td>Anderson Preparatory Academy</td><td>864</td><td>91.76%</td><td>244</td><td>3</td><td>7</td><td>258</td><td>28.8%</td></tr>
<tr><td>Aspire Charter Academy</td><td>666</td><td>91.54%</td><td>223</td><td>5</td><td>231</td><td>245</td><td>32.6%</td></tr>
<tr><td>The Bloomington Project School</td><td>330</td><td>91.93%</td><td>4</td><td>0</td><td>0</td><td>88</td><td>25.8%</td></tr>
<tr><td>Canaan Community Academy</td><td>183</td><td>89.77%</td><td>0</td><td>0</td><td>18</td><td>82</td><td>39.4%</td></tr>
<tr><td>Community Montessori Inc</td><td>506</td><td>92.67%</td><td>39</td><td>1</td><td>58</td><td>131</td><td>25.2%</td></tr>
<tr><td>Discovery Charter School</td><td>569</td><td>94.35%</td><td>319</td><td>1</td><td>113</td><td>84</td><td>14.2%</td></tr>
<tr><td>East Chicago Lighthouse Charter School</td><td>473</td><td>89.74%</td><td>116</td><td>5</td><td>427</td><td>205</td><td>40.9%</td></tr>
<tr><td>East Chicago Urban Enterprise Academy</td><td>423</td><td>93.51%</td><td>69</td><td>0</td><td>239</td><td>89</td><td>20.5%</td></tr>
<tr><td>Gary Lighthouse Charter School</td><td>1127</td><td>89.53%</td><td>501</td><td>15</td><td>1047</td><td>509</td><td>41.9%</td></tr>
<tr><td>Geist Montessori Academy</td><td>233</td><td>93.81%</td><td>20</td><td>0</td><td>17</td><td>48</td><td>18.4%</td></tr>
<tr><td>HIM by HER Collegiate School of the Arts</td><td>224</td><td>86.10%</td><td>*</td><td>*</td><td>*</td><td>126</td><td>50.8%</td></tr>
<tr><td>Hoosier College and Career Academy</td><td>740</td><td>94.03%</td><td>1</td><td>0</td><td>1</td><td>263</td><td>22.9%</td></tr>
<tr><td>Indiana Connections Academy</td><td>5784</td><td>97.88%</td><td>0</td><td>0</td><td>0</td><td>759</td><td>11.0%</td></tr>
<tr><td>Indiana Connections Career Academy</td><td>745</td><td>97.95%</td><td>0</td><td>0</td><td>0</td><td>105</td><td>11.8%</td></tr>
<tr><td>Inspire Academy</td><td>176</td><td>87.36%</td><td>**</td><td>**</td><td>**</td><td>98</td><td>43.6%</td></tr>
<tr><td>Mays Community Academy</td><td>120</td><td>91.37%</td><td>12</td><td>0</td><td>2</td><td>46</td><td>31.9%</td></tr>
<tr><td>Neighbors' New Vistas High School</td><td>148</td><td>63.23%</td><td>39</td><td>6</td><td>0</td><td>201</td><td>83.8%</td></tr>
<tr><td>Options Indiana</td><td rowspan="3">933</td><td>83.98%</td><td>0</td><td>0</td><td>0</td><td rowspan="3">676</td><td rowspan="3">49.3%</td></tr>
<tr><td>Options Noblesville</td><td>82.80%</td><td>16</td><td>0</td><td>23</td></tr>
<tr><td>Options Westfield</td><td>86.47%</td><td>26</td><td>0</td><td>31</td></tr>
<tr><td>Renaissance Academy Charter School</td><td>246</td><td>96.04%</td><td>0</td><td>0</td><td>0</td><td>10</td><td>3.9%</td></tr>
<tr><td>Rock Creek Community Academy</td><td>661</td><td>93.11%</td><td>8</td><td>0</td><td>12</td><td>145</td><td>20.9%</td></tr>
<tr><td>Rural Community Academy</td><td>85</td><td>95.44%</td><td>*</td><td>*</td><td>*</td><td>8</td><td>8.5%</td></tr>
</table>

* Data not available. School closed January 20, 2023.
** Data not available. School no longer authorized by Ball State University.

2022-23 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
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	3	3	0	0	0
Discovery Charter School	0	0	0	0	0	0	0
East Chicago Lighthouse Charter School	0	0	3	3	1	0	0
East Chicago Urban Enterprise Academy	0	0	2	2	0	0	0
Gary Lighthouse Charter School	0	0	13	13	6	0	0
Geist Montessori Academy	0	0	1	1	0	0	0
HIM by HER Collegiate School for the Arts	*		*	*	*	*	*
Hoosier College and Career Academy	0	0	0	0	0	0	0
Indiana Connections Academy	0	0	0	0	0	0	0
Indiana Connections Career Academy	0	0	0	0	0	0	0
Inspire Academy	0	0	34	34	1	2	0
Mays Community Academy	0	0	10	10	3	7	2
Neighbors' New Vistas High School	0	0	0	0	0	0	0
Options Charter Schools	0	0	4	4	0	4	0
Renaissance Academy Charter School	0	0	0	0	0	0	0
Rock Creek Community Academy	0	0	0	0	0	0	0
Rural Community Academy	0	0	0	0	0	0	0

* Not available. School closed January 20, 2023.

INDIANA'S STATE ACCOUNTABILITY SYSTEM

Ball State University Authorized Charter Schools 2022-23 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/. Due to the COVID-19 pandemic, Indiana received a waiver from calculating Federal Accountability ratings for the 2019-2020 school year. In addition, Indiana has requested a waiver for the 2020-2021 school year as well. Pursuant to House Enrolled Act 1093 and Senate Enrolled Act 290, the state board may not assign A-F letter grades to schools or corporations, including adult high schools, for the 2021-22 school year. The Indiana Department of Education (IDOE) will not be calculating A-F grades for schools or corporations for the 2021-22 school year.

SCHOOL NAME	Federal 2022-23	Federal 2021-2022	State Hold Harmless 2019-23	2018-19		2017-18	
				State	Federal	State	Federal
Anderson Preparatory Academy	Does Not Meet Expectations	Does Not Meet Expectations	B	D	Approaches Expectations	B	C
Aspire Charter Academy	Does Not Meet Expectations	Does Not Meet Expectations	D	D	Approaches Expectations	D	D
The Bloomington Project School	Meets Expectations	Meets Expectations	A	A	Meets Expectations	B	B
Canaan Community Academy	Does Not Meet Expectations	Does Not Meet Expectations	D	F	Approaches Expectations	D	F
Community Montessori	Approaches Expectations	Approaches Expectations	B	C	Approaches Expectations	B	B
Discovery Charter School	Approaches Expectations	Approaches Expectations	B	C	Meets Expectations	B	B
East Chicago Lighthouse	Does Not Meet Expectations	Does Not Meet Expectations	D	D	Approaches Expectations	D	D
East Chicago Urban Enterprise Academy	Approaches Expectations	Does Not Meet Expectations	D	D	Approaches Expectations	D	D
Gary Lighthouse Charter School	Does Not Meet Expectations	Does Not Meet Expectations	C	D	Approaches Expectations	C	C
Geist Montessori Academy	Approaches Expectations	Meets Expectations	B	C	Approaches Expectations	B	B
HIM by HER Collegiate School for the Arts	No Rating - Closed Mid-Year	Does Not Meet Expectations	n/a	Not open	Not open	Not open	Not open
Hoosier College and Career Academy	Does Not Meet Expectations	Does Not Meet Expectations	C	C	Does Not Meet Expectations	C	D
Indiana Connections Academy	Does Not Meet Expectations	Approaches Expectations	D	D	Approaches Expectations	D	F
Indiana Connections Career Academy	Approaches Expectations	Approaches Expectations	No Grade	D	Does Not Meet Expectations	No Grade	No Grade
Inspire Academy	Does Not Meet Expectations	Does Not Meet Expectations	D	F	Does Not Meet Expectations	D	D
Mays Community Academy	Does Not Meet Expectations	Approaches Expectations	A	D	Approaches Expectations	A	A
Neighbors' New Vistas High School	Does Not Meet Expectations	Does Not Meet Expectations	F	F	Does Not Meet Expectations	F	F
Options Indiana	Does Not Meet Expectations	Does Not Meet Expectations	n/a	Not open	Not open	Not open	Not open
Options Charter School - Carmel	Does Not Meet Expectations	Does Not Meet Expectations	Under Appeal	F	Does Not Meet Expectations	D	F
Options Charter School Noblesville	Does Not Meet Expectations	Does Not Meet Expectations	Under Appeal	F	Does Not Meet Expectations	F	F
Renaissance Academy Charter School	Meets Expectations	Meets Expectations	B	B	Meets Expectations	B	B
Rock Creek Community Academy	Approaches Expectations	Approaches Expectations	B	B	Meets Expectations	B	B
Rural Community Academy	Does Not Meet Expectations	Does Not Meet Expectations	C	F	Does Not Meet Expectations	C	C

INDIANA'S STATE ACCOUNTABILITY SYSTEM

BSU Authorized Charter Schools 2022-23 ILEARN Results

Corp Name	2022-23 Enrollment	ELA Below Proficiency	ELA Approaching Proficiency	ELA At Proficiency	ELA Above Proficiency	ELA Total Proficient	ELA Total Tested	ELA % Proficient
Anderson Preparatory Academy	864	265	81	39	5	44	390	11.3%
Aspire Charter Academy	666	183	126	79	41	120	429	28.0%
The Bloomington Project School	330	42	41	69	61	130	213	61.0%
Canaan Community Academy	183	47	25	12	5	17	89	19.1%
Community Montessori Inc	506	62	48	42	30	72	182	39.6%
Discovery Charter School	569	93	98	101	58	159	350	45.4%
East Chicago Lighthouse Charter	473	193	60	32	6	38	291	13.1%
East Chicago Urban Enterprise Academy	423	107	76	58	24	82	265	30.9%
Gary Lighthouse Charter School	1127	301	91	55	15	70	462	15.2%
Geist Montessori Academy	233	43	24	26	16	42	109	38.5%
HIM by HER Collegiate School for the Arts	224	Not tested – School closed January 20, 2023						
Hoosier College and Career Academy	740	75	38	25	5	30	143	21.0%
Indiana Connections Academy	5784	670	434	350	152	502	1606	31.3%
Indiana Connections Career Academy	745	45	47	43	16	59	151	39.1%
Inspire Academy - A Sch of Inquiry	176	80	11	5	1	6	97	6.2%
Mays Community Academy	120	39	12	12	3	15	66	22.7%
Options Charter Schools	933	98	50	24	10	34	182	18.7%
Renaissance Academy Charter School	246	36	49	51	19	70	155	45.2%
Rock Creek Community Academy	661	84	99	69	42	111	294	37.8%
Rural Community Schools Inc	85	19	13	9	2	11	43	25.6%
Statewide		**174812**	**116766**	**120092**	**80291**	**200383**	**491961**	**40.7%**

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
Anderson Preparatory Academy	304	50	27	5	32	386	8.3%	17	4.4%
Aspire Charter Academy	263	80	59	24	83	426	19.5%	61	14.3%
The Bloomington Project School	59	45	61	48	109	213	51.2%	93	43.7%
Canaan Community Academy	48	30	9	2	11	89	12.4%	8	9.0%
Community Montessori Inc	98	46	22	13	35	179	19.6%	28	15.9%
Discovery Charter School	92	85	85	87	172	349	49.3%	126	36.1%
East Chicago Lighthouse Charter	209	53	23	6	29	291	10.0%	16	5.5%
East Chicago Urban Enterprise Academy	146	62	41	16	57	265	21.5%	41	15.5%
Gary Lighthouse Charter School	351	67	37	7	44	462	9.5%	32	7.0%
Geist Montessori Academy	54	28	19	8	27	109	24.8%	22	20.2%
HIM by HER Collegiate School for the Arts	Not tested – School closed January 20, 2023								
Hoosier College and Career Academy	112	24	7	0	7	143	4.9%	5	3.5%
Indiana Connections Academy	892	398	219	103	322	1612	20.0%	235	14.7%
Indiana Connections Career Academy	91	38	20	4	24	153	15.7%	18	11.9%
Inspire Academy - A Sch of Inquiry	74	13	7	1	8	95	8.4%	2	2.1%
Mays Community Academy	38	15	9	4	13	66	19.7%	10	15.2%
Options Charter Schools	151	19	8	3	11	181	6.1%	9	5.0%
Renaissance Academy Charter School	39	44	35	38	73	156	46.8%	48	31.0%
Rock Creek Community Academy	120	71	63	39	102	293	34.8%	65	22.3%
Rural Community Schools Inc	19	15	6	3	9	43	20.9%	6	14.0%
Statewide	**181569**	**109243**	**110302**	**90627**	**200929**	**491741**	**40.9%**	**150494**	**30.6%**

Indiana's State Accountability System

BSU Authorized Charter Schools 2022-23 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 2022 IREAD-3 results show that overall, 81.2% of Indiana public school students passed the IREAD assessment in Summer 2022. Students who do not pass the summer retest may be retained in third grade.

	Spring 2022-23			Combined Spring/Summer 2022-23		
School Name	**IREAD PASS N**	**IREAD TEST N**	**IREAD Pass %**	**IREAD PASS N**	**IREAD TEST N**	**IREAD Pass %**
Anderson Preparatory Academy	30	32	93.8%	41	55	74.5%
Aspire Charter Academy	48	52	92.3%	56	73	76.7%
The Bloomington Project School	29	30	96.7%	33	37	89.2%
Canaan Community Academy	8	26	30.8%	11	34	32.4%
Community Montessori Inc	22	29	75.9%	23	36	63.9%
Discovery Charter School	58	68	85.3%	63	73	86.3%
East Chicago Lighthouse Charter School	16	30	53.3%	23	53	43.4%
East Chicago Urban Enterprise Academy	30	33	90.9%	34	43	79.1%
Gary Lighthouse Charter School	23	34	67.6%	33	70	47.1%
Geist Montessori Academy	18	23	78.3%	21	28	75.0%
HIM by HER Collegiate School for the Arts	Not Tested – School closed January 20, 2023					
Indiana Connections Academy	90	117	76.9%	105	157	66.9%
Inspire Academy	6	18	33.3%	6	18	33.3%
Mays Community Academy	11	11	100%	18	18	100.0%
Renaissance Academy Charter School	24	24	100%	31	34	91.2%
Rock Creek Community Academy	42	42	100%	50	56	89.3%
Rural Community Schools Inc	5	6	83.3%	***	6	***
Indiana Statewide	Not available	Not available	Not available	**67,191**	**81,996**	**81.9%**

GRADUATION RATES

BSU Authorized Charter Schools 2022-23

2022-23 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
Anderson Preparatory Academy	50	41	82.00%	39	78.00%	2	4%
Community Montessori	29	28	96.55%	28	96.55%	0	n/a
Gary Lighthouse Charter School	107	88	82.24%	86	80.37%	2	1.9%
Hoosier College and Career Academy	266	159	59.77%	153	57.52%	6	2.3%
Indiana Connections Academy	1045	665	63.64%	659	63.06%	6	0.6%
Indiana Connections Career Academy	203	162	79.80%	160	78.82%	2	0.9%
Neighbors' New Vistas High School	66	34	51.52%	34	51.52%	0	n/a
Options Indiana	229	66	28.82%	62	27.07%	4	1.7%
Options Noblesville	62	35	56.45%	35	56.45%	0	n/a
Options Westfield	39	22	56.41%	22	56.41%	0	n/a
Rock Creek Community Academy	42	38	90.48%	38	90.48%	0	n/a
Indiana Statewide	82,872	73,736	88.98%	70,372	84.92%	3,364	**4.9%**

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.

	2022-23 Diploma Quality**								2022-23 Drop Out#
School Name	**Core %**	**Core #**	**Honors %**	**Honors #**	**General %**	**General #**	**CTE %**	**CTE #**	
Anderson Preparatory Academy	40.5%	17	38.1%	16	4.8%	2	9.5%	4	7.1
Community Montessori	39.93%	11	57.72%	15	6.9%	2	20.69%	6	0
Gary Lighthouse Charter School	58%	61	24%	26	0%	0	0%	1	18
Hoosier College and Career Academy	88.3%	144	0%	0	11.7%	19	85.9	140	132
Indiana Connections Academy	57.14%	380	8%	53	33.98%	226	41.78%	422	329
Indiana Connections Career Academy	75.31%	122	12.35%	20	9.88%	16	58.33%	105	36
Neighbors' New Vistas High School	90.14%	64	1.4%	1	8.45%	6	50.7	36	15
Options Indiana	77.55%	76	3.06%	3	19.39%	19	89.80%	88	23
Options-Noblesville	47.37%	18	2.63%	1	50%	19	26.32%	10	1
Options-Westfield	82.75%	24	10.34%	3	6.90%	2	34.48%	10	0
Rock Creek Community Academy	69%	27	31%	12	0.0%	0	26%	10	0

* School failed to provide data to Authorizer.

2022-23 Minority Students, Free and Reduced Lunch and Special Ed Services

<table>
<tr><th>School Name</th><th>% of Minority Students</th><th>Received Free/Reduced Lunch</th><th>% Received Free/Reduced Lunch</th><th>% Identified for Special Ed Svcs</th></tr>
<tr><td>Anderson Preparatory Academy</td><td>51.2%</td><td>459</td><td>53.1%</td><td>22.69%</td></tr>
<tr><td>Aspire Charter Academy</td><td>99.5%</td><td>651</td><td>97.7%</td><td>16.22%</td></tr>
<tr><td>The Bloomington Project School</td><td>21.5%</td><td>99</td><td>30.0%</td><td>24.55%</td></tr>
<tr><td>Canaan Community Academy</td><td>6.0%</td><td>172</td><td>94.0%</td><td>30.60%</td></tr>
<tr><td>Community Montessori</td><td>15.0%</td><td>102</td><td>20.2%</td><td>26.09%</td></tr>
<tr><td>Discovery Charter School</td><td>34.3%</td><td>186</td><td>32.7%</td><td>18.28%</td></tr>
<tr><td>East Chicago Lighthouse Charter School</td><td>99.6%</td><td>473</td><td>100.0%</td><td>10.15%</td></tr>
<tr><td>East Chicago Urban Enterprise Academy</td><td>99.5%</td><td>320</td><td>75.7%</td><td>11.82%</td></tr>
<tr><td>Gary Lighthouse Charter School</td><td>99.7%</td><td>1126</td><td>99.9%</td><td>13.84%</td></tr>
<tr><td>Geist Montessori Academy</td><td>33.5%</td><td>23</td><td>9.9%</td><td>15.02%</td></tr>
<tr><td>HIM by HER Collegiate School for the Arts</td><td>99.1%</td><td>223</td><td>99.6%</td><td>8.04%</td></tr>
<tr><td>Hoosier College and Career Academy</td><td>33.6%</td><td>301</td><td>40.7%</td><td>19.86%</td></tr>
<tr><td>Indiana Connections Academy</td><td>25.8%</td><td>2436</td><td>42.1%</td><td>21.49%</td></tr>
<tr><td>Indiana Connections Career Academy</td><td>27.8%</td><td>287</td><td>38.5%</td><td>17.58%</td></tr>
<tr><td>Inspire Academy</td><td>51.1%</td><td>176</td><td>100.0%</td><td>27.27%</td></tr>
<tr><td>Mays Community Academy</td><td>5.8%</td><td>67</td><td>55.8%</td><td>44.17%</td></tr>
<tr><td>Neighbors' New Vistas High School</td><td>45.9%</td><td>92</td><td>62.2%</td><td>19.59%</td></tr>
<tr><td>Options Indiana</td><td rowspan="3">26.2%</td><td rowspan="3">127</td><td rowspan="3">13.61%</td><td>20.22%</td></tr>
<tr><td>Options Noblesville</td><td>56.73%</td></tr>
<tr><td>Options Westfield</td><td>33.33%</td></tr>
<tr><td>Renaissance Academy Charter School</td><td>26.4%</td><td>28</td><td>11.4%</td><td>13.41%</td></tr>
<tr><td>Rock Creek Community Academy</td><td>37.5%</td><td>253</td><td>38.3%</td><td>24.51%</td></tr>
<tr><td>Rural Community Academy</td><td>3.5%</td><td>85</td><td>100.0%</td><td>41.18%</td></tr>
</table>

2022-23 School Renewals

During the 2022-23 school year, two school charter agreements were scheduled for renewal. Rural Community Academy withdrew its renewal application and closed by board decision at the expiration of its charter agreement effective June 30, 2023. Mays Community Academy received a one-year extension of its charter agreement.

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.

2022-23 Charter Proposals

During the 2022-23 Proposal Cycles, the Office of Charter Schools received one charter proposal from Options-Edinburgh, which was subsequently withdrawn.

Financial Audits for Each Charter School*

1. Anderson Preparatory Academy
2. Aspire Charter Academy
3. The Bloomington Project School
4. Canaan Community Academy
5. Community Montessori, Inc.
6. Discovery Charter School
7. East Chicago Urban Enterprise Academy
8. Geist Montessori Academy
9. Hoosier College and Career Academy
10. Indiana Online Learning Options, Inc. (for Indiana Connections Academy and Indiana Connections Career Academy)
11. Inspire Academy
12. Lighthouse Academies of Northwest Indiana (for East Chicago Lighthouse Charter School and Gary Lighthouse Charter School)
13. Mays Community Academy
14. Neighbors' New Vistas High School
15. Options Charter Schools (does not provide separate schedules of financial position by school)
16. Renaissance Academy Charter School
17. Rock Creek Community Academy
18. Rural Community Academy

* See Attached Appendix I for copies of audit reports for each charter school for the year ended June 30, 2023

BSU Virtual Charter Schools' Methodology Used to Determine Attendance Rate and Student Engagement Requirements/Policies**

1. Hoosier College and Career Academy – Attendance Rate 33.6%; 16th percentile among all schools.
2. Indiana Online Learning Options, Inc.
   Indiana Connections Academy Attendance Rate 84.2%; 91st percentile among all schools.
   Indiana Connections Career Academy Attendance Rate 88.0%; 95th percentile among all schools.
3. Options Indiana – Attendance Rate 30.4%; 14th percentile among all schools.

** See attached Appendix II. Note: Attendance rate equals "Number of students with at least a 94% attendance rate divided by the total number of students enrolled in the school.

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 Program

- 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

2022-23 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 reflects the amounts of those fees collected from each of its charter schools during the 2022-23 fiscal year.

Anderson Preparatory Academy	$187,547.09
Aspire Charter Academy	$161,157.49
The Bloomington Project School*	$43,244.54
Canaan Community Academy	$36,294.29
Community Montessori	$63,429.36
Discovery Charter School*	$73,785.62
East Chicago Lighthouse Charter School	$75,910.13
East Chicago Urban Enterprise Academy	$66,146.34
Gary Lighthouse Charter School	$189,633.77
Geist Montessori Academy	$46,632.48
HIM by HER Collegiate School for the Arts	$0.00
Hoosier College and Career Academy	$150,866.09
Indiana Connections Academy	$1,002,173.68
Indiana Connections Career Academy	$127,979.05
Inspire Academy	$45,350.90
Mays Community Academy	$26,628.18
Neighbors' New Vistas High School	$29,672.97
Options Charter Schools	$185,005.69
Renaissance Academy Charter School	$32,764.81
Rock Creek Community Academy*	$86,199.36
Rural Community Academy	$19,376.32
Total 2022-2023 Administrative Fees	**$2,649,798.16**

* 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.

2022-23 EXPENDITURES

The Office of Charter Schools (OCS) has a staff of seven full-time employees and one graduate assistant. In addition, the OCS contracts with external experts who 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 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 education, finance, special education, school startup and governance

The chart below reflects the amounts of those expenditures during the 2022-23 fiscal year:

Expenditure	Amount
Salaries (7 full-time) and one graduate assistant	$663,457.69
Benefits	$203,269.56
Airfare	$2,287.68
Association Dues	$2,500.00
CliftonLarsonAllen LLP (charter school audits)	$353,585.53
Computer Purchase/Rental/Repair/Maintenance	$7,850.00
Conference/Facilities Rentals and Meals	$162.50
Consultants	$41,704.72
Employee Per Diem Expense	$3,346.25
In State Lodging Expense	2,029.77
ITS (insurance tracking services)	$640.00
Meals & Lodging	$656.02
Mileage Personal Vehicle / Ground Transportation	$6,250.97
Minor Computer Equipment	$458.00
Miscellaneous Expenses	$150.00
Office Supplies	$1,282.85
Other Contract Services	$610.32
Out of State Lodging Expense	4,858.14
Postage/FedEx/UPS	$153.02
Print and Duplication On Campus	$182.90
Registration Fees	$1,310.00
Scholarships	77,025.00
Subscriptions and Publications	$812.43
Telephone/Cellphone/Network Charges	$2,016.00
Overhead and Support Services	$927,649.00
Total 2022-23 Expenses	**$2,304,248.35**

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)

Indiana State Board of Accounts (SBOA)

2022-23 Financial Audits for Each Charter School

Anderson Preparatory Academy

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

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

CPAs | CONSULTANTS | WEALTH ADVISORS

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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 31, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 31, 2024

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 930,510	$ 448,098
Grants Receivable	188,766	1,049,171
Prepaid Expenses	166,967	154,970
Total Current Assets	1,286,243	1,652,239
PROPERTY AND EQUIPMENT		
Land	320,000	320,000
Buildings and Improvements	5,720,297	4,418,657
Furniture and Equipment	2,757,851	2,746,344
Textbooks	183,957	183,957
Vehicles	83,592	20,633
Less: Accumulated Depreciation	(4,477,063)	(4,124,334)
Property and Equipment, Net	4,597,317	3,626,898
RIGHT-OF-USE ASSET, NET	16,979	-
Total Assets	$ 5,900,539	$ 5,279,137
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 1,046,204	$ 976,537
Deferred Grant Revenue	4,836	-
Current Portion of Notes Payable	325,441	207,979
Right of Use Liability, Current	9,947	-
Total Current Liabilities	1,386,428	1,184,516
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	764,639	754,638
Right of Use Liability, Noncurrent	7,032	-
Total Long-Term Liabilities	771,671	754,638
Total Liabilities	2,158,099	1,939,154
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	3,564,999	3,079,944
Board Designated	177,441	260,039
Total Net Assets	3,742,440	3,339,983
Total Liabilities and Net Assets	$ 5,900,539	$ 5,279,137

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, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 6,913,928	$ 6,180,982
Grant Revenue	3,809,107	4,450,044
Student Fees	142,306	113,885
Contributions	27,990	28,578
Fundraising and Other Income	99,575	408,862
Total Revenue and Support	10,992,906	11,182,351
EXPENSES		
Program Services	9,339,828	9,079,043
Management and General	1,250,621	1,696,029
Total Expenses	10,590,449	10,775,072
CHANGE IN NET ASSETS	402,457	407,279
Net Assets - Beginning of Year	3,339,983	2,932,704
NET ASSETS - END OF YEAR	$ 3,742,440	$ 3,339,983

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 5,227,128	$ 352,342	$ 5,579,470	$ 4,400,588	$ 904,107	$ 5,304,695
Employee Benefits	916,142	211,252	1,127,394	906,278	127,007	1,033,285
Classroom, Kitchen, and Office Supplies	1,416,845	93,316	1,510,161	1,959,106	41,818	2,000,924
Professional Services	501,922	194,675	696,597	588,298	264,916	853,214
Depreciation	355,029	-	355,029	311,596	-	311,596
Occupancy	273,021	-	273,021	327,529	-	327,529
Property Rental and Maintenance	443,108	-	443,108	468,251	-	468,251
Insurance	-	146,591	146,591	-	130,006	130,006
Authorizer Oversight Fees	-	187,547	187,547	-	167,592	167,592
Interest	33,050	-	33,050	46,659	-	46,659
Staff Development	83,592	21,199	104,791	20,633	16,332	36,965
Transportation	5,140	-	5,140	16,937	382	17,319
Other	84,851	43,699	128,550	33,168	43,869	77,037
Total Functional Expenses	$ 9,339,828	$ 1,250,621	$ 10,590,449	$ 9,079,043	$ 1,696,029	$ 10,775,072

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 402,457	$ 407,279
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	355,029	311,596
Loss on Disposal of Property and Equipment	-	100,987
Changes in Operating Assets and Liabilities:		
Grants Receivable	860,405	(904,911)
Prepaid Expenses	(11,997)	1,659
Accounts Payable and Accrued Expenses	69,667	241,788
Deferred Revenue	4,836	-
Net Cash Provided by Operating Activities	1,680,397	158,398
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,325,448)	(1,151,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	337,533	-
Principal Repayment of Notes Payable	(210,070)	(232,499)
Net Cash Provided (Used) by Financing Activities	127,463	(232,499)
NET CHANGE IN CASH	482,412	(1,225,631)
Cash - Beginning of Year	448,098	1,673,729
CASH - END OF YEAR	$ 930,510	$ 448,098
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 33,050	$ 46,659

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 840 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, 2023 and 2022, for purposes related to various school academic and sports programs. Board-designated net assets totaled $177,441 and $260,039, as of June 30, 2023 and 2022, 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, 2023, the School has $4,836 of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2022 and 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, 2022 and 2021, 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.

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a least at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the School right to use an underlying asset for the lease term and lease liabilities represent the School obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor

Subsequent Events

The School evaluated subsequent events through January 31, 2024, 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	2023	2022
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	$ 256,929	$ 221,512
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	145,400	188,902
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	192,214	331,726

NOTE 2 NOTES PAYABLE (CONTINUED)

Description	2023	2022
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	$ 129,852	$ 167,653
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	28,152	52,824
Loan payable to First Financial Bank, payable in monthly installments of $6,158 including interest at 7.522% per annum through June 2026	197,580	-
Loan payable to First Financial Bank, payable in monthly installments of $4,362 including interest at 7.522% per annum through June 2026	139,953	-
Total	1,090,080	962,617
Less: Current Portion	(325,441)	(207,979)
Long-Term Portion	$ 764,639	$ 754,638

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, 2023 and 2022.

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

Year Ending June 30,	Amount
2024	$ 325,441
2025	317,816
2026	332,083
2027	48,132
2028	35,363
Thereafter	31,245
Total	$ 1,090,080

NOTE 3 REVOLVING LINE OF CREDIT

On September 28, 2022, the School entered into a two year $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 6.250% with the possibility of interest rate changing daily. Interest rate is calculated based on FFB Prime Rate in effect on the Change Date. As of June 30, 2023, the rate was 5.50% with no outstanding balance.

On September 29, 2021, the School entered into a twelve-month $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. As of June 30, 2022, the rate was 5.50% with no outstanding balance.

NOTE 4 LEASES

ASC Topic 842 – 2023

The School leases equipment under a long-term, noncancelable lease agreements. The leases expire through December 2025. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

The operating lease cost for the year ended June 30, 2023 was $4,999.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:		
Operating Lease Cost	$	4,999
Other Information:		
Operating Cash Flows from Operating Leases	$	4,999
Weighted-Average Remaining Lease Term - Operating Leases		1.8 years
Weighted-Average Discount Rate - Operating Leases		3.00%

NOTE 4 LEASES (CONTINUED)

ASC Topic 842 – 2023 (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating
2024	$ 10,300
2025	5,348
2026	1,812
Undiscounted Cash Flows	17,460
(Less) Imputed Interest	(481)
Total Present Value	$ 16,979
Short-term lease liabilities	$ 9,947
Long-term lease liabilities	7,032
Total	$ 16,979

ASC Topic 840 – 2022

The School leases various items of equipment under capital leases. At June 30, 2022, the cost and accumulated depreciation relating to these assets were $306,200 and $306,200, respectively.

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), 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, 2023 and 2022, the School contributed 6.0% 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, 2022 (the latest year reported), TRF was approximately 95% 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 2023 or 2022.

Retirement plan expense under both plans was $318,293 and $259,300 for the years ended June 30, 2023 and 2022, 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 $187,547 and $167,592 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

NOTE 7 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, 2023, 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.

The School is subject to legal proceedings and claims that arise in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters is not expected to have a material adverse effect on the School's financial position, results of operations or liquidity.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022, 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.

	2023	2022
Financial Assets	$ 1,119,276	$ 1,497,269
Less: Those Unavailable for General Expenditures		
Within One Year, Due to:		
Board Designated for Specific Purpose	(177,441)	(260,039)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 941,835	$ 1,237,230

NOTE 8 LIQUIDITY (CONTINUED)

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board of directors has the option to undesignate the $177,441 and $260,039 as of June 30, 2023 and 2022, respectively, of board-designated net assets to meet general obligations.

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.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
OTHER REPORT
FOR THE YEAR ENDING JUNE 30, 2023

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*.

INDEPENDENT AUDITORS' 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
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School), which comprise the statement of financial position at June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 31, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 31, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School' major federal programs for the year ended June 30, 2023. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School' federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 31, 2024

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30,2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Passed through Indiana Department of Education:				
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	$ -	$ 565,099
Total Department of Agriculture			-	565,099
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A200014	-	93,292
Title I Grants to Local Educational Agencies	84.010	S010A210014	-	276,636
Total Assistance Listing Number 84.010			-	369,928
Passed through Indiana Department of Education:				
Special Education Cluster - Special Education Grants to States	84.027A	H027A190084	-	225,309
COVID-19: Special Education Cluster - Special Education Preschool Grants	84.173X	H173X210104	-	1,450
Total Special Education Cluster			-	226,759
Passed through Indiana Department of Education:				
Charter School Program	84.282D	S282D190002	-	468,487
Passed through Indiana Department of Education:				
Title II Supporting Effective Instruction State Grants	84.367	S367A190013	-	6,179
Title II Supporting Effective Instruction State Grants	84.367	S367A210013	-	10,932
Total Assistance Listing Number 84.367			-	17,111
Passed through Indiana Department of Education:				
Title IV Student Support and Academic Enrichment Program	84.424A	S424A210015	-	25,955
Passed through Indiana Department of Education:				
COVID-19: ESSER II Elementary and Secondary School Emergency Relief	84.425D	S425D210013	-	77,478
COVID-19: ESSER III Elementary and Secondary School Emergency Relief	84.425U	S425U210013	-	1,039,138
COVID-19: Strategic Planning	84.425U	S425U200013	-	17,500
Total Assistance Listing Number 84.425			-	1,134,116
Total Department of Education			-	2,242,356
Total Expenditures of Federal Awards			$ -	$ 2,807,455

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the 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 of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING

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 a limited as to reimbursement.

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

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? __x__ yes ______ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ______ no

Identification of Major Federal Programs

CFDA Number(s)	**Name of Federal Program or Cluster**
84.425	Education Stabilization Funds

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

Auditee qualified as low-risk auditee? ______ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 001

Federal Agency: U.S Department Education

Federal Program Name: Education Stabilization Funds

Assistance Listing Number: 84.425D, 84.425U

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): S425D210013, S425U210013, 425U200013

Award Period: July 1, 2022 – June 30, 2023

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Per 2 CFR 200.303, "The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework' issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). If governors, SEAs, and or subrecipients propose to use ESF funds for construction they must also comply with applicable requirements in 34 CFR section 76.600 and 34 CFR sections 75.600–617. Approved construction projects must comply with all other applicable Uniform Guidance requirements, as well as the ED's regulations regarding construction, as applicable, at 34 CFR section 76.600. As is the case with all construction contracts using laborers and mechanics financed by federal education funds, recipients and subrecipients that use ESF funds for construction contracts over $2,000 must meet Davis-Bacon prevailing wage requirements.

Condition: The School Corporation did not verify compliance with prevailing wage requirements with subcontractors for construction projects financed by federal education funds.

Questioned costs: None.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 001 (Continued)

Context: 1 of 1 construction projects financed by federal education funds were subject to prevailing wage requirements.

Cause: The School did not have a control in place to verify the construction project used the prevailing wage rate.

Effect: Laborers and mechanics paid by subcontractors may have been paid below prevailing wage rates.

Repeat Finding: No.

Recommendation: For future construction contracts financed by federal funds, we recommend the school verify that subcontractors comply with prevailing wage requirements prior to entering into any contracts with these third parties.

Views of responsible officials: There is no disagreement with the audit finding.

Global

INDEPENDENT
NETWORK MEMBER

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

MADISON COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

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, 2022 TO JUNE 30, 2023

Office	Official	Term
Chairman of Board of Directors	Ryan Lynch	07/01/2022 – 06/30/2023
Treasurer	Kym Kelley	07/01/2022 – 06/30/2023
Commandant	Jill Barker	07/01/2022 – 06/30/2023

CliftonLarsonAllen LLP
CLAconnect.com

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, 2023 and have issued our report thereon dated January 31, 2024. 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 31, 2024

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT

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 15 students of the 60 tested for enrollment. It was noted in testing that 13 out of 60 students did not have a birth certificate on file.

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, 2022 TO JUNE 30, 2023

The contents of this report were discussed with Jill Barker (Commandant) and Ryan Lynch (Board President) on December 28, 2023. Official response has been made part of this report and may be found beginning on page 5.

Response to Audit Finding

Finding:

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT

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 13 students of the 60 tested for enrollment. It was noted in testing that 13 out of 60 students did not have a birth certificate on file.

Response:
Registrar will continue to follow-up with families to provide necessary documentation.

We will assist families who are facing barriers to obtaining documents in all ways possible to ensure receipt of documents.

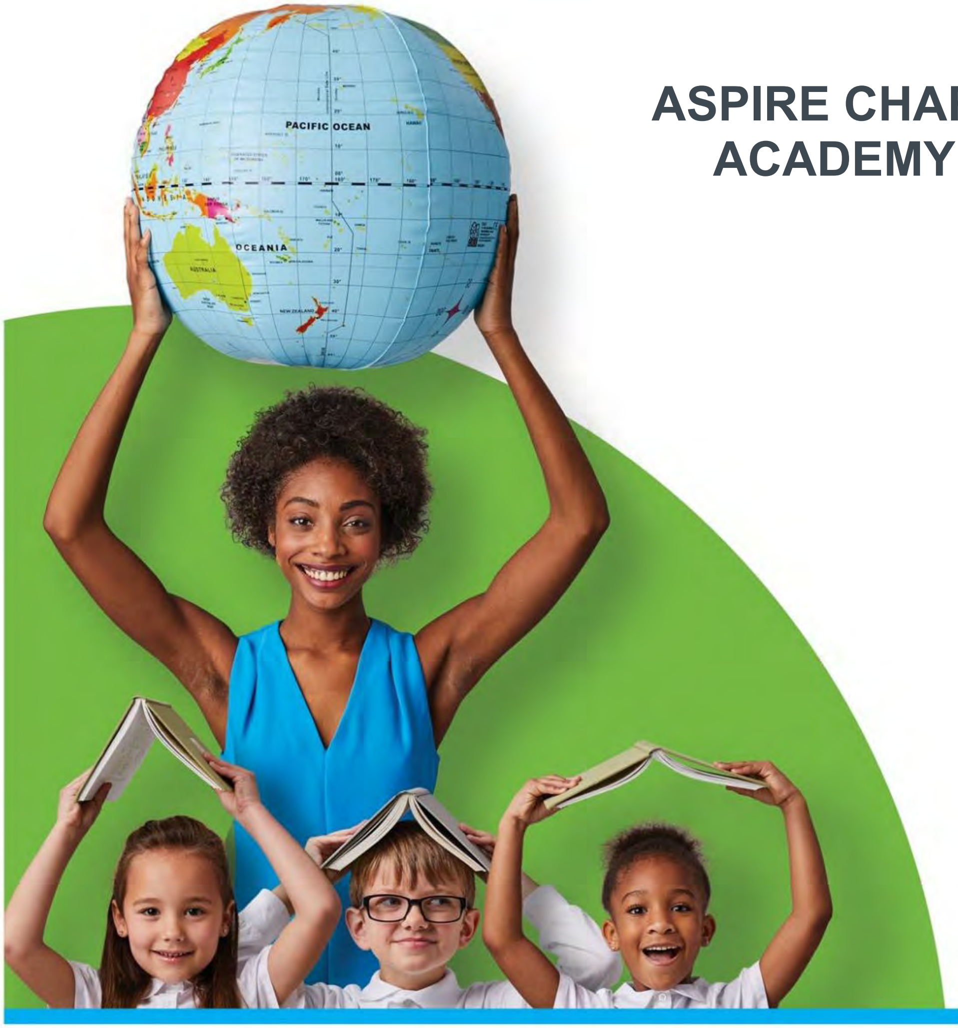
We will continue to send notifications using a variety of channels including email, phone, text, and certified mail to obtain necessary information in a timely manner.

We will maintain records of all attempts made to obtain birth certificate documentation.

We will continue to conduct our own internal audits in an effort to ensure all students who enrolled prior to IDOE documentation changes are compliant with new enrollment documentation requirements.

Aspire Charter Academy

ASPIRE CHARTER ACADEMY, INC.



Financial Statements and Supplementary Information

Years Ended June 30, 2023 and 2022

NATIONAL HERITAGE ACADEMIES®

ASPIRE CHARTER ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Aspire Charter Academy, Inc.
Gary, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aspire Charter Academy, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspire Charter Academy, Inc. as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aspire Charter Academy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Aspire Charter Academy, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Aspire Charter Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary 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 February 13, 2024 on our consideration of Aspire Charter Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 13, 2024

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS:		
Cash	$ 613,349	$ 2,832,848
Due from governmental revenue sources	563,760	456,945
Total current assets	1,177,109	3,289,793
NON-CURRENT ASSETS:		
Capital assets	118,360	118,360
Less accumulated depreciation	(117,339)	(115,828)
Total capital assets, net of accumulated depreciation	1,021	2,532
TOTAL	$ 1,178,130	$ 3,292,325
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ -	$ 3,807
Deferred revenue	65,544	22,416
Contracted service fee payable	990,391	3,132,493
Total liabilities	1,055,935	3,158,716
NET ASSETS:		
Net assets without donor restrictions	122,195	133,609
Total net assets	122,195	133,609
TOTAL	$ 1,178,130	$ 3,292,325

See independent auditors' report and notes to the financial statements.

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUES AND SUPPORT:		
State aid	$ 6,196,917	$ 5,940,409
Other state sources	503,718	390,591
Federal sources	2,670,661	2,336,321
Private sources	69,343	50,871
In-kind contribution — NHA	414,708	123,204
Total revenues and support	9,855,347	8,841,396
EXPENSES:		
Contracted service fee	9,820,350	8,719,236
Depreciation	1,511	6,900
Loss on abandonment of asset	-	2,454
Board expenses	44,900	29,322
Total expenses	9,866,761	8,757,912
CHANGE IN NET ASSETS	(11,414)	83,484
NET ASSETS WITHOUT DONOR RESTRICTION:		
Beginning of year	133,609	50,125
End of year	$ 122,195	$ 133,609

See independent auditors' report and notes to the financial statements.

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	2023			2022
	Program Services	Management and General	Total	Total
Contracted service fee:				
Salaries and wages	$ 4,285,824	$ -	$ 4,285,824	$ 3,701,920
Retirement contributions	56,998	-	56,998	52,847
Other employee benefits	453,689	-	453,689	552,841
Payroll taxes	293,600	-	293,600	257,029
Accounting fees	344	88,561	88,905	93,839
Curriculum, textbooks, and supplies	249,377	-	249,377	159,596
Postage and shipping	9,261	-	9,261	4,962
Occupancy	1,594,588	12,017	1,606,605	1,741,384
Food service	626,639	-	626,639	482,043
Equipment rental and maintenance	170,959	-	170,959	131,278
Printing and publications	21,032	-	21,032	15,911
Travel	44,167	-	44,167	14,604
Conferences and meetings	80,939	-	80,939	20,980
Professional fees	758,490	-	758,490	534,722
Instructional support	-	100,347	100,347	91,087
Academic and general support	-	237,058	237,058	199,838
Enrollment and parent relations	-	111,814	111,814	105,290
Board support	-	71,843	71,843	67,528
Human resources	-	136,743	136,743	120,376
Support services	-	19,430	19,430	32,590
Technology	11,218	29,210	40,428	93,764
Marketing and business development	165,544	35,664	201,208	149,096
Insurance	29,173	-	29,173	30,383
Miscellaneous	125,821	-	125,821	65,328
Total contracted service fee	8,977,663	842,687	9,820,350	8,719,236
Depreciation	1,511	-	1,511	6,900
Loss on abandonment of assets	-	-	-	2,454
Expenses of Board of Directors	44,900	-	44,900	29,322
Total expenses	$ 9,024,074	$ 842,687	$ 9,866,761	$ 8,757,912

See independent auditors' report and notes to the financial statements.

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	2022		
	Program Services	Management and General	Total
Contracted service fee:			
Salaries and wages	$ 3,701,920	$ -	$ 3,701,920
Retirement contributions	52,847	-	52,847
Other employee benefits	552,841	-	552,841
Payroll taxes	257,029	-	257,029
Accounting fees	8,452	85,387	93,839
Curriculum, textbooks, and supplies	159,596	-	159,596
Postage and shipping	4,962	-	4,962
Occupancy	1,729,516	11,868	1,741,384
Food service	482,043	-	482,043
Equipment rental and maintenance	131,278	-	131,278
Printing and publications	15,911	-	15,911
Travel	14,604	-	14,604
Conferences and meetings	20,980	-	20,980
Professional fees	534,722	-	534,722
Instructional support	-	91,087	91,087
Academic and general support	-	199,838	199,838
Enrollment and parent relations	-	105,290	105,290
Board support	-	67,528	67,528
Human resources	-	120,376	120,376
Support services	-	32,590	32,590
Technology	18,380	75,384	93,764
Marketing and business development	124,182	24,914	149,096
Insurance	30,383	-	30,383
Miscellaneous	65,328	-	65,328
Total contracted service fee	7,904,974	814,262	8,719,236
Depreciation	6,900	-	6,900
Loss on abandonment of assets	2,454	-	2,454
Expenses of Board of Directors	29,322	-	29,322
Total expenses	$ 7,943,650	$ 814,262	$ 8,757,912

See independent auditors' report and notes to the financial statements.

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
State aid	$ 6,196,917	$ 6,152,937
Other state sources	538,976	403,661
Federal sources	2,565,697	2,196,039
Private sources	75,362	53,097
Payments for services rendered	(11,596,451)	(8,219,022)
Net cash provided by (used by) operating activities	(2,219,499)	586,712
NET INCREASE (DECREASE) IN CASH	(2,219,499)	586,712
CASH — Beginning of year	2,832,848	2,246,136
CASH — End of year	$ 613,349	$ 2,832,848
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Change in net assets	$ (11,414)	$ 83,484
Depreciation	1,511	6,900
Loss on abandonment of asset	-	2,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	(106,814)	72,227
Change in accounts payable	(3,807)	16
Change in deferred revenue	43,127	15,315
Change in contracted service fee payable	(2,142,102)	406,316
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ (2,219,499)	$ 586,712
NON CASH ACTIVITY:		
In-kind contribution from NHA	$ 414,708	$ 123,204

See independent auditors' report and notes to the financial statements.

1. NATURE OF OPERATIONS AND REPORTING ENTITY

Aspire Charter Academy, Inc. (the "Academy") is a public benefit nonprofit organization established under the laws of the State of Indiana that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy served approximately 655 students during the 2022-2023 school year.

The Board of Directors of the Academy entered into a management agreement (the "agreement") with National Heritage Academies, Inc. ("NHA") which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives all Academy revenue from all sources as their contracted service fee. NHA is entitled to any difference between the gross management fee and the operating costs of the Academy as compensation for management services rendered.

The Academy operates a public charter school established under Indiana Code 20-24-3-1 and is sponsored by Ball State University, which is responsible for oversight of the Academy's operations. Under this Charter, the Academy has agreed to pay to Ball State University an annual fee equal to 3% of the state tuition support, which is included in the expenses assumed by NHA as described. This amounted to $161,157 and $158,352 for the fiscal years 2023 and 2022, respectively. The charter expires on June 30, 2025 and is subject to renewal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition — Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the Academy 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 Academy's revenue is the product of cost reimbursement grants. Therefore, the Academy 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, 2023, 2022, and 2021, the Academy deferred $65,544, $22,416, and $7,101, respectively, of such conditional funding.

Grant Revenue — The 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, 2023 and 2022.

In-Kind Contribution — The Academy receives in-kind contribution based upon the service agreement with NHA. NHA covers all expenses of the Academy and the revenue received by the Academy is paid to NHA. If the Academy incurs more expenses than revenues, NHA contributes this amount to the Academy based upon actual direct expenses as professional services under the NHA management fees. The Academy received $414,708 and $123,204 of in-kind contribution during the years ended June 30, 2023 and June 30, 2022, respectively.

Cash — Cash as of June 30, 2022 represents bank deposits with a carrying amount of $613,349 and a bank balance of $613,349 of which $363,349 was uninsured and uncollateralized by federal depository insurance. The Academy does not have a deposit policy for custodial credit risk, as it typically does not anticipate holding uninsured deposits based on the nature of its management agreement with NHA. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2023 and 2022, represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

Capital Assets — Capital assets, which include other equipment, are reported in the financial statements at historical cost. Capital assets are defined by the Academy as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

Impairment of Long-Lived Assets — On an ongoing basis, the Academy reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Academy 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.

The Financial Statements — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restriction — Net assets which are not subject to donor imposed or governmental stipulations.

Income Taxes — The Academy operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Academy has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the IRC. Accordingly, no provision for federal income taxes has been made.

Professional accounting standards require the Academy 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 Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2019 are open to audit for both federal and state purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles — In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU did not have a material impact on the Academy.

The Academy adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The Academy has elected to adopt the package of practical expedients available in the year of adoption. The Academy has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Academy's ROU assets.

Leases — The Academy determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the Academy's right to use an underlying asset for the lease term and lease liabilities represent the Academy's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Academy will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Academy has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet. Total lease expense for the year ended June 30, 2023 was $912,800.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Academy has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Academy has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events — The Academy evaluated subsequent events through February 13, 2024, 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.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The Academy's accounts receivable balance consists of $563,760 and $456,945 in federal grants receivable and state special education as of June 30, 2023 and 2022, respectively. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts were recorded.

4. LIQUIDITY

The Academy has $1,177,109 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $613,349 and amounts due from governmental revenue sources of $563,760 at June 30, 2023. The Academy had $3,289,793 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $2,832,848 and amounts due from governmental revenue sources of $456,945 at June 30, 2022. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Academy has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately $1,621,000 and $1,460,000 at June 30, 2023 and 2022, respectively.

While the Academy will not always carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required to make contributions to the Academy if the Academy's expenditures exceed the school's revenue during the year.

5. CAPITAL ASSETS

Capital asset activity of the Academy's activities for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	$ 118,360	$ -	$ -	$ 118,360
Total capital assets at historical cost	118,360	-	-	118,360
Less accumulated depreciation — equipment	(115,828)	(1,511)	-	(117,339)
Total accumulated depreciation	(115,828)	(1,511)	-	(117,339)
Total capital asset activity, net	$ 2,532	$ (1,511)	$ -	$ 1,021

5. CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Academy's activities for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	$ 141,030	$ -	$ (22,670)	$ 118,360
Total capital assets at historical cost	141,030	-	(50,853)	90,177
Less accumulated depreciation — equipment	(129,144)	(6,900)	20,216	(115,828)
Total accumulated depreciation	(129,144)	(6,900)	20,216	(115,828)
Total capital asset activity, net	$ 11,886	$ (6,900)	$ (2,454)	$ 2,532

6. LEASE – ASC 840 FOR 2022

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2021 through June 30, 2022. Annual rental payments required by the lease are $907,358 payable in twelve monthly payments of $75,613. The lease agreement can be cancelled upon termination of the NHA services agreement.

7. RISKS AND UNCERTAINTIES

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2023 or 2022, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

The Academy provides educational instruction services to families residing in Lake County and surrounding counties in Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

7. RISKS AND UNCERTAINITIES (CONTINUED)

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of receivables due from the State of Indiana. At June 30, 2023 and 2022, all of the receivable balance was due from the State of Indiana.

8. FUNCTIONAL EXPENSES

The Academy provides educational services to its students. The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function require an allocation on a reasonable basis that is consistently applied.

ASPIRE CHARTER ACADEMY, INC.

OTHER REPORT
FOR THE YEAR ENDED JUNE 30, 2023

The report presented herein was prepared in addition to another official report prepared for the Academy as listed below:

Supplemental Audit Report of Aspire Charter 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*

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INDEPENDENT AUDITORS' 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
Aspire Charter Academy, 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 Aspire Charter Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Aspire Charter Academy, Inc.'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 13, 2024

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Aspire Charter Academy, Inc.
Gary, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aspire Charter Academy, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Aspire Charter Academy, Inc.'s major federal programs for the year ended June 30, 2023. Aspire Charter Academy, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aspire Charter Academy, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Aspire Charter Academy, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Aspire Charter Academy, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Aspire Charter Academy, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Board of Directors
Aspire Charter Academy, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 13, 2024

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Pass-Through Indiana Department of Education					
Child Nutrition Cluster					
School Breakfast Program		10.553	N/A	$ -	$ 174,095
National School Lunch Program		10.555	N/A	-	414,701
National School Lunch Program - Snacks		10.555	N/A	-	67
National School Supply Chain Program		10.555		-	26,285
Total				-	615,148
PandemicEBT Local Level Costs 22-23		10.649	N/A	-	628
Total U.S. Department of Agriculture				-	615,776
U.S. DEPARTMENT OF EDUCATION					
Pass-Through Indiana Department of Education					
Title I Grants to Local Educational Agencies	*	84.010	S010A210014	-	5,178
Title I Grants to Local Educational Agencies	*	84.010	S010A220014	-	967,949
Total				-	973,127
Special Education Grants to States		84.027	220450	-	28,004
COVID-19: Special Education Grants to States		84.027	230450	-	139,368
Total				-	167,372
Supporting Effective Instruction State Grants		84.367	S367A200013	-	(6,407)
Supporting Effective Instruction State Grants		84.367	S367A210013	-	9,341
Supporting Effective Instruction State Grants		84.367	S367A220013		57,276
Total				-	60,210
COVID-19: Elementary and Secondary School Emergency Relief Fund		84.425D	203710	-	107,376
COVID-19: Elementary and Secondary School Emergency Relief Fund		84.425D	213712	-	432,509
COVID-19: Elementary and Secondary School Emergency Relief Fund		84.425U	213713	-	306,898
Total				-	846,783
Total U.S. Department of Education				-	2,047,492
Total Federal Awards Expended				$ -	$ 2,663,268

** Denotes Major Program*

See accompanying Notes to Schedule of Expenditures of Federal Awards.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Aspire Charter Academy, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), 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 Aspire Charter Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Aspire Charter Academy, Inc.

Aspire Charter Academy, Inc.'s programs are funded jointly by federal and state funds. Costs incurred in such programs are applied against federal grant funds to the extent of the grant award provisions and against state funds for the balance. Federal and state program awards are reported in the financial statements under the caption "Government reimbursements".

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

Aspire Charter Academy, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

SUPPLEMENTAL AUDIT REPORT
OF
ASPIRE CHARTER ACADEMY, INC.

LAKE COUNTY INDIANA

JULY 1, 2022 TO JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
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ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Board President	Denise Dillard	07/01/2022 – 06/30/2023
Board Treasurer	Rachael Wright	07/01/2022 – 06/30/2023
School Leader	Renae Robinson	07/01/2022 – 06/30/2023

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Aspire Charter Academy, Inc.
Gary, Indiana

We have audited the financial statements of Aspire Charter Academy, Inc. (the Academy) as of and for the year ended June 30, 2023 and have issued our report thereon dated February 13, 2024. As part of our audit, we tested the 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 the Academy was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 13, 2024

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – REPORTING CERTIFICATIONS

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 five (5) students (4 fall, 1 spring) of the 60 tested for enrollment The students were missing the proof of residency documentation 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.

ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on January 24, 2024, with Rachael Wright (Board Treasurer), Renae Robinson (School Leader), along with Nate McCorry and Andrew Gayle from National Heritage Academies. Official response has been made part of this report and may be found beginning on page 5.

Aspire Charter Academy, Inc.

June 30, 2023

Corrective Action Plan

Condition: 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 five (5) students (4 fall, 1 spring) of the 60 tested for enrollment. The students were missing the proof of residency documentation and/or birth certificate as required by the School's policy.

Planned Corrective Action: The School will retain evidence supporting enrollment of students. While the School agrees with the finding, three of the five students that were considered exceptions, withdrew from the school and their respective files were sent to the new school. Per NHA's policy, the School will release student files upon receipt of a properly completed records release form from another school. NHA's retention policy on Proof of Residency is when the student is in "Active" status.

Contact person responsible for corrective action: Nate McCorry/ Beth Dorman

Anticipated Completion Date: 3/31/2024

The Bloomington Project School

THE BLOOMINGTON PROJECT SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

THE BLOOMINGTON PROJECT SCHOOL
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YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bloomington Project School
Bloomington, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Bloomington Project School, which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

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, 2023 and 2022, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Bloomington Project School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, The Bloomington Project School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bloomington Project School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Board of Directors
The Bloomington Project School

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Bloomington Project School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bloomington Project School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 775,607	$ 769,385
Grants Receivable	91,017	103,632
Prepaid Expenses	20,174	9,000
Total Current Assets	886,798	882,017
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,659,310	2,678,008
Furniture and Equipment	503,229	505,402
Textbooks	10,295	10,295
Less: Accumulated Depreciation	(1,617,981)	(1,497,709)
Property and Equipment, Net	1,554,853	1,695,996
OTHER ASSETS		
Right of Use Assets Operating, Net	382,203	-
Security Deposits	12,500	12,500
Total Other Assets	394,703	12,500
Total Assets	$ 2,836,354	$ 2,590,513
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 22,999	$ 17,058
Accrued Expenses	115,348	207,685
Current Portion of Line of Credit	28,474	27,366
Current Portion of Notes Payable	139,577	135,478
Current Portion of Capital Lease Obligations	-	3,722
Deferred Rent	-	95,976
Refundable Advances	11,540	13,815
Right of Use Liability - Operating, Current Portion	138,687	-
Right of Use Liability - Financing, Current Portion	4,132	-
Total Current Liabilities	460,757	501,100
LONG-TERM LIABILITIES		
Line of Credit, Net of Current Portion	60,872	89,346
Notes Payable, Net of Current Portion	925,894	1,038,820
Capital Lease Obligations, Net of Current Portion	-	8,259
Right of Use Liability - Operating, Net of Current Portion	326,644	-
Right of Use Liability - Financing, Net of Current Portion	4,331	-
Total Long-Term Liabilities	1,317,741	1,136,425
Total Liabilities	1,778,498	1,637,525
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,057,856	952,988
Total Liabilities and Net Assets	$ 2,836,354	$ 2,590,513

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 2,498,341	2,363,211
Grant Revenue	861,346	890,190
Student Fees	103,618	45,867
Contributions	51,103	77,589
Other Income	96,994	47,357
Total Revenue and Support	3,611,402	3,424,214
EXPENSES		
Program Services	2,505,364	2,387,211
Management and General	1,001,170	950,826
Total Expenses	3,506,534	3,338,037
CHANGE IN NET ASSETS	104,868	86,177
Net Assets Without Donor Restrictions - Beginning of Year	952,988	866,811
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,057,856	$ 952,988

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,913,386	$ 99,452	$ 2,012,838	$ 1,712,849	$ 135,437	$ 1,848,286
Employee Benefits	356,377	41,334	397,711	351,145	39,064	390,209
Staff Development	-	-	-	340	-	340
Professional Services	65,837	180,097	245,934	60,212	161,227	221,439
Repairs and Maintenance	-	690	690	-	2,887	2,887
Authorizer Oversight Fees	43,245	-	43,245	44,517	-	44,517
Food Costs	3,070	87,644	90,714	-	86,104	86,104
Equipment	-	6,307	6,307	3,814	13,161	16,975
Classroom, Kitchen, and Office Supplies	63,753	32,356	96,109	146,251	20,390	166,641
Occupancy	-	180,473	180,473	-	221,714	221,714
Depreciation and Amortization	-	112,884	112,884	-	122,114	122,114
Interest	-	186,033	186,033	-	88,753	88,753
Insurance	-	26,028	26,028	-	24,897	24,897
Other	59,696	47,872	107,568	68,083	35,078	103,161
Total Functional Expenses	$ 2,505,364	$ 1,001,170	$ 3,506,534	$ 2,387,211	$ 950,826	$ 3,338,037

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 104,868	$ 86,177
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	112,884	122,114
Noncash Lease Activities	18,478	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	12,615	9,806
Prepaid Expenses	(11,174)	-
Accounts Payable	5,941	(16,683)
Accrued Expenses	(92,337)	5,647
Refundable Advances	(2,275)	13,815
Deferred Rent Payable	-	38,519
Net Cash Provided by Operating Activities	149,000	259,395
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(204,733)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Notes Payable, Net	(108,827)	(133,671)
Payments on Line of Credit, Net	(27,366)	(26,293)
Payments on Financing Lease Activities	(6,585)	(3,474)
Net Cash Used by Financing Activities	(142,778)	(163,438)
NET CHANGE IN CASH	6,222	(108,776)
Cash - Beginning of Year	769,385	878,161
CASH - END OF YEAR	$ 775,607	$ 769,385
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 186,033	$ 88,753

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 330 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, 2023 and 2022, the School had $11,540 and $13,815, 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 being performed are reported as deferred revenue in the statement of financial position. As of June 30, 2023 and 2022, 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, 2023 and 2022.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2023 and 2022.

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

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.

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, 2023 and 2022, 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 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.

Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective June 30, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

The School evaluated subsequent events through January 30, 2024, 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 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, 2023 and 2022, the line of credit balance was $89,346 and $116,712, respectively.

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

Year Ending June 30,	Amount
2024	$ 28,474
2025	29,643
2026	30,853
2027	376
Total	$ 89,346

NOTE 3 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2023	2022
Note Payable to Indiana Finance Authority	$ 169,127	$ 213,337
Note Payable to IFF	873,524	931,621
Common School Fund Loan	22,820	29,340
Total	1,065,471	1,174,298
Less: Current Portion	(139,577)	(135,478)
Long-Term Portion	$ 925,894	$ 1,038,820

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 to comply annually. The School was in compliance with all covenants as of June 30, 2023 and 2022.

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.

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

Year Ending June 30,	Amount
2024	$ 139,577
2025	143,728
2026	77,476
2027	79,251
2028	81,383
Thereafter	544,056
Total	$ 1,065,471

NOTE 4 LEASES

ASC 842 for 2023

The School leases equipment under a long-term, non-cancelable lease agreements. The lease expires in July 2025. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:		
Finance Lease Cost	$	6,585
Interest on Lease Liabilities		516
Operating Lease Cost		136,672
Total Lease Cost	$	143,773
Other Information:		
Operating Cash Flows from Finance Leases	$	516
Operating Cash Flows from Operating Leases	$	147,666
Financing Cash Flows from Finance Leases	$	3,943
Weighted-Average Remaining Lease Term - Finance Leases		1.9 Years
Weighted-Average Remaining Lease Term - Operating Leases		4.9 Years
Weighted-Average Discount Rate - Finance Leases		4.72%
Weighted-Average Discount Rate - Operating Leases		4.00%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating	Finance	Totals
2024	$ 154,316	$ 4,459	$ 158,775
2025	64,860	4,459	69,319
2026	69,860	-	69,860
2027	76,335	-	76,335
2028	72,000	-	72,000
Thereafter	78,000	-	78,000
Undiscounted Cash Flows	$ 515,371	$ 8,918	$ 524,289
(Less) Imputed Interest	(50,040)	(455)	(50,495)
Total Present Value	$ 465,331	$ 8,463	$ 473,794
Short-term lease liabilities	$ 138,687	$ 4,132	$ 142,819
Long-term lease liabilities	326,644	4,331	330,975
Total	$ 465,331	$ 8,463	$ 473,794

NOTE 4 LEASES (CONTINUED)

ASC 840

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 and 2022, the cost and accumulated depreciation related to this asset was $11,981.

Minimum future lease payments as of June 30, 2023 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
2024	$ 4,459
2025	4,459
Total	8,918
Less: Amount Representing Interest	(659)
Total	$ 8,259

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.

Expense under operating leases was $197,770 and $197,770 for the years ended June 30, 2023 and 2022, 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
2023	$ 148,082
2024	155,612
2025	162,736
2026	166,408
2027	173,131
Thereafter	2,280,308
Total	$ 3,086,277

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

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 both years ended June 30, 2023 and 2022, 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, 2022 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

Employees can elect benefits under a 403(b) plan, where the School contributes 7.5% of compensation.

Retirement plan expense was $86,147 and $100,965 for the years ended June 30, 2023 and 2022, 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 $43,245 and $44,517 for the years ended June 30, 2023 and 2022, 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
2024	$ 60,000

Expenses under the agreement were $60,000 and $60,000 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 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.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2023, 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 Federal Deposit Insurance Corporation (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.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022 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:

	2023	2022
Financial Assets	$ 866,624	$ 873,017
Less: Those Unavailable for General Expenditures Within One Year: Extracurricular Account	(181,561)	(185,620)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 685,063	$ 687,397

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 was required.

THE BLOOMINGTON PROJECT SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2023

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*.

SUPPLEMENTAL AUDIT REPORT

THE BLOOMINGTON PROJECT SCHOOL

MONROE COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

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THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
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THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President of Board of Directors	Mike Horvath	07/01/2022 – 06/30/2023
School Leader	Catherine Diersing	07/01/2022 – 06/30/2023
Business Manager	Lisa Jones	07/01/2022 – 06/30/2023

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

School Officials
The Bloomington Project School
Bloomington, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of The Bloomington Project School (the School), as of and for the year ended June 30, 2023, and have issued our report thereon dated January 30, 2024. 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 30, 2024

THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022, to June 30, 2023.

THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed with Catherine Diersing, Lisa Jones, and representatives from the board of directors on November 27, 2023.

Canaan Community Academy

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

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FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Madison, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). For the year ended June 30, 2023, we also conducted our audit in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

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

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023 on our consideration of the School's. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 14, 2023

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 104,983	$ 146,545
Grants Receivable	176,080	80,327
In-Kind Rent Receivable	895,821	115,752
Prepaid Expenses	8,838	8,436
Total Current Assets	1,185,722	351,060
PROPERTY AND EQUIPMENT		
Leasehold Improvements	403,273	285,724
Furniture and Equipment	564,692	295,864
Textbooks	141,309	141,310
Vehicles	380,631	233,214
Less: Accumulated Depreciation	(515,306)	(455,603)
Property and Equipment, Net	974,599	500,509
Operating Right of Use (ROU) Asset	1,444	-
Total Assets	$ 2,161,765	$ 851,569
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 17,644	$ 16,655
Accounts Payable and Accrued Expenses	134,116	169,248
Operating Lease Liability - Current Portion	1,444	-
Deferred Revenue	19,853	116,400
Total Current Liabilities	173,057	302,303
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	-	17,607
Total Liabilities	173,057	319,910
NET ASSETS		
Without Donor Restrictions	1,092,887	415,907
With Donor Restrictions	895,821	115,752
Total Net Assets	1,988,708	531,659
Total Liabilities and Net Assets	$ 2,161,765	$ 851,569

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	$ 1,348,976	$ -	$ 1,348,976	$ 999,996	$ -	$ 999,996
Grant Revenue	1,084,351	-	1,084,351	774,481	-	774,481
Student Fees	1,195	-	1,195	288	-	288
Contributions	17,264	-	17,264	4,637	-	4,637
Other Income	17,305	-	17,305	44,881	-	44,881
In-kind Contribution	-	938,132	938,132	-	-	-
Net Assets Released from Restrictions	158,063	(158,063)	-	150,897	(150,897)	-
Total Revenue and Support	2,627,154	780,069	3,407,223	1,975,180	(150,897)	1,824,283
EXPENSES						
Program Services	1,658,755	-	1,658,755	1,578,589	-	1,578,589
Management and General	291,419	-	291,419	240,719	-	240,719
Total Expenses	1,950,174	-	1,950,174	1,819,308	-	1,819,308
CHANGE IN NET ASSETS	676,980	780,069	1,457,049	155,872	(150,897)	4,975
Net Assets - Beginning of Year	415,907	115,752	531,659	260,035	266,649	526,684
NET ASSETS - END OF YEAR	$ 1,092,887	$ 895,821	$ 1,988,708	$ 415,907	$ 115,752	$ 531,659

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 843,393	$ 119,567	$ 962,960	$ 833,317	$ 117,322	$ 950,639
Employee Benefits	228,386	9,991	238,377	210,093	7,636	217,729
Classroom, Kitchen, and Office Supplies	59,363	20,652	80,015	29,293	8,218	37,511
Professional Services	77,264	53,952	131,216	116,175	38,228	154,403
Food Costs	58,493	-	58,493	42,039	-	42,039
Depreciation	59,702	-	59,702	43,946	-	43,946
Occupancy	207,759	-	207,759	181,352	-	181,352
Property Rental and Maintenance	60,481	-	60,481	43,655	-	43,655
Equipment	7,580	-	7,580	51,582	-	51,582
Insurance	-	38,517	38,517	-	31,238	31,238
Authorizer Oversight Fees	-	36,294	36,294	-	26,765	26,765
Contracted Transportation Services	34,330	-	34,330	17,100	-	17,100
Interest	-	1,631	1,631	-	2,579	2,579
Other	22,004	10,815	32,819	10,037	8,733	18,770
Total Functional Expenses	$ 1,658,755	$ 291,419	$ 1,950,174	$ 1,578,589	$ 240,719	$ 1,819,308

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,457,049	$ 4,975
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	59,702	43,946
In-Kind Contribution	(780,069)	150,897
Changes in Operating Assets and Liabilities:		
Grants Receivable	(95,753)	7,505
Prepaid Expenses	(402)	19,880
Accounts Payable and Accrued Expenses	(35,132)	13,932
Deferred Revenue	(96,547)	72,400
Refundable Advances	-	(815)
Net Cash Provided by Operating Activities	508,848	312,720
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(533,792)	(319,240)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Note Payable	(16,618)	(15,670)
NET CHANGE IN CASH	(41,562)	(22,190)
Cash - Beginning of Year	146,545	168,735
CASH - END OF YEAR	$ 104,983	$ 146,545
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 1,631	$ 2,579

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Friends of Canaan, Inc. dba: Canaan Community 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 160 students in grades kindergarten through eight and is sponsored by Ball State University.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). This method records revenue and related assets when earned and records expense and related liabilities when the obligations are incurred. These financial statements report amounts separately by class of net assets.

Accounting Estimates

The preparation of financial statements in conformity with GAAP 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 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. 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, 2023 and 2022, the School had $19,853 and $116,400, respectively, of deferred revenue for grant funds received in advance of related reimbursable expenses.

Cash

Cash consists of cash held in bank accounts. 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 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

Contributions received are measured at their fair values and are reported as an increase in net assets. 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

Friends of Canaan, Inc. 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 (IRC) 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, 2023 and 2022, 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 $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:

Leasehold Improvements	40 Years
Furniture and Equipment	3 to 10 Years
Textbooks	4 Years
Vehicles	5 to 10 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.

Classification of Net Assets

Net assets of the School are classified based on the presence or absence of donor-imposed restrictions and are defined as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the School.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All of the net assets with donor of restrictions of the School related to the in-kind rent receivable as further described in Note 2. The School did not have any net assets with donor restrictions that are perpetual in nature as of June 30, 2023 and 2022.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or applicable state law.

Accounting Pronouncements and Future Changes in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Pronouncements and Future Changes in Accounting Principle (Continued)

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

As a result of adoption of this standard, the School recognized a ROU asset of $2,846 and liability of $2,846 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 5, Leases. At June 30, 2023, the School had a right-of-use asset – operating, net, of $1,444 and a right-of-use liability – operating of $1,444.

Subsequent Events

The School evaluated subsequent events through December 14, 2023, the date these financial statements were available to be issued.

NOTE 2 IN-KIND RENT RECEIVABLE

The School leases its facility under an operating lease with Shelby Township. Shelby Township is providing a donation to the School by allowing it to occupy the government-owned building for an annual lease payment of $1, below market rent, through March 2023. The present value of the contribution, as determined at the date of the lease was effective using a 2.58% interest rate, is recorded in net assets with donor restrictions and in-kind receivable. Annually, this receivable is amortized and released from restriction. The School is responsible for all repairs, maintenance, utilities, and insurance.

In April 2023, the School entered into a new lease agreement with Shelby Township, with an effective date of March 1, 2023. Shelby Township is providing a donation to the School by allowing it to occupy the government-owned building for an annual lease payment of $1, below market rent, through February 2028. The present value of the contribution, as determined at the date of the lease was effective using a 4.27% interest rate, is recorded in net assets with donor restrictions and in-kind receivable. Annually, this receivable is amortized and released from restriction. The School is responsible for all repairs, maintenance, utilities, and insurance.

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2023	2022
Note payable to German American Bank, payable $1,521 monthly including interest at 6.00% per annum, maturing in June 2024, secured by two buses.	$ 17,644	$ 34,262
Less: Current Portion	(17,644)	(16,655)
Long-Term Portion	$ -	$ 17,607

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

Year Ending June 30,	Amount
2024	$ 17,644

NOTE 4 RETIREMENT PLAN

The School offers retirement benefits to its employees through both 403(b) and 401(a) defined contribution retirement plans. The 403(b) plan is funded solely by employee contributions. The School contributes 7.5% of each employee's salary for all full-time employees to the 401(a) plan. Retirement plan expense, net of forfeitures, was $51,562 and $57,391 for the years ended June 30, 2023 and 2022, respectively.

NOTE 5 LEASES

ASC 842 for 2023

The School leases two copiers from a third party under a long-term, noncancelable lease agreement. The lease expires in 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $2,846 for the year ended June 30, 2023

Lease Cost:		
Operating Lease Cost:	$	2,846
Other Information:		
Operating Cash Flows from Operating Leases	$	(1,464)
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$	1,444
Weighted-Average Remaining Lease Term - Operating Leases:		1 year
Weighted-Average Discount Rate - Operating Leases		3.00%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending December 31,	Amount
2023	$ 1,444

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 $36,294 and $26,765 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2027 and is renewable thereafter by mutual consent.

NOTE 7 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.

NOTE 7 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, 2023, substantially all of the receivable balance was due from the state of Indiana.

In addition, bank deposits are maintained primarily at First Financial Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. Funds held at this financial institution exceed the FDIC insurance limit.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022 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. Financial assets at June 30, 2023 and 2022 total $281,063 and $226,872, 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 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.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
OTHER REPORT
JUNE 30, 2023 AND 2022

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

Supplemental Audit Report of Friends of Canaan, Inc.
dba: Canaan 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*.

INDEPENDENT AUDITORS' 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
Friends of Canaan, Inc.
dba: Canaan Community Academy
Madison, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy

Report on Compliance and Other Matters

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

The School's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 14, 2023

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Madison, Indiana

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited Friends of Canaan, Inc. dba: Canaan Community Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on 84.282 Charter Schools

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 84.282 Charter Schools for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on 84.282 Charter Schools

As described in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding Assistance Listing No. 84.282 Charter Schools as described in finding numbers 2023-002 for Procurement, Suspension and Debarment.

Compliance with such requirements is necessary, in our opinion, for the School to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002, to be a material weakness.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 14, 2023

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed through from Indiana Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A	$ -	$ 83,778
School Breakfast Program	10.553	N/A	-	34,301
Total Child Nutrition Cluster			-	118,079
Total U.S. Department of Agriculture			-	118,079
U.S. Department of Education				
Passed through from Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A210014	-	14,756
Title I Grants to Local Educational Agencies	84.010	S010A220014	-	82,271
Total Assistance Listing Number 84.010			-	97,027
Special Education Cluster (IDEA):				
Passed through from Indiana Department of Education:				
Special Education Grants to States	84.027	H027A220084	-	27,952
Total Assistance Listing Number 84.027			-	27,952
Total Special Education Cluster (IDEA)			-	27,952
Passed through from Indiana Department of Education:				
Charter Schools	84.282	U282A210017	-	328,061
Total Assistance Listing Number 84.282			-	328,061
Passed through from Indiana Department of Education:				
Rural Education Grant	84.358	S358A211168	-	6
Total Assistance Listing Number 84.358			-	6
Passed through from Indiana Department of Education:				
Education Stabilization Fund:				
COVID 19: Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	-	68,358
COVID 19: American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	S425U210013	-	157,617
Total Assistance Listing Number 84.425			-	225,975
Total U.S. Department of Education			-	679,021
Total Expenditures of Federal Awards			$ -	$ 797,100

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Friends of Canaan, Inc. dba: Canaan Community Academy (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the 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 of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING

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 a limited as to reimbursement.

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

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? __x__ yes ____ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported
3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? __x__ yes ____ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Qualified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? __x__ yes ____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.282	Charter School Program

Dollar threshold used to distinguish between Type A and Type B programs: $ 187,500

Auditee qualified as low-risk auditee? ____ yes __x__ no

Section II – Financial Statement Findings

2023 – 001: Material Audit Adjustment
Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During the year ended June 30, 2023, the School entered into a below-market lease agreement but had not properly recorded the financial impact of this in-kind contribution in its financial statements.

Criteria or specific requirement: In accordance with Accounting Standard Codification (ASC) Topic 958-605, a below-market lease should be recorded as an in-kind contribution and recognized in the period of inception of the lease.

Effect: The School's records did not reflect the accurate accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP) for the below-market lease agreement entered into during the year ended June 30, 2023.

Cause: The School records are recorded on a cash basis throughout the year and the year-end accruals did not include this adjustment to GAAP.

Repeat Finding: No.

Recommendation: We recommend that the School review their year end reporting and cash to accrual basis entries to ensure all items are properly reflected in accordance with US GAAP.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 002: Procurement, Suspension and Debarment

Federal Agency: U.S. Department Education

Federal Program Name: Charter School Program

Assistance Listing Number: 84.282

Federal Award Identification Number and Year: U282A210017

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): None noted.

Award Period: July 1, 2022 through June 30, 2023

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 002: Procurement, Suspension and Debarment (Continued)

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance (Modified Opinion)

Criteria or specific requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of procurement, suspension, and debarment. The School should have internal controls designed to ensure compliance with those provisions.

Condition: During our testing, we noted the School did not have adequate internal controls designed to ensure vendors were procured following a proper procurement policy, as well as procedures in place to these vendors were not suspended or debarred.

Questioned costs: None

Context: During our testing, it was noted that the School did not have a proper procurement policy in place, thus no policy to follow. The School also, was not reviewing vendors prior to entering into a contract with a vendor to ensure the vendor was not on the suspended or debarred vendor list maintained by the General Services Administration.

Cause: As this was a first-year single audit for the School, the School was unaware of the federal Procurement and Suspension & Debarment requirements. Thus, the School was unaware the contractors were required to be reviewed prior to entering into a contract to ensure they were not suspended or debarred.

Effect: The auditor noted no instances of noncompliance with the provisions of procurement, suspension, and debarment; however, the lack of internal controls over these compliance requirements provides an opportunity for noncompliance.

Repeat Finding: No.

Recommendation: We recommend the School, implement a policy surrounding procurement which encompasses the federal requirements, and design controls to follow this policy and to ensure an adequate review process is in place to review potential contractors to determine they are not suspended or debarred.

Views of responsible officials: There is no disagreement with the audit finding.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2022 TO JUNE 30, 2023

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
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JULY 1, 2022 TO JUNE 30, 2023

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President of Board of Directors	David Herring	07/01/22 - 06/30/23
Chief Administrative Officer	Rhonda Pennington	07/01/22 - 06/30/23
Chief Operations Officer	Kristi Allard	07/01/22 - 06/30/23

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Canaan, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School) as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023. 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 14, 2023

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on December 14, 2023 with Rhonda Pennington (Chief Administrative Officer) and Kristi Allard (Chief Operations Officer).

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2023

United States Department of Education

Friends of Canaan, Inc. dba: Canaan Community Academy (the School) respectfully submits the following corrective action plan for the year ended June 30, 2023.

Audit period: July 01, 2022 - June 30, 2023

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2023-001 Material Audit Adjustment

Recommendation: We recommend that the School review their year-end reporting and cash to accrual basis entries to ensure all items are properly reflected in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Audit adjustment has been posted. Review of new agreements will be conducted annually with the appropriate accounting adjustments posted prior to fiscal year end.

Name of the contact person responsible for corrective action: Darin Greggs

Planned completion date for corrective action plan: 12/09/2023

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

UNITED STATES DEPARTMENT OF EDUCATION

2023-002 Charter School Program: Assistance Listing No. 84.282

Recommendation: We recommend that the school implement Procurement and Suspension and debarment policies and ensure that any missing federal requirements are included in their written policies.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: School to implement a Procurement with the appropriate suspension and disbarment policies.

Name of the contact person responsible for corrective action: Rhonda Pennington

Planned completion date for corrective action plan: January 15, 2024

If the United States Department of Education has questions regarding this plan, please call Rhonda Pennington, Chief Administrative Officer, at 812-839-0003.

Community Montessori, Inc.

COMMUNITY MONTESSORI, INC.

FINANCIAL STATEMENT

YEAR ENDED JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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COMMUNITY MONTESSORI, INC.
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YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Montessori, Inc. (the School), which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and change in net assets, statement of functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

COMMUNITY MONTESSORI, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 5,257,393
Investments	2,121,330
Accounts Receivable, Net	375,625
Prepaid Expenses	14,442
Total Current Assets	7,768,790
PROPERTY AND EQUIPMENT	
Land	150,296
Buildings and Improvements	13,413,401
Furniture and Equipment	189,609
Less: Accumulated Depreciation	(4,801,459)
Property and Equipment, Net	8,951,847
Operating Right of Use Asset, Net	9,854
Total Assets	$ 16,730,491

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Current Portion of Notes Payable	$ 275,651
Accounts Payable and Accrued Expenses	340,806
Operating Lease Liability - Current Portion	2,785
Deferred Revenue	47,658
Refundable Advances	1,235,193
Total Current Liabilities	1,902,093
LONG-TERM LIABILITIES	
Operating Lease Liability - Net of Current Portion	7,069
Notes Payable, Net of Current Portion	4,012,663
Less: Unamortized Debt Issuance Costs	(36,228)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	3,976,435
Total Liabilities	5,885,597
NET ASSETS WITHOUT DONOR RESTRICTIONS	
Without Donor Restrictions:	
Without Donor Restrictions	10,838,679
With Donor Restrictions	6,215
Total Net Assets	10,844,894
Total Liabilities and Net Assets	$ 16,730,491

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State Education Support	$ 3,939,466	$ -	$ 3,939,466
Program Fees	551,487	-	551,487
Grant Revenue	1,152,461	-	1,152,461
Student Fees	130,901	-	130,901
Contributions	5,081	-	5,081
Fundraising	29,707	5,000	34,707
Investment Gain (Loss), Net	85,271	-	85,271
Other	26,236	-	26,236
Net Assets Released from Restrictions	500	(500)	-
Total Revenue and Support	5,921,110	4,500	5,925,610
EXPENSES			
Program Services	4,036,817	-	4,036,817
Management and General	725,010	-	725,010
Fundraising	20,221	-	20,221
Total Expenses	4,782,048	-	4,782,048
CHANGE IN NET ASSETS	1,139,062	4,500	1,143,562
Net Assets - Beginning of Year	9,699,617	1,715	9,701,332
NET ASSETS - END OF YEAR	$ 10,838,679	$ 6,215	$ 10,844,894

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 2,221,779	$ 473,105	$ -	$ 2,694,884
Employee Benefits	488,786	77,676	-	566,462
Staff Development and Recruitment	27,084	-	-	27,084
Professional Services	386,165	24,250	-	410,415
Program Expenses	21,371	-	-	21,371
Dues, Licenses, and Subscriptions	-	77,949	-	77,949
Advertising	-	3,940	-	3,940
Travel	-	3,001	-	3,001
Information Technology	40,606	-	-	40,606
Supplies	163,859	3,259	-	167,118
Occupancy	196,959	-	-	196,959
Depreciation	351,619	-	-	351,619
Interest	138,589	-	-	138,589
Insurance	-	47,117	-	47,117
Fundraising	-	-	20,221	20,221
Other	-	14,713	-	14,713
Total Functional Expenses	$ 4,036,817	$ 725,010	$ 20,221	$ 4,782,048

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,143,562
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	351,619
Amortization	2,599
(Gain) Loss on Investments, Net	(85,271)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	630,383
Prepaid Expenses	(14,442)
Accounts Payable and Accrued Expenses	(62,940)
Refundable Advances	1,235,193
Deferred Revenue	(116,746)
Net Cash Provided by Operating Activities	3,083,957
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(971,157)
Purchase of Property and Equipment	(502,508)
Net Cash Used by Investing Activities	(1,473,665)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Repayment of Notes Payable	(473,260)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,137,032
Cash and Cash Equivalents - Beginning of Year	4,120,361
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 5,257,393
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 127,345

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 2022-2023 School year, the School served approximately 494 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, 2023, 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, 2023 and 2022, the School has $47,658 and $164,404, 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 however there is uncertainty as to the final determination of eligibility on the Employer Retention Credit (ERC) funding thus the school has fully allowed for this receivable (see note 2). Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. As of June 30, 2023, no allowance was deemed necessary 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 supply 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 $15,813 as of June 30, 2023. 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 (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 year ended June 30, 2023, 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.

Changes in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

As a result of adoption of this standard, the School recognized a ROU asset of $12,560 and liability of $12,560 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 9, Leases. At June 30, 2023, the School had a right-of-use asset – operating, net, of $9,854 and a right-of-use liability – operating of $9,854.

Subsequent Events

The School evaluated subsequent events through February 14, 2024, 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 EMPLOYER RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help business retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $349,281.

NOTE 2 EMPLOYER RETENTION CREDIT (CONTINUED)

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $1,132,177.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and loss contingency of $1,481,458 related to eligibility uncertainty and ongoing IRS audit of the ERC claim during the year ended June 30, 2023.

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of $1,235,193. Due to the eligibility uncertainty and initial ruling on the IRS audit of the School's ERC claim, the School has classified these funds as refundable advances.

The IRS may review funding eligibility of funds for compliance with program requirements based on dollar thresholds and other factors.

NOTE 3 INVESTMENTS

The School held the following investments as of June 30, 2023:

Mutual Funds:		
MFS Corporate Bond A	$	135,139
MFS Diversified Income A		148,979
MFS limited Maturity A		134,737
MFS Total Return Bond A		131,736
Pacific Life Fixed Annuity		1,035,584
Certificate of Deposit		535,155
Total	$	2,121,330

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.

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2023 and 2022.

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

Annuity Contract: Valued at the underlying investment holdings, including items reported on active markets on which the individual securities are traded, fixed-income securities based on market prices or, if not available, is estimated using discounted cash flow techniques, and other investments with no readily available market prices is estimated using appropriate valuation techniques, including consideration of recent transactions in comparable securities or businesses.

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.

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

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	$ 135,139	$ 135,139	$ -	$ -
MFS Diversified Income A	148,979	148,979	-	-
MFS Limited Maturity A	134,737	134,737	-	-
MFS Total Return Bond A	131,736	131,736	-	-
Total Held at Fair Value	550,591	550,591	-	-
Pacific Life	1,035,584	-	1,035,584	-
Certificates of Deposit	535,155	-	-	-
Total Investment	$ 2,121,330	$ 550,591	$ 1,035,584	$ -

NOTE 5 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2023
Note payable to German American Bancorp, payable $33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	$ 4,288,314
Less: Current Portion	(275,651)
Long-Term Portion	$ 4,012,663

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

Year Ending June 30,	Amount
2024	$ 275,651
2025	284,467
2026	293,212
2027	302,225
2028	311,271
Thereafter	2,821,488
Total	$ 4,288,314

NOTE 6 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:

	2023
Scholarships	$ 6,215

During the year ended June 30, 2023, net assets of $500 were released from restriction by incurring expenses satisfying the restricted purposes or due to the passage of time.

NOTE 7 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 2% of state tuition support received. The charter remains in effect until June 30, 2023 and is renewable thereafter by mutual consent. Expense under this agreement was $63,429 for the year ended June 30, 2023.

NOTE 8 LEASES – ASC 842

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expires in 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $3,024 for the year ended June 30, 2023.

Lease Cost:		
Operating Lease Cost:	$	3,024
Total Lease Cost	$	3,024
Other Information:		
Operating Cash Flows from Operating Leases	$	3,024
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$	12,560
Weighted-Average Remaining Lease Term - Operating Leases:		4.5 Years
Weighted-Average Discount Rate - Operating Leases		2.87%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending December 31,		Amount
2024	$	3,024
2025		3,024
2026		3,024
2027		1,260
Undiscounted Cash Flows		10,332
(Less) Imputed Interest		(478)
Total Present Value	$	9,854
Short-Term Lease Liabilities	$	2,785
Long-Term Lease Liabilities		7,069
Total	$	9,854

NOTE 9 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 year ended June 30, 2023, the School contributed 6.0% 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, 2021 (the latest year reported), TRF was approximately 95% 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 $48,488 for the year ended June 30, 2023.

NOTE 10 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 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.

NOTE 11 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 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.

	2023
Financial Assets	$ 7,754,348
Less: Those Unavailable for General Expenditures	
Within One Year, Due to:	
Restrictions by Donor with Time or Purpose	(6,215)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 7,748,133

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 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. 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, 2023

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*.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2022 TO JUNE 30, 2023

COMMUNITY MONTESSORI, INC.
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JULY 1, 2022 TO JUNE 30, 2023

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Board President	Melissa Merida	07/01/2022 – 06/30/2023
Executive Director	Barbara Burke Fondren	07/01/2022 – 06/30/2023
Administrative Finance	Melissa Cole	07/01/2022 – 06/30/2023

CliftonLarsonAllen LLP
CLAconnect.com

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, 2023 and have issued our report thereon dated February 14, 2024. 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 Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

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

An audit adjustment related to the Employee Retention Credit (ERC) grant program for $1,235,193 was detected as a result of audit procedures. Given the uncertain nature of the ERC program and School eligibility under IRS audit, the receipts under this program were adjusted out of grant income and to a refundable advance as of June 30, 2023. The total ERC claim was recognized as accounts receivable with the related loss contingency of $1,481,458. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around grant receivables and related loss contingencies are an important element of internal controls.

Indiana Code 20-24-7-1 provides that "…The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)..."

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

REQUIRED REPORTS

During our testing, it was noted that the Form 9 for the reporting period January 1, 2022 through June 30, 2023 ending cash balance of $6,512,175 did not agree to the year ended cash balance per the school records of $6,431,920 for a difference of $80,255.

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 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 Manual, Part 9)

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on December 19, 2023 with Barbara Burke Fondren, Executive Director, and Melissa Cole, Administrative Finance and updated with Barbara Burke Fondren, Executive Director, on February 14, 2014. The School's official response has been made part of this report beginning on page 5.

community montessori

4102 St. Joseph Road, New Albany IN 47150 **812.948.1000** *phone* **812.948.0441** *fax*

February 15, 2024

CliftonLarsonAllen LLP
Attn: Kyla Greenhoe
9365 Counselors Row #200
Indianapolis
IN 46240

Hello Kyla,

Please find below the school's official response to the Audit results.

We accept the material weakness in our application of our Employee Retention Credit (ERC) to GAAP but would request this forum to cite mitigating circumstances. It would not be misleading to say that the COVID era federal programs presented a unique income measurement challenge in that they were unprecedented in their scope and complexity and will not likely recur again. We considered the measurement effect of accruing the ERC grant when application was made but concluded that, because qualifications for applications changed repeatedly in the early weeks after announcement, and the whole program became increasingly controversial, it was not proper to accrue the grant revenue. Furthermore, reserving the entire award by providing for its possible denial leaves us in the same position as if we had never applied for ERC. The Internal Revenue Service (IRS) reviewed the applications, refunded 3 of the 4 periods covered, then decided to audit the entire claim, virtually admitting that they were making up the rules contemporaneously as they watched yet another program sink into fraud and manipulation. We only regret that GAAP principles aren't flexible enough to prevent a material weakness in complying with federal grant programs that, to this day, are being granted and revoked in arbitrary decisions. We also regret that strict adherence to GAAP principles require us to remove the ERC grants from revenue but include in expense the commissions that were paid to the contractor to prepare the grant application when they are contractually obligated to return the commissions if the grants are disallowed after audit.

At the time of the June 30, 2023 Form 9 for Community Montessori was filed, new investment accounts had been opened requiring special Form 9 Statement of Investment entries. Unbeknownst to the school until the release of the Form 9 files, the way in which these entries were recorded caused the $80,255 discrepancy between ending cash balances. The school worked with the IDOE to record these entries correctly and reconcile to the correct closing balances for both cash and the Statement of Investments during the December 31 2023 Form 9.

Sincerely,

Melissa Cole

Melissa Cole
Finance Coordinator
Community Montessori

Global

INDEPENDENT
NETWORK MEMBER

Discovery Charter School

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

FINANCIAL STATEMENT

YEAR ENDED JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Duneland Charter School, Inc. dba: Discovery Charter School, which comprise the statement of financial position as of June 30, 2023, and the related statement of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Duneland Charter School, Inc. dba: Discovery Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Duneland Charter School, Inc. dba: Discovery Charter School's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Duneland Charter School, Inc. dba: Discovery Charter School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Duneland Charter School, Inc. dba: Discovery Charter School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	$ 1,616,743
Grants Receivable, Net	142,116
Student Fees Receivable	7,820
Prepaid Expenses	48,626
Total Current Assets	1,815,305
PROPERTY AND EQUIPMENT	
Land	408,188
Buildings and Improvements	6,178,328
Furniture and Equipment	1,605,833
Textbooks	94,956
Less: Accumulated Depreciation	(2,659,393)
Property and Equipment, Net	5,627,912
OTHER ASSETS	
Cash and Equivalents - Restricted for Debt Service	651,824
Cash and Equivalents - Restricted for Prepaid Interest	7,030
Security Deposits	10,770
Operating Right of Use (ROU) Asset	8,646
Total Other Assets	678,270
Total Assets	$ 8,121,487

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Current Portion of Debt	$ 117,500
Accounts Payable and Accrued Expenses	324,368
Refundable Advance	605,574
Operating Lease Liability - Current Portion	6,865
Total Current Liabilities	1,054,307
LONG-TERM LIABILITIES	
Debt, Net of Current Portion	6,763,750
Less: Unamortized Debt Issuance Cost	(271,545)
Operating lease Liability - Less Current Portion	1,781
Total Long-Term Liabilities	6,493,986
Total Liabilities	7,548,293
NET ASSETS	
Without Donor Restrictions	573,194
Total Liabilities and Net Assets	$ 8,121,487

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023

REVENUE AND SUPPORT	
State Education Support	$ 4,050,163
Grant Revenue	1,254,829
Student Fees	228,111
Contributions	171,000
Interest Income	12,562
Other Income	72,822
Total Revenue and Support	5,789,487
EXPENSES	
Program Services	4,232,815
Management and General	1,523,108
Total Expenses	5,755,923
CHANGE IN NET ASSETS	33,564
Net Assets - Beginning of Year	539,630
NET ASSETS - END OF YEAR	$ 573,194

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries and Wages	$ 2,269,294	$ 448,210	$ 2,717,504
Employee Benefits	550,786	139,980	690,766
Professional Services	430,567	178,629	609,196
Repairs and Maintenance	-	9,468	9,468
Authorizer Oversight Fees	-	73,786	73,786
Food Services	215,261	-	215,261
Transportation Services	100,147	-	100,147
Travel	3,489	759	4,248
Classroom, Kitchen, and Office Supplies	201,269	47,213	248,482
Occupancy	121,042	-	121,042
Information Technology	39,899	22,220	62,119
Depreciation	288,992	-	288,992
Interest	12,069	474,069	486,138
Insurance	-	67,669	67,669
Advertising	-	15,860	15,860
Other	-	45,245	45,245
Total Expenses by Function	$ 4,232,815	$ 1,523,108	$ 5,755,923

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 33,564
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	288,992
Amortization	12,069
Changes in Operating Assets and Liabilities:	
Grants Receivable	(100,058)
Student Fees Receivable	(4,036)
Prepaid Expenses and Security Deposits	(13,849)
Accounts Payable and Accrued Expenses	47,662
Refundable Advance	605,574
Net Cash Provided by Operating Activities	869,918
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(148,060)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Notes Payable	(117,500)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	604,358
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	1,671,239
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 2,275,597
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	
Cash and Cash Equivalents	$ 1,616,743
Cash and Equivalents - Restricted for Debt Service	651,824
Cash and Equivalents - Restricted for Prepaid Interest	7,030
Total	$ 2,275,597
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 474,069

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 560 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, 2023, 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and Student Fees 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; however there is uncertainty as to the final determination of eligibility on the Employer Retention Credit (ERC) funding thus the school has fully allowed for this receivable (see note 11). . Student fees receivable relate to unpaid student fees from the 2022-2023 school year. The School believes that all balances will be collected and as such no allowance for doubtful accounts is deemed necessary for student fees receivable.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 was $90,517. Amortization expense was $12,069 for the year ended June 30, 2023. 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 (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 year ended June 30, 2023, 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.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period. The School has elected to adopt the package of practical expedients available in the year of adoption. The School has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School’s ROU assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

As a result of adoption of this standard, the School recognized a ROU asset of $15,113 and liability of $15,113 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 5, Leases. At June 30, 2023, the School had a right-of-use asset – operating, net, of $8,647 and a right-of-use liability – operating of $8,647.

Subsequent Events

The School evaluated subsequent events through February 14, 2024, 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, 2023:

Description	
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
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.	411,250
Total	6,881,250
Less: Current Portion	(117,500)
Long-Term Portion	$ 6,763,750

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, 2023.

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

Year Ending June 30,	Amount
2024	$ 117,500
2025	117,500
2026	117,500
2027	58,750
2028	-
Thereafter	6,470,000
Total	$ 6,881,250

NOTE 4 LEASES – ASC 842

The School leases two copiers from a third party under a long-term, noncancelable lease agreement. The lease expires in 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third party leases was $7,161 for the year ended June 30, 2023.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:		
Operating Lease Cost:	$	7,161
Other Information:		
Operating Cash Flows from Operating Leases	$	7,161
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$	15,113
Weighted-Average Remaining Lease Term - Operating Leases:		1.3 years
Weighted-Average Discount Rate - Operating Leases		6.00%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending December 31,		
2024	$	7,161
2025		1,790
Undiscounted Cash Flows		8,952
(Less) Imputed Interest		(305)
Total Present Value	$	8,646
Short-Term Lease Liabilities	$	6,865
Long-Term Lease Liabilities		1,781
Total	$	8,646

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 year ended June 30, 2023, 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, 2022 (the latest year reported), TRF and PERF were approximately 95% 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 $145,934 during the year ended June 30, 2023.

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 $73,786 for the year ended June 30, 2023. The charter remains in effect until June 30, 2027, 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, 2023, 95% of the net receivable balance was due from the state of Indiana, respectively.

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

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.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 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.

Financial Assets	$ 2,425,533
Less: Those Unavailable for General Expenditures Within One Year, Due to:	
Cash and Cash Equivalents Restricted for Debt Service	(651,824)
Cash and Cash Equivalents Restricted for Construction	(7,030)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,766,679

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.

NOTE 10 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help business retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $273,690.

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $869,400.

Grants related to this program are classified as grants receivable. The University recognized a grant receivable and loss contingency of $1,143,090 related to eligibility uncertainty and ongoing IRS audit of the ERC claim during the year ended June 30, 2023.

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of $605,574. Due to the eligibility uncertainty and ongoing IRS audit of the School's ERC claim, the School has classified these funds as refundable advances.

The IRS may review funding eligibility of funds for compliance with program requirements based on dollar thresholds and other factors.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2023

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

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 – JUNE 30, 2023

Office	Official	Term
President	Lisa Gonzalez	07/01/22 – 06/30/23
Treasurer	Suzanne Radzik	07/01/22 – 06/30/23
Superintendent	Ernesto Martinez	07/01/22 – 06/29/23
Executive Director	Greg Guernsey	06/29/23 – 06/30/23

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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, 2023, and have issued our report thereon dated February 14, 2024. 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 Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

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

An audit adjustment related to the Employee Retention Credit (ERC) grant program for $605,574 was detected as a result of audit procedures. Given the uncertain nature of the ERC program and School eligibility under IRS audit, the receipts under this program were adjusted out of grant income and to a refundable advance as of June 30, 2023. The total ERC claim was recognized as accounts receivable with the related loss contingency of $1,143,090. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around grant receivables and related loss contingencies are an important element of internal controls.

Indiana Code 20-24-7-1 provides that "…The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)..."

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

SUBMISSION AND ACCURACY OF REQUIRED REPORTS – 100R TESTING

During our testing of the 100R, we were unable to determine timely filing and accuracy of the filing for the December 31, 2022 100R report as the filing per the Indiana Gateway Website show that it had not been filed.

Charter schools are required to file an annual report with the State Examiner not later than sixty (60) days after the close of each fiscal year, IC 5-11-1-4. "Every state, county, city, town, township, or school official ... shall during the month of January of each year prepare, make, and sign a certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents ... and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts ... The certification must be filed electronically in the manner prescribed under IC 5-14-3.8-7." (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 9)

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 – JUNE 30, 2023

The contents of this report were discussed with Greg Guernsey, Executive Director, Mariette Siler, Ball State University Charter Authorizer representative, and representatives from The Gabriele Group, outsourced accounting, on February 8, 2024. The School's official response has been made part of this report beginning on page 5.

RESPONSE TO SUPPLEMENTAL AUDIT JULY 1, 2022-JUNE 30, 2023

We acknowledge delinquency in the filing of Form 100R. We have implemented procedures that will ensure that it is timely filed in the future.

We accept the material weakness in our application of our Employee Retention Credit (ERC) to GAAP but would request this forum to cite mitigating circumstances. It would not be misleading to say that the COVID era federal programs presented a unique income measurement challenge in that they were unprecedented in their scope and complexity and will not likely recur again. We considered the measurement effect of accruing the ERC grant when application was made but concluded that, because qualifications for applications changed repeatedly in the early weeks after announcement, and the whole program became increasingly controversial, it was not proper to accrue the grant revenue. Furthermore, reserving the entire award by providing for its possible denial leaves us in the same position as if we had never applied for ERC. The Internal Revenue Service (IRS) reviewed the applications, refunded 2 of the 4 periods covered, then decided to audit the entire claim, virtually admitting that they were making up the rules contemporaneously as they watched yet another program sink into fraud and manipulation. We only regret that GAAP principles aren't flexible enough to prevent a material weakness in complying with federal grant programs that, to this day, are being granted and revoked in arbitrary decisions. We also regret that strict adherence to GAAP principles require us to remove the ERC grants from revenue but include in expense the commissions that were paid to the contractor to prepare the grant application when they are contractually obligated to return the commissions if the grants are disallowed after audit.

Management will review accrual procedures for grants so that grant revenue is properly recorded as of the financial statement date.

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P. 219-983-9800 | DISCOVERYCHARTER.ORG

East Chicago Urban Enterprise Academy

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of East Chicago Urban Enterprise Academy, Inc. (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
East Chicago Urban Enterprise Academy, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 February 14, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 1,199,265	$ 831,928
Grants and Acconts Receivable	886,493	409,050
Prepaid Expenses	45,636	37,777
Total Current Assets	2,131,394	1,278,755
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,408,538	2,408,538
Furniture and Equipment	1,077,045	796,797
Less: Accumulated Depreciation	(1,755,065)	(1,518,404)
Property and Equipment, Net	1,730,518	1,686,931
OTHER ASSETS		
Security Deposit	7,803	63,698
Right-of-Use Asset - Operating	827,487	-
Total Other Assets	835,290	63,698
Total Assets	$ 4,697,202	$ 3,029,384
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 110,472	$ 107,098
Accounts Payable and Accrued Expenses	441,076	309,723
Deferred Revenue	101,356	59,623
Current Portion of Lease Liability - Operating	265,383	-
Total Current Liabilities	918,287	476,444
LONG-TERM LIABILITIES		
Lease Liability - Operating	570,586	-
Notes Payable, Net of Current Portion	223,620	325,476
Total Long-term Liabilities	794,206	325,476
Total Liabilities	1,712,493	801,920
NET ASSETS WITHOUT DONOR RESTRICTIONS	2,984,709	2,227,464
Total Liabilities and Net Assets	$ 4,697,202	$ 3,029,384

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 3,448,001	$ 3,305,031
Grant Revenue	3,408,314	2,682,189
Student Fees	9,247	23,987
Contributions	1,277	7,656
Other Income	54,928	40,909
Total Revenue and Support	6,921,767	6,059,772
EXPENSES		
Program Services	5,123,581	4,321,676
Management and General	1,040,941	956,528
Total Expenses	6,164,522	5,278,204
CHANGE IN NET ASSETS	757,245	781,568
Net Assets - Beginning of Year	2,227,464	1,445,896
NET ASSETS - END OF YEAR	$ 2,984,709	$ 2,227,464

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 2,669,439	$ 224,297	$ 2,893,736	$ 2,192,759	$ 211,236	$ 2,403,995
Employee Benefits	744,182	64,699	808,881	621,369	61,787	683,156
Professional Services	314,038	8,797	322,835	95,277	24,515	119,792
Depreciation	236,661	-	236,661	206,205	-	206,205
Classroom, Kitchen, and Office Supplies	358,177	-	358,177	434,076	-	434,076
Food Costs	177,061	-	177,061	237,770	-	237,770
Insurance	-	42,657	42,657	-	29,397	29,397
Occupancy	398,254	-	398,254	369,868	-	369,868
Authorizer Oversight Fees	-	66,146	66,146	-	68,748	68,748
Management Services	-	600,580	600,580	-	520,002	520,002
Property Rental and Maintenance	66,100	-	66,100	38,609	-	38,609
Contract Services	1,795	-	1,795	-	-	-
Interest	-	20,945	20,945	-	22,806	22,806
Advertising	-	12,077	12,077	-	18,037	18,037
Travel	24,294	-	24,294	13,587	-	13,587
Information Technology	95,917	-	95,917	75,266	-	75,266
Other	37,663	743	38,406	36,890	-	36,890
Total Functional Expenses	$ 5,123,581	$ 1,040,941	$ 6,164,522	$ 4,321,676	$ 956,528	$ 5,278,204

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 757,245	$ 781,568
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Noncash Lease Expense	8,482	-
Depreciation	236,661	206,205
Loss on sale of equipment	-	4,784
Changes in Operating Assets and Liabilities:		
Grants Receivable	(477,443)	99,832
Prepaid Expenses	(7,859)	(27,691)
Security Deposit	55,895	(55,167)
Accounts Payable and Accrued Expenses	131,353	(130,211)
Deferred Revenue	41,733	59,623
Net Cash Provided by Operating Activities	746,067	938,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(280,248)	(203,326)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(98,482)	(103,949)
NET CHANGE IN CASH	367,337	631,668
Cash - Beginning of Year	831,928	200,260
CASH - END OF YEAR	$ 1,199,265	$ 831,928
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 20,945	$ 22,806

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 419 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, 2023 and 2022, 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.

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, 2023 and 2022, 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.

Reclassifications

Certain reclassifications of amounts previous reported have been made to the accompanying financial statement 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 February 14, 2024, 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.

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a least at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2023	2022
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.	$ 334,092	$ 432,574
Less: Current Portion	(110,472)	(107,098)
Long-Term Portion	$ 223,620	$ 325,476

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

Year Ending June 30,	Amount
2024	$ 110,472
2025	119,641
2026	103,979
Total	$ 334,092

NOTE 3 LEASES

ASC Topic 842 – 2023

The School leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $286,919 for the year ended June 30, 2023.

Lease Cost:		
Operating Lease Cost	$	286,919
Other Information:		
Operating Cash Flows from Operating Leases	$	287,437
Weighted-Average Remaining Lease Term - Operating Leases		3 Years
Weighted-Average Discount Rate - Operating Leases		2.87%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,		Operating
2024	$	285,407
2025		284,830
2026		279,218
2027		23,296
Undiscounted Cash Flows		872,751
Less: Present Value Discount		(36,782)
Total Present Value	$	835,969
Short-Term Lease Liability	$	265,383
Long-Term Lease Liability		570,586
Total	$	835,969

ASC Topic 840 – 2022

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 $280,063 for the years ended June 30, 2022.

NOTE 3 LEASES (CONTINUED)

ASC Topic 840 – 2022 (Continued)

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
2023	$ 75,840
2024	75,840
2025	75,840
2026	75,840
2027	12,640
Total	$ 316,000

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 7.5% 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, 2022 (the latest year reported), TRF and PERF were approximately 95% and 85% funded, respectively.

Retirement plan expense was $212,227 and $176,944 for the years ended June 30, 2023 and 2022, 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 $66,146 and $68,748 for the years ended June 30, 2023 and 2022, 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. Payments under this agreement were $600,580 and $523,581 for the years ended June 30, 2023 and 2022, 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, 2023, 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.

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, 2023 and 2022 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, 2023 and 2022 total $2,085,758 and $1,240,978, respectively, all of which are available to meet cash needs for general expenditures within one year.

While the School has $2,085,758 and $1,240,978 in financial assets available to meet cash needs for general expenditures within one year, it also has $916,060 and $476,444 in current liabilities as of June 30, 2023 and 2022, 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.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
OTHER REPORT
JUNE 30, 2023

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*.

INDEPENDENT AUDITORS' 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
East Chicago Urban Enterprise Academy, Inc.
East Chicago, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Chicago Urban Enterprise Academy (the School), which comprise the statement of financial position at June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Chicago Urban Enterprise Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School' major federal programs for the year ended June 30, 2023. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School' federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors and Management
East Chicago Urban Enterprise Academy, Inc.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through Indiana Department of Education -				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	211970	$ -	$ 103,116
Cash Assistance - National School Lunch Program	10.555	211960	-	268,151
After School Snack Program	10.555	210900	-	3,008
Total Child Nutrition Cluster			-	374,274
Pandemic EBP Local Level Costs	10.649	210980	-	628
Total U.S. Department of Agriculture			-	374,902
Department of Education				
Passed-through Indiana Department of Education:				
Title I, Part A 2122	84.010	221530	-	23,901
Title I, Part A 2223	84.010	231530	-	532,401
Total Title I, Part A			-	556,303
Special Education Cluster (IDEA):				
Special Education Grants to States IDEA, Part B 2223	84.027	220450	-	90,864
Special Education Grants to States IDEA, Part B Preschool	84.027	220450	-	1,457
Special Education Grants to States IDEA, ARP	84.027X	220450	-	291
IDEA Part B 611 Total			-	92,612
Special Education Preschool Grants	84.173X	220450	-	193
Total Special Education Cluster			-	92,805
Supporting Effective Instruction State Grants, Title II - Part A:				
Title II, Part A 2122	84.367	220520	-	7,990
Title II, Part A 2223	84.367	230520	-	38,495
Total Title II, Part A			-	46,485

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2023

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
Department of Education (Continued)				
Passed-through Indiana Department of Education (Continued):				
Student Support & Academic Enrichment - Title IV:				
Title IV 2122	84.424	220750	$ -	$ 19,668
Title IV 2223	84.424	230750	-	8,501
Total Title IV			-	28,169
Education Stabilization Fund Program:				
COVID-19 ESSER Formula Fund II	84.425D	213712	-	486,286
COVID-19 ESSER Formula Fund III - ARP	84.425U	211012	-	1,263,338
COVID-19 Governor's Emergency Education Relief Fund (GEER)	84.425C	201200	-	3,810
Total Education Stabilization Fund Program			-	1,753,434
Total Expenditures of Federal Awards			$ -	$ 2,852,099

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of East Chicago Urban Enterprise Academy, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of 2 CFR 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 East Chicago Urban Enterprise Academy, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of East Chicago Urban Enterprise Academy, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

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

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(ies) identified? ____ yes __x__ none reported
3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____ yes __x__ no
   - Significant deficiency(es) identified? ____ yes __x__ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number	Name of Federal Program or Cluster
84.425	Education Stabilization Funds

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

Auditee qualified as low-risk auditee? ____ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

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

LAKE COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Chairman of Board of Directors	John Artis	07/01/2022 – 06/30/2023
School Leader	Veronica Eskew	07/01/2022 – 06/30/2023
School Treasurer	Melinda Benkovsky	07/01/2022 – 06/30/2023

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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of East Chicago Urban Enterprise Academy, Inc. (the School) as of and for the year ended June 30, 2023 and have issued our report thereon dated February 14, 2024. 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
February 14, 2024

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on February 24, 2024 with Ms. Veronica Eskew (School Leader), Mr. John Artis (Chairman of Board of Directors), Melinda Benkovsky and Renee Lindemann (Leona Group).

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023 that required an official response.

Global

INDEPENDENT
NETWORK MEMBER

Geist Montessori Academy

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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
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YEARS ENDED JUNE 30, 2023 AND 2022

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, (collectively, the School) which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Emphasis of a Matter Regarding Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying consolidated financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the School has a balloon payment due within the next twelve months. This payment represents a significant financial obligation that may strain the School's liquidity and ability to meet its obligations as they come due. Management's evaluation of the events and conditions and management's plans regarding these matters also are described in Note 1. The consolidated 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.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. 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
February 15, 2024

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 633,515	$ 246,226
Accounts Receivable:		
Grants	100,313	20,419
Other	-	19,439
Prepaid Expenses	3,279	10,121
Total Current Assets	737,107	296,205
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Building	6,504,810	6,526,561
Building Improvements	333,269	206,477
Furniture and Equipment	321,370	321,370
Textbooks	12,507	12,507
Less: Accumulated Depreciation	(1,034,294)	(849,600)
Property and Equipment, Net	6,683,910	6,763,563
OTHER ASSETS		
Interest Rate Swap	62,120	5,295
Right of Use Asset, Net	25,926	-
Total Assets	$ 7,509,063	$ 7,065,063
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 4,242,958	$ 369,051
Right of Use Liability, Current	13,294	-
Accounts Payable and Accrued Expenses	184,415	128,610
Total Current Liabilities	4,440,667	497,661
LONG-TERM LIABILITIES		
Right of Use Liability, Noncurrent	12,632	-
Notes Payable, Net of Current Portion	545,342	4,788,325
Less: Unamortized Debt Issuance Costs	(9,253)	(27,754)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	548,721	4,760,571
Total Liabilities	4,989,388	5,258,232
NET ASSETS WITHOUT DONOR RESTRICTIONS	2,519,675	1,806,831
Total Liabilities and Net Assets	$ 7,509,063	$ 7,065,063

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, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 1,809,163	$ 1,455,545
Grant Revenue	480,383	448,740
Student Fees	15,232	47,524
Contribution Income	6,196	4,115
Change in Value of Interest Rate Swap	56,825	282,416
Other Income	661,923	513,364
Total Revenue and Support	3,029,722	2,751,704
EXPENSES		
Program Services	1,416,964	1,500,260
Management and General	899,914	825,567
Total Expenses	2,316,878	2,325,827
CHANGE IN NET ASSETS	712,844	425,877
Net Assets - Beginning of Year	1,806,831	1,380,954
NET ASSETS - END OF YEAR	$ 2,519,675	$ 1,806,831

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, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 917,690	$ 248,711	$ 1,166,401	$ 904,397	$ 232,324	$ 1,136,721
Employee Benefits	152,227	59,750	211,977	150,266	40,100	190,366
Professional Services	132,094	101,467	233,561	177,299	81,572	258,871
Authorizer Oversight Fees	-	46,632	46,632	-	40,459	40,459
Food Costs	3,300	-	3,300	1,792	-	1,792
Property Rental and Equipment	39,175	-	39,175	47,438	-	47,438
Classroom, Kitchen, and Office Supplies	40,976	7,672	48,648	64,004	4,769	68,773
Occupancy	45,198	-	45,198	57,481	-	57,481
Depreciation	22,844	161,850	184,694	26,300	163,164	189,464
Insurance	-	26,979	26,979	-	10,565	10,565
Interest	-	232,754	232,754	-	240,263	240,263
Repairs and Maintenance	54,147	-	54,147	61,223	-	61,223
Student Transportation	900	-	900	-	-	-
Travel	307	-	307	-	-	-
Advertising	-	532	532	-	1,080	1,080
Other	8,107	13,566	21,673	10,060	11,271	21,331
Total Functional Expenses	$ 1,416,965	$ 899,913	$ 2,316,878	$ 1,500,260	$ 825,567	$ 2,325,827

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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 712,844	$ 425,877
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	184,694	189,464
Amortization	18,501	18,501
Change in Value of Interest Rate Swap	(56,825)	(282,416)
Forgiveness of Paycheck Protection Program Loan	-	(300,000)
Changes in Operating Assets and Liabilities:		
Grants Receivable	(79,894)	(251)
Other Receivable	19,439	-
Prepaid Expenses	6,842	7,978
Accounts Payable and Accrued Expenses	55,805	5,333
Net Cash Provided by Operating Activities	861,406	64,486
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(105,041)	(15,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(369,076)	(361,697)
NET CHANGE IN CASH	387,289	(313,177)
Cash - Beginning of Year	246,226	559,403
CASH - END OF YEAR	$ 633,515	$ 246,226
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 234,467	$ 246,248

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 2022-2023 school year, GMA served approximately 240 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.

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, 2023 and 2022, 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 and other revenue 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 statements of financial position. As of June 30, 2023, 2022, and 2021, the School had $0, $19,439 and $19,439, respectively, of accounts receivable 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, 2023, 2022, and 2021, the School has $5,774, $3,150, and $325, respectively, of deferred revenue from student fees.

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, 2023 and 2022.

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.

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, 2023 and 2022 was $83,255 and $64,754, 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.

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, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

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 Internal Revenue Service 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.

Changes in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in Accounting Principle (Continued)

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern Considerations

The accompanying consolidated financial statements have been prepared on the going concern basis of accounting. The School has balloon payment of approximately $3.9 million that was originally due January 31, 2024 but has been extended to April 30, 2024. This condition has prompted management to evaluate its financial position and ability to meet this obligation in the coming year.

Management is in active negotiations with the current and other lenders to secure a refinancing of the balloon payment and is confident that these negotiations will be successful. Such financing would be supported by the School's primary operating asset, its' building, which has a carrying value of approximately $6.7 million at June 30, 2023. But for this balloon payment, the School has had positive net income and cash flows from operations and has had no issues meeting current trade or monthly debt obligations during the years ended June 30, 2023 and 2022. Management believes these factors combined with steadily increasing enrollment over the past several years will support renegotiation of the loan. The School has experienced increasing enrollment from approximately 230 to 250 students during the year ended June 30, 2023 and subsequent to year end to approximately 310 students in the fall semester of 2023- 2024 school year.

The School's ability to continue as a going concern may depend on their ability to refinance the balloon payment as described above. Management believes that its actions and current business plan have alleviated substantial doubt regarding the School's ability to continue as a going concern. The accompanying consolidated financial statements do not include any adjustments as a result of these uncertainties should management and the School be unable to achieve and complete their plan.

Subsequent Events

The School evaluated subsequent events through February 15, 2024, 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 PAYCHECK 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 18 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 is included in other income in the consolidated statement of activities for the year ended June 30, 2022.

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.

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2023	2022
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.	$ 4,024,821	$ 4,175,760
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.	763,479	981,616
Total	4,788,300	5,157,376
Less: Current Portion	(4,242,958)	(369,051)
Long-Term Portion	$ 545,342	$ 4,788,325

NOTE 3 NOTES PAYABLE (CONTINUED)

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.

In 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 3.06% at June 30, 2023 and 2022). 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 at June 30, 2023.

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

Year Ending June 30,	Amount
2024	$ 4,242,958
2025	218,137
2026	218,137
2027	109,068
Total	$ 4,788,300

NOTE 4 LEASES

ASC Topic 842 – 2023

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expires in 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $6,998 for the year ended June 30, 2023.

Lease Cost:	
Operating Lease Cost	$ 6,998
Other Information:	
Operating Cash Flows from Operating Leases	$ 6,998
Weighted-Average Remaining Lease Term - Operating Leases	1.8 years
Weighted-Average Discount Rate - Operating Leases	3.75%

NOTE 4 LEASES (CONTINUED)

ASC Topic 842 – 2023 (Continued)

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating
2024	$ 13,996
2025	12,829
Undiscounted Cash Flows	26,825
(Less) Imputed Interest	(899)
Total Present Value	$ 25,926
Short-Term Lease Liabilities	$ 13,294
Long-Term Lease Liabilities	12,632
Total	$ 25,926

ASC Topic 840 - 2022

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 year ending June 30:

Year Ending June 30,	Amount
2023	$ 1,169

NOTE 5 INTEREST RATE SWAP

In February 2020, the GMA Holding LLC entered into an interest rate swap transaction with First Financial Bank. This is guaranteed by GMA. GMA Holding, LLC uses the interest rate swap to convert its variable rate debt to a fixed rate as a cash-flow hedge. GMA Holding, LLC is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, GMA Holding, LLC does not anticipate nonperformance by the counterparty.

The agreement that took effect on February 5, 2021 (in conjunction with the conversion of the construction loan to term) effectively changes GMA Holding, LLC's interest rate exposure on its floating rate note payable to 4.95%. This interest rate swap agreement matures on January 31, 2024. This agreement had a total notional principal in the amount of $3,883,821 and $4,034,760 at June 30, 2023 and 2022, respectively.

NOTE 5 INTERET RATE SWAP (CONTINUED)

The effective portion of the gain or loss on the interest rate swap is reported as revenues and expenses in the consolidated statement of activities and change in net assets in the same period or periods during which the hedged transaction affects the consolidated statement of activities and change in net assets. Gains and losses on the interest rate swap representing either hedge ineffectiveness, or excluded from the assessment of hedge effectiveness, is recognized in the consolidated statement of activities and change in net assets as revenue and expenses.

NOTE 6 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, 2023 and 2022, 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, 2022 (the latest year reported), TRF was approximately 95% 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 2023 and 2022.

Retirement plan expense for the years ended June 30, 2023 and 2022 was $45,543 and $44,781, 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. Expense under this charter agreement was $46,632 and $40,459 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

NOTE 8 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 Federal Deposit Insurance Corporation insurance limit. From time to time during the year the School's deposit accounts exceed this limit.

NOTE 9 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 other accounts receivables.

	2023	2022
Financial Assets	$ 733,828	$ 286,084
Less: Those Unavailable for General Expenditures Within One Year	-	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 733,828	$ 286,084

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 10 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, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.			GMA		
	School	Pre-K	Total	Holding, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	$ 467,891	$ -	$ 467,891	$ 165,624	$ -	$ 633,515
Accounts Receivable:						
Grants	100,313	-	100,313	-	-	100,313
Other	-	-	-	-	-	-
Due from Affiliated Entity	2,807,025	255,303	3,062,328	-	(3,062,328)	-
Prepaid Expenses	3,279	-	3,279	-	-	3,279
Total Current Assets	3,378,508	255,303	3,633,811	165,624	(3,062,328)	737,107
PROPERTY AND EQUIPMENT						
Land	-	-	-	546,248	-	546,248
Building	-	-	-	6,504,810	-	6,504,810
Leasehold Improvements	333,269	-	333,269	-	-	333,269
Furniture and Equipment	321,370	-	321,370	-	-	321,370
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	(483,022)	-	(483,022)	(551,272)	-	(1,034,294)
Property and Equipment, Net	184,124	-	184,124	6,499,786	-	6,683,910
OTHER ASSETS						
Interest Rate Swap	-	-	-	62,120	-	62,120
Investment In LLC	(111,085)	-	(111,085)	-	111,085	-
Right of Use Asset, Net	4,444,618	-	4,444,618	-	(4,418,692)	25,926
Total Assets	$ 7,896,165	$ 255,303	$ 8,151,468	$ 6,727,530	$ (7,369,935)	$ 7,509,063
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current Portion of Notes Payable	$ 218,137	$ -	$ 218,137	$ 4,024,821	$ -	$ 4,242,958
Right of Use Liability, Current	185,994	-	185,994	-	(172,700)	13,294
Accounts Payable and Accrued Expenses	168,393	-	168,393	16,022	-	184,415
Construction Costs Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due to Affiliated Entity	255,303	-	255,303	2,807,025	(3,062,328)	-
Total Current Liabilities	827,827	-	827,827	6,847,868	(3,235,028)	4,440,667
LONG-TERM LIABILITIES						
Right of Use Liability, Noncurrent	4,258,624	-	4,258,624	-	(4,245,992)	12,632
Notes Payable, Net of Current Portion	545,342	-	545,342	-	-	545,342
Less: Unamortized Debt Issuance Costs	-	-	-	(9,253)	-	(9,253)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	4,803,966	-	4,803,966	(9,253)	(4,245,992)	548,721
Total Liabilities	5,631,793	-	5,631,793	6,838,615	(7,481,020)	4,989,388
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	2,264,372	255,303	2,519,675	(111,085)	111,085	2,519,675
Total Liabilities and Net Assets	$ 7,896,165	$ 255,303	$ 8,151,468	$ 6,727,530	$ (7,369,935)	$ 7,509,063

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA		
	School	Pre-K	Total	Holding, LLC	Eliminations	Total
REVENUE AND SUPPORT						
State Education Support	$ 1,809,163	$ -	$ 1,809,163	$ -	$ -	$ 1,809,163
Grant Revenue	480,383	-	480,383	-	-	480,383
Student Fees	15,232	-	15,232	-	-	15,232
Contributions	6,196	-	6,196	-	-	6,196
Change in Value of Interest Rate Swap	-	-	-	56,825	-	56,825
Change in Investment in LLC	15,012	-	15,012	-	(15,012)	-
Other Income	475,505	186,418	661,923	372,000	(372,000)	661,923
Total Revenue and Support	2,801,491	186,418	2,987,909	428,825	(387,012)	3,029,722
EXPENSES						
Program Services	1,720,970	67,994	1,788,964	-	(372,000)	1,416,964
Management and General	486,101	-	486,101	413,813	-	899,914
Total Expenses	2,207,071	67,994	2,275,065	413,813	(372,000)	2,316,878
CHANGE IN NET ASSETS	594,420	118,424	712,844	15,012	(15,012)	712,844
Net Assets - Beginning of Year	1,669,952	136,879	1,806,831	(126,097)	126,097	1,806,831
NET ASSETS - END OF YEAR	$ 2,264,372	$ 255,303	$ 2,519,675	$ (111,085)	$ 111,085	$ 2,519,675

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
OTHER REPORT
JUNE 30, 2023

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

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

HANCOCK COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

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MONTESSORI ACADEMY AT GEIST, INC. AND GMA HOLDING, LLC
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JULY 1, 2022 TO JUNE 30, 2023

MONTESSORI ACADEMY AT GEIST, INC. AND GMA HOLDING, LLC
HANCOCK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Board President	Debi Dobbins	07/01/2022 – 06/30/2023
Executive Director	Jennifer Gosch	07/01/2022 – 06/30/2023
Assistant Executive Director	Jamie Rahmany	07/01/2022 – 06/30/2023

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC (collectively, the School) as of and for the year ended June 30, 2023, and have issued our report thereon dated February 15, 2024. 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
February 15, 2024

MONTESSORI ACADEMY AT GEIST, INC. AND GMA HOLDING, LLC
HANCOCK COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023.

MONTESSORI ACADEMY AT GEIST, INC. AND GMA HOLDING, LLC
HANCOCK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were provided to management in January 2024.

MONTESSORI ACADEMY AT GEIST, INC. AND GMA HOLDING, LLC
HANCOCK COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023 that required an official response.

Hoosier College and Career Academy

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

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HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (the School), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. 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 30, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 752,764	$ 968,834
Accounts Receivable:		
Grants	607,553	557,920
Prepaid Expenses	9,410	9,251
Total Current Assets	1,369,727	1,536,005
PROPERTY AND EQUIPMENT		
Furniture and Equipment	29,051	29,051
Less: Accumulated Depreciation	(29,051)	(29,051)
Property and Equipment, Net	-	-
Right-of-Use Asset - Operating, Net	64,377	-
Total Assets	$ 1,434,104	$ 1,536,005
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
K12 Classroom, LLC	$ 958,240	$ 1,148,657
Other	411,095	387,348
Right-of-Use Liability - Operating, Current Portion	41,985	-
Total Current Liabilities	1,411,320	1,536,005
Right-of-Use Liability - Operating, Noncurrent Portion	22,392	-
Total Liabilities	1,433,712	1,536,005
NET ASSETS WITHOUT DONOR RESTRICTIONS	392	-
Total Liabilities and Net Assets	$ 1,434,104	$ 1,536,005

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 6,041,335	$ 4,351,509
Grant Revenue	1,054,911	1,087,634
Contributions and Donations	153	-
Other	971	1,178
Total Revenue and Support	7,097,370	5,440,321
EXPENSES		
Program Services	6,719,993	4,966,763
Management and General	376,985	473,558
Total Expenses	7,096,978	5,440,321
CHANGE IN NET ASSETS	392	-
Net Assets - Beginning of Year	-	-
NET ASSETS - END OF YEAR	$ 392	$ -

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 2,445,985	$ -	$ 2,445,985	$ 2,265,583	$ 3,156	$ 2,268,739
Employee Benefits	624,585	-	624,585	547,467	653	548,120
Staff Development and Recruitment	16,813	-	16,813	13,251	-	13,251
Professional Services	778,340	110,240	888,580	196,620	223,693	420,313
Advertising	9,847	-	9,847	-	-	-
Management Services	-	10,172	10,172	-	3,550	3,550
Food Costs	540	-	540	2,539	-	2,539
Authorizer Oversight Fees	-	143,895	143,895	-	120,581	120,581
Equipment Rental and Maintenance	5,279	-	5,279	22,581	-	22,581
Classroom and Office Supplies and Fees	2,674,052	4,100	2,678,152	1,637,903	14,937	1,652,840
Travel	1,113	-	1,113	-	-	-
Occupancy	59,640	-	59,640	97,547	-	97,547
Loss on Disposal of Property and Equipment	-	-	-	111,601	-	111,601
Other	103,799	108,578	212,377	71,671	106,988	178,659
Total Functional Expenses	$ 6,719,993	$ 376,985	$ 7,096,978	$ 4,966,763	$ 473,558	$ 5,440,321

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 392	$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	-	11,601
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(49,633)	(68,553)
Prepaid Expenses	(159)	(4,162)
Accounts Payable and Accrued Expenses	(166,670)	327,127
Refundable Advances	-	(155,909)
Net Cash Provided (Used) by Operating Activities	(216,070)	210,104
Cash - Beginning of Year	968,834	758,730
CASH - END OF YEAR	$ 752,764	$ 968,834

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (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, which ceased operations as a charter school effective August 1, 2021.
- *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 2022-2023 school year ranged between approximately 680 and 900 students in for the fall and spring semesters, respectively. Each of the schools is a public charter school established under Indiana Code 20-24 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, 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, 2023 and 2022 and 2021, Hoosier Academy has -$0- and -$0-, and $155,909, respectively, of conditional grants that have not been recognized as revenue in the statements of activities and change in net assets 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, 2023 and 2022.

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, 2023 and 2022.

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, 2023 and 2022, 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 Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Hoosier Academy adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

Hoosier Academy has elected to adopt the package of practical expedients available in the year of adoption. Hoosier Academy has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

Hoosier Academy determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

ROU assets represent Hoosier Academy's right to use an underlying asset for the lease term and lease liabilities represent Hoosier Academy's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Hoosier Academy will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Hoosier Academy has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Hoosier Academy has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Hoosier Academy has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

As a result of adoption of this standard, Hoosier Academy recognized a ROU asset of $103,370 and liability of $103,370 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 2, Leases. At June 30, 2023, the School had a right-of-use asset – operating, net, of $64,377 and a right-of-use liability – operating of $64,377

Subsequent Events

Hoosier Academy evaluated subsequent events through January 30, 2024, 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.

NOTE 2 LEASES

ASC Topic 842 – 2023

Hoosier Academy leases office equipment and operating facilities under from third parties under long-term, noncancelable lease agreements. The leases expires in at various dates from 2024 through 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $12,000 for the year ended June 30, 2023.

Lease Cost:		
Operating Lease Cost	$	44,561
Short-term Lease Cost		21,741
Total Lease Cost	$	66,302
Other Information:		
Operating Cash Flows from Operating Leases	$	41,561
Weighted-Average Remaining Lease Term - Operating Leases		2.1 years
Weighted-Average Discount Rate - Operating Leases		3.50%

NOTE 2 LEASES (CONTINUED)

ASC Topic 842 – 2023 (Continued)

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating
2024	$ 43,447
2025	13,447
2026	4,159
2027	2,515
2028	3,144
Undiscounted Cash Flows	$ 66,712
Less: Imputed Interest	(2,335)
Total Present Value	$ 64,377
Short-Term Lease Liabilities	$ 41,985
Long-Term Lease Liabilities	22,392
Total	$ 64,377

ASC Topic 840 - 2022

Hoosier Academy leases its school facility under an operating lease. The lease provides for monthly lease payments through August 2024. 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, 2022 and 2021 under these operating leases was $97,547 and $211,831, 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
2023	$ 62,467
2024	36,000
2025	6,000
Total	$ 104,467

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 $143,895 and $120,581 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect for Insight School of Indiana until June 30, 2027 and is renewable thereafter by mutual consent.

NOTE 3 COMMITMENTS (CONTINUED)

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, 2023 and 2022 were -$0- and $774,351, 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 -$0- and $42,667 for the years ended June 30, 2023 and 2022, respectively. This agreement remains in effect until June 30, 2027.

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.

For the years ended June 30, 2023 and 2022, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
Year Ended June 30, 2023:		
Charges per Contract	$ -	$ -
Credit Issued by K12 Classroom LLC	-	-
Net Charges (Credits)	$ -	$ -
Year Ended June 30, 2022:		
Charges per Contract	$ 774,351	$ 42,677
Credit Issued by K12 Classroom LLC	(579,428)	(1,445,110)
Net Charges	$ 194,923	$ (1,402,433)

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, 2023 and 2022, 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, 2022 (the latest year reported), TRF was approximately 95% 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 2023 or 2022. Retirement plan expense under both plans was $123,760 and $114,122 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022, 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.

NOTE 6 LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2023 and 2022 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, 2023 total $1,360,317, all of which are available to meet cash needs for general expenditures within one year. Financial assets at June 30, 2022 total $1,526,754, all of which are available to meet cash needs for general expenditures within one year.

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.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Insight School of Indiana	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 211,401	$ 541,363	$ 752,764
Accounts Receivable:			
Grants	-	607,553	607,553
Prepaid Expenses	-	9,410	9,410
Total Current Assets	211,401	1,158,326	1,369,727
PROPERTY AND EQUIPMENT			
Furniture and Equipment	-	29,051	29,051
Less: Accumulated Depreciation	-	(29,051)	(29,051)
Property and Equipment, Net	-	-	-
Right of Use Asset - Operating, Net	-	64,377	64,377
Total Assets	$ 211,401	$ 1,222,703	$ 1,434,104
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses:			
K12 Classroom, LLC	$ 203,701	$ 754,539	$ 958,240
Other	7,308	403,787	411,095
Right of Use Liability - Operating, Current Portion	-	41,985	41,985
Total Current Liabilities	211,009	1,200,311	1,411,320
Right of Use Liability - Operating, Noncurrent Portion	-	22,392	22,392
Total Liabilities	211,009	1,222,703	1,433,712
NET ASSETS WITHOUT DONOR RESTRICTIONS	392	-	392
Total Liabilities and Net Assets	$ 211,401	$ 1,222,703	$ 1,434,104

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Insight School of Indiana	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 259,139	$ 709,695	$ 968,834
Accounts Receivable:			
Grants	-	557,920	557,920
Prepaid Expenses	-	9,251	9,251
Total Current Assets	259,139	1,276,866	1,536,005
PROPERTY AND EQUIPMENT			
Furniture and Equipment	-	29,051	29,051
Less: Accumulated Depreciation	-	(29,051)	(29,051)
Property and Equipment, Net	-	-	-
Total Assets	$ 259,139	$ 1,276,866	$ 1,536,005
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses:			
K12 Classroom, LLC	$ 203,847	$ 944,810	$ 1,148,657
Other	55,292	332,056	387,348
Total Current Liabilities	259,139	1,276,866	1,536,005
NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-	-
Total Liabilities and Net Assets	$ 259,139	$ 1,276,866	$ 1,536,005

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Insight School of Indiana	Total
REVENUE AND SUPPORT			
State Education Support	$ -	$ 6,041,335	$ 6,041,335
Grant Revenue	-	1,054,911	1,054,911
Contributions and Donations	-	153	153
Other	666	305	971
Total Revenue and Support	666	7,096,704	7,097,370
EXPENSES			
Program Services	-	6,719,993	6,719,993
Management and General	274	376,711	376,985
Total Expenses	274	7,096,704	7,096,978
CHANGE IN NET ASSETS	392	-	392
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	$ 392	$ -	$ 392

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Insight School of Indiana	Total
REVENUE AND SUPPORT			
State Education Support	$ 162,266	$ 4,189,243	$ 4,351,509
Grant Revenue	148,822	938,812	1,087,634
Contributions and Donations	(8,764)	8,764	-
Other	1,090	88	1,178
Total Revenue and Support	303,414	5,136,907	5,440,321
EXPENSES			
Program Services	251,997	4,714,766	4,966,763
Management and General	51,417	422,141	473,558
Total Expenses	303,414	5,136,907	5,440,321
CHANGE IN NET ASSETS	-	-	-
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	$ -	$ -	$ -

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2023

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

Supplemental Audit Report of Hoosier Academy, Inc. DBA: Hoosier College and Career 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*.

INDEPENDENT AUDITORS' 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
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 School's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Board of Directors
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hoosier Academy, Inc. DBA: Hoosier College and Career Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Board of Directors
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A210014	$ -	$ 107,310
Total - 84.010			-	107,310
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	H027A190084	-	77,177
Special Education Grants to States	84.027	H027A220084	-	162,978
Special Education Grants to States	84.027	H027X210084	-	38,535
Total - 84.027			-	278,690
Title II Supporting Effective Instruction State Grants	84.367	S367A190013	-	13,810
Title II Supporting Effective Instruction State Grants	84.367	S367A200013	-	3,646
Total - 84.367			-	17,456
COVID 19: Educational Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	-	359,534
COVID 19: Educational Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U200013	-	222,814
Total - 84.425			-	582,348
Total Department of Education			-	985,804
Total Expenditures of Federal Awards			$ -	$ 985,804

See accompanying Notes to 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 Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (Hoosier Academy) under programs of the federal government for the year ended June 30, 2023. 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 Hoosier Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Hoosier Academy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no
   - Significant deficiency(ies) identified? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Educational Stabilization Fund

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

Auditee qualified as low-risk auditee? ______ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2022 TO JUNE 30, 2023

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
TABLE OF CONTENTS
JULY 1, 2022 TO JUNE 30, 2023

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Board President	Jayme Short-DeLeon	07/01/2022 – 06/30/2023
Head of School	David Rarick	07/01/2022 – 06/30/2023
Board Treasurer	Gary Meyer	07/01/2022 – 06/30/2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
DBA: Hoosier College and Career Academy
Indianapolis, Indiana

We have audited the financial statements of Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (Hoosier Academy) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 30, 2024. 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
January 30, 2024

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Hoosier Academy (specifically Insight School of Indiana) has 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 Insight School of Indiana had 1 of 90 students missing documentation as required by the policy (student was missing a birth certificate).

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residence, 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.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on December 19, 2023 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

ADM Testing and Enrollment Documentation – Response by HOS

Background: The audit findings revealed that Hoosier Academy Indianapolis and Insight School of Indiana (now Hoosier College and Career Academy) have implemented a policy requiring the submission of birth certificates, immunization records, and proof of residency. In response to this, the Head of School (HOS) acknowledges the need for a review of this policy to ensure its alignment with all statutory and regulatory requirements governing charter schools. If deemed necessary, the HOS will propose changes to enhance the policy's consistency with relevant guidelines, thereby facilitating the maintenance of accurate and comprehensive enrollment records. Concurrently, district administration is committed to diligently acquiring all necessary enrollment documents during onboarding and throughout the academic year.

In summary, the district administration will take corrective action to address the ADM testing and enrollment documentation findings and work to ensure full compliance with the requirements set forth by the Indiana Department of Education. The identification of missing documentation for 1 out of 90 students underscores the need for continued progress. School officials are committed to refining the enrollment process, ensuring that all necessary documents are consistently available in accordance with the stipulations outlined in the Indiana Code, thereby preventing future discrepancies.

Indiana Online Learning Options, Inc.
(for Indiana Connections Academy
and Indiana Connections Career Academy)

INDIANA ONLINE LEARNING OPTIONS, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

INDIANA ONLINE LEARNING OPTIONS, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Schools' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Indiana Online Learning Options, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. 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 31, 2024**January 30, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 11,672,966	$ 9,755,638
Grants Receivable	3,374,109	2,395,346
Total Current Assets	15,047,075	12,150,984
PROPERTY AND EQUIPMENT		
Leasehold Improvements	95,900	95,900
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(137,158)	(116,277)
Property and Equipment, Net	53,686	74,567
Total Assets	$ 15,100,761	$ 12,225,551
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to Connections Academy of Indiana, LLC	$ 9,621,861	$ 7,939,933
Accounts Payable and Accrued Expenses	1,287,086	1,182,437
Deferred Revenue	22,888	35,339
Total Current Liabilities	10,931,834	9,157,709
NET ASSETS WITHOUT DONOR RESTRICTIONS	4,168,927	3,067,842
Total Liabilities and Net Assets	$ 15,100,761	$ 12,225,551

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 43,270,407	$ 44,766,439
Grant Revenue	8,088,995	6,569,249
Contributions	93,700	298,848
Other	10,025	12,650
Total Revenue and Support	51,463,127	51,647,186
EXPENSES		
Program Services	43,317,281	41,392,144
Management and General	7,044,761	7,219,114
Total Expenses	50,362,042	48,611,258
CHANGES IN NET ASSETS	1,101,085	3,035,928
Net Assets - Beginning of Year	3,067,842	31,914
NET ASSETS - END OF YEAR	$ 4,168,927	$ 3,067,842

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 12,981,437	$ -	$ 12,981,437	$ 11,604,063	$ -	$ 11,604,063
Employee Benefits	4,065,743	-	4,065,743	3,509,140	-	3,509,140
Staff Development and Recruitment	265,588	7,911	273,499	793,269	6,254	799,523
Authorizer Fees	-	1,222,259	1,222,259	-	1,087,742	1,087,742
Professional Services	1,660,249	351,780	2,012,029	1,616,232	268,378	1,884,610
School Administration and Support Services	7,105,171	4,298,079	11,403,250	6,411,828	4,520,536	10,932,364
Classroom and Office Supplies	9,572,508	-	9,572,508	10,003,326	-	10,003,326
Technology	5,872,281	-	5,872,281	6,034,883	-	6,034,883
Testing	809,901	-	809,901	877,141	-	877,141
Occupancy	30,160	-	30,160	29,573	-	29,573
Travel	24,834	-	24,834	40,119	-	40,119
Depreciation	20,881	-	20,881	20,876	-	20,876
Equipment	11,879	-	11,879	15,367	-	15,367
Repairs and Maintenance	7,201	-	7,201	-	-	-
Insurance	-	5,078	5,078	-	12,521	12,521
Other	889,448	1,159,654	2,049,102	436,327	1,323,683	1,760,010
Total Functional Expenses	$ 43,317,281	$ 7,044,761	$ 50,362,042	$ 41,392,144	$ 7,219,114	$ 48,611,258

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 1,101,085	$ 3,035,928
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	20,881	20,876
Changes in Operating Assets and Liabilities:		
Grants Receivable	(978,763)	(120,364)
Due to Connections Academy of Indiana, LLC	1,681,928	(1,157,945)
Accounts Payable and Accrued Expenses	104,648	(128,208)
Deferred Revenue	(12,451)	(6,375)
Net Cash Provided by Operating Activities	1,917,328	1,643,912
Cash - Beginning of Year	9,755,638	8,111,726
CASH - END OF YEAR	$ 11,672,966	$ 9,755,638

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 6,400 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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022.

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.

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, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU did not have a material impact on the IOL.

IOL adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

IOL has elected to adopt the package of practical expedients available in the year of adoption. IOL has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Academy's ROU assets.

Leases

IOL determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent IOL's right to use an underlying asset for the lease term and lease liabilities represent IOL's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that IOL will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. IOL has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, IOL has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

IOL has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through January 30, 2024, 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 2023 and 2022. Retirement plan expense for the years ended June 30, 2023 and 2022 was $265,948 and $245,917, respectively.

NOTE 3 LEASE

ASC Topic 842 – 2023

IOL's facility costs for the year ended June 30, 2023 was $30,160.

ASC Topic 840 – 2022

IOL leases its facilities under an operating lease through August 30, 2026. Expense under the lease for the year ended June 30, 2022 was $29,573. Future minimum lease obligations under this lease are as follows for the years ending June 30:

Years Ending June 30,	Amount
2023	$ 41,800
2024	42,845
2025	43,890
2026	44,935
2027	7,664
Total	$ 181,134

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 $1,222,259 and $1,087,742 for the years ended June 30, 2023 and 2022, respectively. The charters remain in effect until June 30, 2026 and are renewable thereafter by mutual consent.

NOTE 4 COMMITMENTS (CONTINUED)

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 $93,700 and $298,848 for the years ended June 30, 2023 and 2022, respectively, and the credits issued to IOL were $-0- for the years ended June 30, 2023 and 2022.

Such fees were as follows for the years ended June 30:

	2023	2022
Enrollment/Unit-Based Fees	$ 2,222,683	$ 1,864,039
Revenue-Based Fees	1,274,391	966,582
Total	3,497,074	2,830,621
Less: Total Contribution and Credits Issues	(93,700)	(298,848)
Net Fees	$ 3,403,374	$ 2,531,773

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, 2023 and 2022, 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.

NOTE 6 LIQUIDITY

Under ASU 2016-14, IOL is required to disclose the assets it has available at June 30, 2023 and 2022, 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, 2023 and 2022 totaling $15,047,075 and $12,150,984 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, 2023

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, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 9,311,427	$ 2,361,539	$ 11,672,966
Grants Receivable	2,611,411	762,698	3,374,109
Due from (to) Intercompany	327,630	(327,630)	-
Total Current Assets	12,250,468	2,796,607	15,047,075
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(137,158)	-	(137,158)
Property and Equipment, Net	53,686	-	53,686
Total Assets	$ 12,304,154	$ 2,796,607	$ 15,100,761
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 6,970,790	$ 2,651,071	$ 9,621,861
Accounts Payable and Accrued Expenses	1,151,687	135,398	1,287,085
Deferred Revenue	22,888	-	22,888
Total Current Liabilities	8,145,365	2,786,469	10,931,834
NET ASSETS WITHOUT DONOR RESTRICTIONS	4,158,789	10,138	4,168,927
Total Liabilities and Net Assets	$ 12,304,154	$ 2,796,607	$ 15,100,761

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 9,188,002	$ 567,636	$ 9,755,638
Grants Receivable	1,842,371	552,975	2,395,346
Due from (to) Intercompany	202,469	(202,469)	-
Total Current Assets	11,232,842	918,142	12,150,984
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(116,277)	-	(116,277)
Property and Equipment, Net	74,567	-	74,567
Total Assets	$ 11,307,409	$ 918,142	$ 12,225,551
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 7,185,228	$ 754,705	$ 7,939,933
Accounts Payable and Accrued Expenses	1,038,141	144,296	1,182,437
Deferred Revenue	27,149	8,190	35,339
Total Current Liabilities	8,250,518	907,191	9,157,709
NET ASSETS WITHOUT DONOR RESTRICTIONS	3,056,891	10,951	3,067,842
Total Liabilities and Net Assets	$ 11,307,409	$ 918,142	$ 12,225,551

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 38,429,484	$ 4,840,923	$ 43,270,407
Grant Revenue	7,117,030	971,965	8,088,995
Contribution Revenue	-	93,700	93,700
Other Income	8,396	1,629	10,025
Total Revenue and Support	45,554,910	5,908,217	51,463,127
EXPENSES			
Program Services	38,166,678	5,150,603	43,317,281
Management and General	6,286,334	758,427	7,044,761
Total Expenses	44,453,012	5,909,030	50,362,042
CHANGES IN NET ASSETS	1,101,898	(813)	1,101,085
Net Assets - Beginning of Year	3,056,891	10,951	3,067,842
NET ASSETS - END OF YEAR	$ 4,158,789	$ 10,138	$ 4,168,927

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 40,841,964	$ 3,924,475	$ 44,766,439
Grant Revenue	5,765,075	804,174	6,569,249
Contribution Revenue	-	298,848	298,848
Other Income	12,059	591	12,650
Total Revenue and Support	46,619,098	5,028,088	51,647,186
EXPENSES			
Program Services	37,006,174	4,385,970	41,392,144
Management and General	6,577,206	641,908	7,219,114
Total Expenses	43,583,380	5,027,878	48,611,258
CHANGES IN NET ASSETS	3,035,718	210	3,035,928
Net Assets - Beginning of Year	21,173	10,741	31,914
NET ASSETS - END OF YEAR	$ 3,056,891	$ 10,951	$ 3,067,842

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INDEPENDENT AUDITORS' 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
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Board of Directors
Indiana Online Learning Options, Inc.

Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Indiana Online Learning Options, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School' major federal programs for the year ended June 30, 2023. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School' federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Education:			
Passed-Through from Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A200014	$ 1,360,183
Title I Grants to Local Educational Agencies	84.010	S010A220014	22,908
Title I Grants to Local Educational Agencies	84.011	S010A210014	4,885
Total Assistance Listing Number 84.010			1,387,976
Special Education Cluster (IDEA)			
Passed-Through from Indiana Department of Education:			
Special Education Grants to States	84.027A	H027A220084	1,207,628
Special Education Grants to States	84.027X	H027X210084	306,007
Total Assistance Listing Number 84.027			1,513,635
Special Education Preschool Grants	84.173A	H173A220104	15,141
Total Special Education Cluster (IDEA)			1,528,776
Passed-Through from Indiana Department of Education:			
Charter School Program	84.282A	U282A210017	151,695
Passed-Through from Indiana Department of Education:			
English Language Acquisition State Grants	84.365A	N/A	21,846
Passed-Through from Indiana Department of Education:			
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A220013	172,559
Total Assistance Listing Number 84.367			172,559
Passed-Through from Indiana Department of Education:			
Student Support and Academic Enrichment Program	84.424A	S424A220015	8,252
Student Support and Academic Enrichment Program	84.424A	S424A220014	9,444
Student Support and Academic Enrichment Program	84.424A	S424A210015	16,537
Total Assistance Listing Number 84.424			34,233
Passed-Through from Indiana Department of Education:			
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	591,263
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	2,691,711
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425W	S425W210015	875
Total Assistance Listing Number 84.425			3,283,849
Total U.S. Department of Education			6,580,934
Total Expenditures of Federal Awards			$ 6,580,934

See accompanying Notes to 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 Indiana Online Learning Options, Inc. (the School) under programs of the federal government for the year ended June 30, 2023. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

The School did not make any federal awards to subrecipients during the year ended June 30, 2023.

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

3. Noncompliance material to financial statements noted? ______ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? ______ yes __x__ no

   - Significant deficiency(ies) identified? ______ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies

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

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

SUPPLEMENTAL AUDIT REPORT
OF
INDIANA ONLINE LEARNING OPTIONS, INC.

MARION COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
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JULY 1, 2022 TO JUNE 30, 2023

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President of Board of Directors	Stacy Taylor	07/01/2022 – 06/30/2023
Executive Director	Carol Larson	July 2022
Interim Executive Director	Kelly Simone	07/01/2022 – 08/31/2023
Executive Director	Kelly Simone	09/01/2022 – 06/30/2023
Board Treasurer	Andrew Norris	07/01/2022 – 06/30/2023

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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, 2023, and have issued our report thereon dated January 30, 2024. 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. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023.

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on December 21, 2023, with the School's Executive Director Kelly Simone and representatives from Pearson Education.

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023 that required an official response.

Inspire Academy

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022

Donovan CPAs

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Independent Auditors' Report

The Board of Directors
Muncie Public Charter School of Inquiry, Inc.

Opinion

We audited the accompanying financial statements of Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (the "School") which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2023 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of the School as of and for the year ended June 30, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 27, 2023.

Responsibilities of Management 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 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements free from material misstatement whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report including our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, which raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of financial position, schedules of activities and change in net assets, and the schedule of expenditures of federal awards and notes thereto, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose 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 GAAS. In our opinion, the supplementary 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 also issued our report dated December 20, 2023 on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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.

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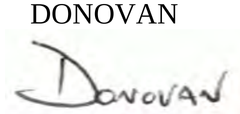

Indianapolis, Indiana
December 20, 2023

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 84,830	$ 49,263
Grants receivable	148,861	111,555
Prepaid expenses	19,368	33,458
Total current assets	253,059	194,276
PROPERTY AND EQUIPMENT		
Land	76,880	76,880
Building and improvements	1,414,493	1,262,056
Furniture and equipment	514,692	445,691
Textbooks	13,092	13,092
Vehicles	31,850	31,850
Less: accumulated depreciation	(560,161)	(433,819)
Property and equipment, net	1,490,846	1,395,750
TOTAL ASSETS	$ 1,743,905	$ 1,590,026
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of note payable	$ 26,342	$ 24,997
Current portion of finance lease obligations	1,229	2,097
Accounts payable and accrued expenses	109,868	92,121
Refundable advance	-	3,667
Total current liabilities	137,439	122,882
LONG-TERM LIABILITIES		
Note payable, net of current portion	503,661	530,003
Finance lease obligations, net of current portion	212	1,535
Total long-term liabilities	503,873	531,538
Total liabilities	641,312	654,420
NET ASSETS, WITHOUT DONOR RESTRICTIONS	1,102,593	935,606
TOTAL LIABILITIES AND NET ASSETS	$ 1,743,905	$ 1,590,026

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2023 and 2022

	2023	2022
REVENUE AND SUPPORT		
State education support	$ 1,730,149	$ 1,463,809
Grant revenue	1,133,602	1,175,934
Contributions	22,869	105,503
Student fees	88,612	13,812
Other income	39,018	28,828
Total revenue and support	3,014,250	2,787,886
EXPENSES		
Program services	1,969,238	1,770,336
Management and general	878,025	645,074
Total expenses	2,847,263	2,415,410
CHANGE IN NET ASSETS	166,987	372,476
NET ASSETS, BEGINNING OF YEAR	935,606	563,130
NET ASSETS, END OF YEAR	$ 1,102,593	$ 935,606

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2023 and 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and wages	$ 953,729	$ 448,714	$ 1,402,443	$ 865,105	$ 333,675	$ 1,198,780
Employee benefits	155,899	76,443	232,342	163,154	65,826	228,980
Transportation	213,532	-	213,532	167,592	-	167,592
Occupancy	189,387	-	189,387	159,421	25,000	184,421
Professional services	37,466	137,812	175,278	37,803	116,255	154,058
Depreciation	126,342	-	126,342	90,171	-	90,171
Classroom, kitchen, and office supplies	109,252	13,256	122,508	72,110	5,096	77,206
Food costs	86,738	-	86,738	61,366	-	61,366
Property rental and maintenance	-	73,716	73,716	-	3,350	3,350
Connectivity	46,013	-	46,013	77,267	-	77,267
Authorizer oversight fees	-	45,351	45,351	-	37,219	37,219
Staff development	36,687	-	36,687	52,508	-	52,508
Interest	-	28,688	28,688	-	14,873	14,873
Insurance	-	27,643	27,643	-	25,440	25,440
Equipment	10,109	-	10,109	15,490	-	15,490
Other	4,084	26,402	30,486	8,349	18,340	26,689
Total functional expenses	$ 1,969,238	$ 878,025	$ 2,847,263	$ 1,770,336	$ 645,074	$ 2,415,410

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
OPERATING ACTIVITIES		
Change in net assets	$ 166,987	$ 372,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	126,342	90,171
Changes in certain assets and liabilities:		
Grants receivable	(37,306)	(779)
Prepaid expenses	14,090	(6,241)
Accounts payable and accrued expenses	17,747	(41,119)
Refundable advance	(3,667)	(20,003)
Net cash provided by operating activities	284,193	394,505
INVESTING ACTIVITIES		
Purchases of property and equipment	(221,438)	(576,143)
FINANCING ACTIVITIES		
Proceeds from note payable	-	23,900
Payments on note payable	(24,997)	-
Payments on finance lease obligations	(2,191)	(2,271)
Net cash provided by (used in) financing activities	(27,188)	21,629
NET CHANGE IN CASH	35,567	(160,009)
CASH, BEGINNING OF YEAR	49,263	209,272
CASH, END OF YEAR	$ 84,830	$ 49,263
SUPPLEMENTAL INFORMATION		
Cash paid for interest	$ 28,688	$ 14,873
Capital assets acquired with note payable	-	302,500

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (the “School”) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter school established under Indiana Code 20-24. The School served approximately 180 and 155 students during the 2022-2023 and the 2021-2022 school years, respectively, in grades prekindergarten to eighth by providing an alternative to the traditional elementary school program.

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

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

As of June 30, 2023 and 2022, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”) which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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, 2023 and 2022.

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 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	5 to 40 years
Furniture and equipment	3 years
Textbooks	4 years
Vehicles	5 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Taxes on Income – The School received a determination from the U.S. Treasury Department stating it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2023 and 2022, 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 greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2019 are open to audit for both federal and state purposes.

Reclassifications – Certain reclassifications have been made to the statement of functional expenses for the year ended June 30, 2022 to conform to the year ended June 30, 2023 presentation. There is no effect to previously reported net assets as of June 30, 2022.

Subsequent Events – The School evaluated subsequent events through December 20, 2023, 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 - REVENUE RECOGNITION

Revenue Recognition Policy – 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 significant portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Incurring approved costs under the grants is considered satisfaction of the performance obligations.

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

Student fees are recognized in the year in which the services are rendered.

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

NOTE 3 - REFUNDABLE ADVANCE

Prior to July 1, 2021, the School received a $100,000 comprehensive counseling initiative implementation grant from the Lilly Endowment. The grant was required to be spent in accordance with the submitted budget and any funds not encumbered before June 30, 2022 were to be returned. Accordingly, revenue was recognized as approved expenditures were incurred. As of June 30, 2022, $3,667 remained to be expended. Funds were fully expended as of June 30, 2023.

NOTE 4 - NOTE PAYABLE

The note payable consists of the following as of June 30:

		2023		2022
Promissory note payable to IFF, payable in equal monthly installments of $4,462 including interest at 5.25% secured by a mortgage of School facilities and all business assets	$	530,003	$	555,000
Less: current portion		(26,342)		(24,997)
Long-term portion	$	503,661	$	530,003

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

2024	$	26,342
2025		27,793
2026		29,289
2027		30,860
2028		415,719
Total	$	530,003

NOTE 5 - LEASES

Lease Accounting Standard – Effective July 1, 2022, the School adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaced previous lease guidance under U.S. GAAP and aims to increase transparency and comparability among organizations by recognizing lease assets and liabilities on the statements of financial position and disclosing key information about leasing arrangements.

Finance Leases – The School leases various items of equipment under finance leases. Lease assets were recorded using a 5.72% interest rate.

NOTE 5 - LEASES, Continued

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

2024	$	1,334
2025		201
		1,535
Less: imputed interest		(94)
		1,441
Less: current portion		(1,229)
Long-term portion	$	212

NOTE 6 - 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"), 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. The School contributed 6% of compensation for eligible teaching personnel to TRF during the year ended June 30 2023 (5.5% during the year ended June 30, 2022). 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, 2022 (the latest year reported), TRF was approximately 92% 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 2023 or 2022.

Retirement plan expense under the plans was $33,158 and $43,609 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The School operated under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercised certain oversight responsibilities. Under the charter, the School agreed to pay an authorizer oversight fee equal to 3% of state tuition support. Payments under this charter agreement were $45,351 and $37,219 for the years ended June 30, 2023 and 2022, respectively. The charter was terminated effective June 30, 2023.

Effective July 1, 2023, the School entered into a charter agreement with Education One, LLC. The charter remains in effect until June 30, 2028. Under the charter, the School agrees to pay to an authorizer oversight fee equal to 3% of state tuition support.

NOTE 8 - RISKS AND UNCERTAINTIES

The School provides educational instruction to students residing in Delaware 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 which potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. In addition, deposits maintained at Fifth Third Bank and are insured up to the FDIC insurance limit.

NOTE 9 - LIQUIDITY

The School’s financial assets consist of cash and grants receivables totaling $233,691 and $160,818 as of June 30, 2023 and 2022, 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 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 10 - FUNCTIONAL EXPENSE REPORTING

The costs 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 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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF FINANCIAL POSITION
June 30, 2023

	Inspire Academy Charter	Inspire Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 84,830	$ -	$ -	$ 84,830
Grants receivable	148,861	-	-	148,861
Prepaid expenses	19,368	-	-	19,368
Due from Inspire Academy Pre-K	327,887	-	(327,887)	-
Total current assets	580,946	-	(327,887)	253,059
PROPERTY AND EQUIPMENT				
Land	76,880	-	-	76,880
Building and improvements	1,414,493	-	-	1,414,493
Furniture and equipment	514,692	-	-	514,692
Textbooks	13,092	-	-	13,092
Vehicles	31,850	-	-	31,850
Less: accumulated depreciation	(560,161)	-	-	(560,161)
Property and equipment, net	1,490,846	-	-	1,490,846
TOTAL ASSETS	$ 2,071,792	$ -	$ (327,887)	$ 1,743,905
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of note payable	$ 26,342	$ -	$ -	$ 26,342
Current portion of capital lease obligations	1,229	-	-	1,229
Accounts payable and accrued expenses	109,868	-	-	109,868
Due to Inspire Academy Charter	-	327,887	(327,887)	-
Total current liabilities	137,439	327,887	(327,887)	137,439
LONG-TERM LIABILITIES				
Note payable, net of current portion	503,661	-	-	503,661
Capital lease obligations, net of current portion	212	-	-	212
Total long-term liabilities	503,873	-	-	503,873
Total liabilities	641,312	327,887	(327,887)	641,312
NET ASSETS (DEFICIT)	1,430,480	(327,887)	-	1,102,593
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 2,071,792	$ -	$ (327,887)	$ 1,743,905

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF FINANCIAL POSITION
June 30, 2022

	Inspire Academy Charter	Inspire Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 49,263	$ -	$ -	$ 49,263
Grants receivable	111,555	-	-	111,555
Prepaid expenses	33,458	-	-	33,458
Due from Inspire Academy Pre-K	256,979	-	(256,979)	-
Total current assets	451,255	-	(256,979)	194,276
PROPERTY AND EQUIPMENT				
Land	76,880	-	-	76,880
Building and improvements	1,262,056	-	-	1,262,056
Furniture and equipment	445,691	-	-	445,691
Textbooks	13,092	-	-	13,092
Vehicles	31,850	-	-	31,850
Less: accumulated depreciation	(433,819)	-	-	(433,819)
Property and equipment, net	1,395,750	-	-	1,395,750
TOTAL ASSETS	$ 1,847,005	$ -	$ (256,979)	$ 1,590,026
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current portion of note payable	$ 24,997	-	-	$ 24,997
Current portion of capital lease obligations	2,097	-	-	2,097
Accounts payable and accrued expenses	92,121	-	-	92,121
Refundable advances	3,667	-	-	3,667
Due to Inspire Academy Charter	-	256,979	(256,979)	-
Total current liabilities	122,882	256,979	(256,979)	122,882
LONG-TERM LIABILITIES				
Note payable, net of current portion	530,003	-	-	530,003
Capital lease obligations, net of current portion	1,535	-	-	1,535
Total long-term liabilities	531,538	-	-	531,538
Total liabilities	654,420	256,979	(256,979)	654,420
NET ASSETS (DEFICIT)	1,192,585	(256,979)	-	935,606
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	$ 1,847,005	$ -	$ (256,979)	$ 1,590,026

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2023

	Inspire Academy Charter	Inspire Academy Pre-K	Total
REVENUE AND SUPPORT			
State education support	$ 1,730,149	$ -	$ 1,730,149
Grant revenue	1,133,602	-	1,133,602
Contributions	22,869	-	22,869
Student fees	83,986	4,626	88,612
Other income	39,018	-	39,018
Total revenue and support	3,009,624	4,626	3,014,250
EXPENSES			
Program services	1,900,388	68,850	1,969,238
Management and general	871,341	6,684	878,025
Total expenses	2,771,729	75,534	2,847,263
CHANGE IN NET ASSETS (DEFICIT)	237,895	(70,908)	166,987
NET ASSETS (DEFICIT), BEGINNING OF YEAR	1,192,585	(256,979)	935,606
NET ASSETS (DEFICIT), END OF YEAR	$ 1,430,480	$ (327,887)	$ 1,102,593

See independent auditors' report

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2022

	Inspire Academy Charter	Inspire Academy Pre-K	Total
REVENUE AND SUPPORT			
State education support	$ 1,463,809	$ -	$ 1,463,809
Grant revenue	1,175,934	-	1,175,934
Contributions	49,434	56,069	105,503
Student fees	13,812	-	13,812
Other income	28,806	22	28,828
Total revenue and support	2,731,795	56,091	2,787,886
EXPENSES			
Program services	1,693,470	76,866	1,770,336
Management and general	644,192	882	645,074
Total expenses	2,337,662	77,748	2,415,410
CHANGE IN NET ASSETS (DEFICIT)	394,133	(21,657)	372,476
NET ASSETS (DEFICIT), BEGINNING OF YEAR	798,452	(235,322)	563,130
NET ASSETS (DEFICIT), END OF YEAR	$ 1,192,585	$ (256,979)	$ 935,606

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor Agency/Pass-Through Entity/Cluster Title/Program Title/Project Title	Assistance Listing Number	Pass-Through Entity Identifying Number		Total Federal Awards Expended
U.S. DEPARTMENT OF AGRICULTURE				
Pass-through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		$	48,930
National School Lunch Program	10.555			129,154
Fresh Fruits and Vegetables Program	10.582			9,375
Total U.S. Department of Agriculture				187,459
U.S. DEPARTMENT OF EDUCATION				
Pass-through Indiana Department of Education				
Title I, Part A: Grants to Local Educational Agencies	84.010	S010A210014		70,438
Title I, Part A: Grants to Local Educational Agencies	84.010	S010A220014		113,564
Title IV, Student Support and Academic Enrichment Grants	84.424A	S424A220015		4,000
Special Education Cluster				
Special Education - Grants to States	84.027	23611-574-PN01		40,381
Charter School Facilities Incentive Program	84.282D	S282D190002		6,063
Education Stabilization Fund				
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013		136,617
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013		271,851
Total U.S. Department of Education				642,914
U.S. Department of Homeland Security				
Pass-through Indiana Department of Homeland Security				
Secured School Safety Grant	97.008			50,000
Secured School Safety Grant	97.008			3,352
Total U.S. Department of Homeland Security				53,352
Total Federal Awards Expended			$	883,725

See independent auditors' report and accompanying notes to this schedule

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (the "School") under programs of the federal government for the year ended June 30, 2023. 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, functional expenses, or cash flows of the School.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 - INDIRECT COST RATE

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

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

The Board of Directors
Muncie Public Charter School of Inquiry, Inc.

We audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy (the "School"), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and issued our report thereon dated December 20, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting which might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist which were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

DONOVAN

Indianapolis, Indiana
December 20, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE*

The Board of Directors
Muncie Public Charter School of Inquiry, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We audited Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy's (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* which could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2023. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above which could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as Finding No. 2023-001. Our opinion on the major federal programs is not modified with respect to these matters.

The School's response to the noncompliance finding identified in our audit is described in the Corrective Action Plan on pages 26 to 27. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program which is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2023-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance which might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist which were not identified.

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

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

DONOVAN

Donovan

Indianapolis, Indiana
December 20, 2023

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
d/b/a INSPIRE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425D and 84.425U	Education Stabilization Fund Elementary and Secondary School Emergency Relief Fund

Dollar threshold use to distinguish between Type A and Type B programs:	$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

FINDING 2023-001 TIME AND EFFORT RECORDS
SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund

Assistance Listing Numbers: 84.425D and 84.425U

Condition
The School applied employee salary expenses to the program. While employees were applied to the grant in line with the approved budget, proper time and effort records were not maintained. Semi-annual certification forms did not reflect a six-month period and were not signed at the end of the six-month period.

Criteria
Charges for Federal awards for salaries and wages must be based on records that accurately reflect work performed (2 CFR 200.430(i)).

Cause
The School was not aware of the requirement outlined in the Criteria section above.

Effect
The School is unable to document certification of employee time spent in the program.

Recommendation
We recommend the School develop internal controls to ensure that proper semi-annual certifications are maintained.

Views of Responsible Officials and Planned Corrective Actions
The School's Corrective Action Plan is included on pages 26 to 27.

INSPIRE ACADEMY
A School of Inquiry

Dec 19, 2023

Donovan CPAs
5151 E. U.S. HWY 36
Avon, IN 46123

Detailed below is the Official Response to Audit Results and Comments relative to the review of Muncie Public Charter School of Inquiry, Inc.'s ("the School") compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State of Accounts.

Audit Results and Comment: III. Federal Award Findings and Questioned Costs

FINDING 2023-001 TIME AND EFFORT RECORDS

SIGNIFICANT DEFICIENCY

Federal Program: Education Stabilization Fund

Assistance Listing Numbers: 84.425D and 84.425U

Condition: The School applied employee salary expenses to the program. While employees were applied to the grant in line with the approved budget, proper time and effort records were not maintained. Semi-annual certification forms did not reflect a six-month period and were not signed at the end of the six-month period.

Criteria: Charges for Federal awards for salaries and wages must be based on records that accurately reflect work performed (2 CFR 200.430(i)).

Cause: The School was not aware of the requirement outlined in the Criteria section above.

Effect: The School is unable to document certification of employee time spent in the program.

Recommendation: We recommend the School develop internal controls to ensure that proper semi-annual certifications are maintained.

Views of Responsible Officials and Planned Corrective Actions: The School's Corrective Action Plan is included on page 2.

Response: The financial manager, Ana Maric, will submit completed semi-annual certification forms for all employees paid from Title I, Part A; IDEA, Part B (611), and ESSER III for the period of July 01, 2023 to Dec 31,2023 to Donovan CPA for review by January 15, 2024. In addition, semi-annual certification forms will be completed for individuals paid by federal grants and will reflect six-month certification periods to be signed by the employee's supervisor at the end of the six-month period. In order to maintain this, there will be internal checks and balances every six months to review with the Executive Director, Leslie Draper.

Leslie Draper
Executive Director
Inspire Academy- A School of Inquiry
2801 E. 16th St.
Muncie, IN 47302

Lighthouse Academies of Northwest Indiana
(for East Chicago Lighthouse Charter School
and Gary Lighthouse Charter School)

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
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YEARS ENDED JUNE 30, 2023 AND 2022

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NWILCS, as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with generally accepted auditing standards in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NWILCS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NWILCS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NWILCS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NWILCS's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Northwest Indiana Lighthouse Charter Schools

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. 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 30, 2024, on our consideration of NWILCS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NWILCS'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 NWILCS's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 7,017,264	$ 5,609,675
Cash - Restricted for Bond Interest	396,044	319,003
Accounts Receivable:		
Grants	5,979,699	3,218,128
Other	49,226	54,796
Prepaid Expenses	289,613	139,382
Total Current Assets	13,731,846	9,340,984
PROPERTY AND EQUIPMENT, NET	15,413,048	15,353,405
OTHER ASSETS		
Cash - Restricted for Debt Service	1,689,288	1,689,288
Cash - Restricted for Property Repairs and Replacement	370,467	220,347
Right of Use Asset, Net	376,739	-
Total Other Assets	2,436,494	1,909,635
Total Assets	$ 31,581,388	$ 26,604,024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	$ 375,000	$ 335,000
Accounts Payable and Accrued Expenses	1,881,847	1,882,531
Right of Use Liability, Current	169,318	-
Total Current Liabilities	2,426,165	2,217,531
LONG-TERM LIABILITIES		
Right of Use Liability, Noncurrent	207,421	-
Bonds Payable	17,983,332	18,378,332
Less: Unamortized Debt Issuance Costs	(198,141)	(207,357)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	17,785,191	18,170,975
Total Liabilities	20,418,777	20,388,506
NET ASSETS, WITHOUT DONOR RESTRICTIONS	11,162,611	6,215,518
Total Liabilities and Net Assets	$ 31,581,388	$ 26,604,024

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 13,949,196	$ 14,446,499
Grant Revenue	17,767,651	13,104,673
Contributed Nonfinancial Assets	-	72,000
Student Fees	96,572	19,500
Contributions	23,072	14,464
Interest	86,583	10,874
Other	17,947	88,947
Total Revenue and Support	31,941,021	27,756,957
EXPENSES		
Program Services	23,457,829	21,126,581
Management and General	3,536,099	4,644,903
Total Expenses	26,993,928	25,771,484
CHANGES IN NET ASSETS	4,947,093	1,985,473
Net Assets - Beginning of Year	6,215,518	4,230,045
NET ASSETS - END OF YEAR	$ 11,162,611	$ 6,215,518

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 9,283,860	$ 2,387,227	$ -	$ 11,671,087
Employee Benefits	2,649,484	141,875	-	2,791,359
Staff Development and Recruitment	57,106	7,948	-	65,054
Academic Services - Lighthouse Academics	-	125,179	-	125,179
Authorizer Oversight Fee	-	266,246	-	266,246
Food Service	946,697	-	-	946,697
Transportation Service	961,999	-	-	961,999
Information Technology	105,868	-	-	105,868
Other Professional Services	1,731,176	417,366	-	2,148,542
Equipment Rental and Expenses	894,818	-	-	894,818
Classroom, Kitchen, and Office Supplies	3,628,180	53,939	-	3,682,119
Occupancy	990,218	55,913	-	1,046,131
Depreciation	648,610	-	-	648,610
Interest	1,334,269	-	-	1,334,269
Other	225,544	80,406	-	305,950
Total Functional Expenses	$ 23,457,829	$ 3,536,099	$ -	$ 26,993,928

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 8,701,796	$ 1,748,434	$ -	$ 10,450,230
Employee Benefits	2,393,525	143,184	-	2,536,709
Staff Development and Recruitment	36,764	2,880	-	39,644
Academic Services - Lighthouse Academics	-	2,010,165	-	2,010,165
Authorizer Oversight Fee	-	303,055	-	303,055
Food Service	937,906	-	-	937,906
Transportation Service	1,280,362	-	-	1,280,362
Information Technology	106,047	-	-	106,047
Other Professional Services	2,035,203	85,614	-	2,120,817
Equipment Rental	237,296	-	-	237,296
Classroom, Kitchen, and Office Supplies	2,137,358	125,764	-	2,263,122
Occupancy	1,052,186	63,956	-	1,116,142
Rent In-Kind	72,000	-	-	72,000
Depreciation	614,882	-	-	614,882
Interest	1,349,503	-	-	1,349,503
Other	171,753	161,851	-	333,604
Total Functional Expenses	$ 21,126,581	$ 4,644,903	$ -	$ 25,771,484

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 4,947,093	$ 1,985,473
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	648,610	614,882
Amortization	9,216	9,217
Paycheck Protection Program Loan Forgiveness	-	-
Changes in Certain Assets and Liabilities:		
Grants Receivable	(2,761,571)	(2,276,426)
Other Receivables	5,570	4,430
Prepaid Expenses	(150,231)	(66,815)
Accounts Payable and Accrued Expenses	(684)	161,342
Net Cash Provided by Operating Activities	2,698,003	432,103
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(708,253)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Bonds Payable	(355,000)	(346,668)
NET CHANGE IN CASH	1,634,750	85,435
Cash - Beginning of Year	7,838,313	7,752,878
CASH - END OF YEAR	$ 9,473,063	$ 7,838,313
CASH - END OF YEAR		
Cash - Unrestricted	$ 7,017,264	$ 5,609,675
Cash - Restricted for Bond Interest	396,044	319,003
Cash - Restricted for Debt Service	1,689,288	1,689,288
Cash - Restricted for Property Repairs and Replacement	370,467	220,347
Total Cash - End of Year	$ 9,473,063	$ 7,838,313
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 1,325,052	$ 1,381,406

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Northwest Indiana Lighthouse Charter Schools (NWILCS), 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 1,150 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 460 students in grades kindergarten through eight during the 2022 - 2023 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 NWILCS's revenue is the product of cost reimbursement grants. Accordingly, NWILCS recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

NWILCS 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. NWILCS did not have any conditional grants or contributions as of June 30, 2023 and 2022.

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, 2023 and 2022.

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. NWILCS 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, NWILCS reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. NWILCS 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

NWILCS 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 $59,905 and $50,689 as of June 30, 2023 and 2022, respectively. Amortization expense was $9,216 and $9,217 for the years ended June 30, 2023 and 2022, respectively. 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

NWILCS 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, NWILCS would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2023 and 2022, 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 NWILCS 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. NWILCS 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 NWILCS are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

NWILCS determines if an arrangement is a least at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent NWILCS right to use an underlying asset for the lease term and lease liabilities represent the NWILCS obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that NWILCS will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. NWILCS has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, NWILCS has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NWILCS has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NWILCS lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, NWILCS considers factors such as if NWILCS has obtained substantially all of the rights to the underlying asset through exclusivity, if NWILCS can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

Subsequent Events

NWILCS evaluated subsequent events through January 30, 2024, 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 were comprised of the following as of June 30:

	2023	2022
Land	$ 1,245,200	$ 1,245,200
Buildings and Improvements	17,908,695	17,335,671
Furniture and Equipment	526,222	1,901,521
Construction in Progress	55,235	-
Subtotal	19,735,352	20,482,392
Less: Accumulated Depreciation	(4,322,304)	(5,128,987)
Total	$ 15,413,048	$ 15,353,405

NOTE 4 BONDS PAYABLE

NWILCS 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 day 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.

NWILCS was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2023.

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

Year Ending June 30,	Amount
2024	$ 375,000
2025	400,000
2026	425,000
2027	455,000
2028	485,000
Thereafter	16,218,332
Total	$ 18,358,332

NOTE 5 LEASES

ASC Topic 842 for 2023

The School leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $243,060 for the year ended June 30, 2023

Lease Cost:		
Operating Lease Cost	$	243,060
Other Information:		
Operating Cash Flows from Operating Leases	$	240,420
Weighted-Average Remaining Lease Term - Operating Leases		3.1 Years
Weighted-Average Discount Rate - Operating Leases		3.53 %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,		Operating
2024	$	177,159
2025		102,369
2026		109,020
Undiscounted Cash Flows		388,548
(Less) Imputed Interest		(11,809)
Total Present Value	$	376,739
Short-term lease liabilities	$	169,318
Long-term lease liabilities		207,421
Total	$	376,739

ASC Topic 840 for 2022

NWILCS leases certain items of equipment under operating leases. Total lease expense under operating leases was $117,931 for the year ended June 30, 2022. Future minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,		Amount
2023	$	138,300
2024		28,750
Total	$	167,050

NOTE 6 RETIREMENT PLAN

All School personnel are employees of Lighthouse Academies, Inc., which provides management services to the School. The School personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, The School 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 School Board of Directors. No discretionary contributions were made during the years ended June 30, 2023 and 2022. Retirement plan expense was $98,685 and $94,118 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 COMMITMENTS

The School 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, The School 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 $125,179 and $2,010,165 for the years ended June 30, 2023 and 2022, respectively. The School owed $38,294 to Lighthouse Academies, Inc. as of June 30, 2022. This agreement was terminated during the year ended June 30, 2023.

The School'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, the School 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 $266,246 and $303,055 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 RISKS AND UNCERTAINTIES

NWILCS 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 NWILCS. Additionally, NWILCS 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 NWILCS to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2023 and 2022, substantially all receivable balances were due from the state of Indiana.

NOTE 8 RISKS AND UNCERTAINTIES (CONTINUED)

NWILCS 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, NWILCS has not experienced losses in any of these accounts.

NOTE 9 LIQUIDITY

Under ASU 2016-14, the NWILCS is required to disclose the assets it has available at June 30, 2023 and 2022 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The NWILCS's financial assets include cash, restricted cash, grants receivable, and other receivables.

	2023	2022
Financial Assets	$ 15,501,988	$ 11,111,237
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	(2,455,799)	(2,228,638)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 13,046,189	$ 8,882,599

From time to time, NWILCS receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, NWILCS 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 NWILCS'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 10 CONTRIBUTED NONFINANCIAL ASSETS

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, 2022, is $72,000. The School is responsible for all repairs, maintenance, utilities, and insurance. This agreement was terminated during the year ended June 30, 2023.

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 NWILCS 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.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
OTHER REPORT
JUNE 30, 2023

The reports presented herein were prepared in addition to another official report prepared for Northwest Indiana Lighthouse Charter Schools as listed below:

Supplemental Audit Report of Northwest Indiana Lighthouse Charter Schools

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.*

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 3,256,150	$ 3,761,114	$ -	$ 7,017,264
Cash - Restricted for Bond Interest	316,835	79,209	-	396,044
Accounts Receivable:				
Grants	3,911,786	2,067,913	-	5,979,699
Other	560,919	700,254	(1,211,947)	49,226
Prepaid Expenses	191,722	97,891	-	289,613
Total Current Assets	8,237,412	6,706,381	(1,211,947)	13,731,846
PROPERTY AND EQUIPMENT, NET	12,393,471	3,019,577	-	15,413,048
OTHER ASSETS				
Cash - Restricted for Debt Service	1,351,430	337,858	-	1,689,288
Cash - Restricted for Property Repairs and Replacement	277,184	93,283	-	370,467
Right of Use Asset, Net	308,270	68,469	-	376,739
Total Other Assets	1,936,884	499,610	-	2,436,494
Total Assets	$ 22,567,767	$ 10,225,568	$ (1,211,947)	$ 31,581,388
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 300,000	$ 75,000	$ -	$ 375,000
Accounts Payable and Accrued Expenses	1,378,883	1,714,911	(1,211,947)	1,881,847
Right of Use Liability, Current	136,776	32,542	-	169,318
Total Current Liabilities	1,815,659	1,822,453	(1,211,947)	2,426,165
LONG-TERM LIABILITIES				
Right of Use Liability, Noncurrent	171,494	35,927	-	207,421
Bonds Payable	14,476,665	3,506,667	-	17,983,332
Less: Unamortized Debt Issuance Costs	(159,410)	(38,731)	-	(198,141)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	14,317,255	3,467,936	-	17,785,191
Total Liabilities	16,304,408	5,326,316	(1,211,947)	20,418,777
NET ASSETS, WITHOUT DONOR RESTRICTIONS	6,263,359	4,899,252	-	11,162,611
Total Liabilities and Net Assets	$ 22,567,767	$ 10,225,568	$ (1,211,947)	$ 31,581,388

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 2,893,067	$ 2,716,608	$ -	$ 5,609,675
Cash - Restricted for Bond Interest	255,202	63,801	-	319,003
Accounts Receivable:				
Grants	2,471,382	746,746	-	3,218,128
Other	69,870	398,372	(413,446)	54,796
Prepaid Expenses	113,261	26,121	-	139,382
Total Current Assets	5,802,782	3,951,648	(413,446)	9,340,984
PROPERTY AND EQUIPMENT, NET	12,317,143	3,036,262	-	15,353,405
OTHER ASSETS				
Cash - Restricted for Debt Service	1,351,430	337,858	-	1,689,288
Cash - Restricted for Property Repairs and Replacement	159,028	61,319	-	220,347
Total Other Assets	1,510,458	399,177	-	1,909,635
Total Assets	$ 19,630,383	$ 7,387,087	$ (413,446)	$ 26,604,024
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 268,000	$ 67,000	$ -	$ 335,000
Accounts Payable and Accrued Expenses	1,766,417	529,560	(413,446)	1,882,531
Total Current Liabilities	2,034,417	596,560	(413,446)	2,217,531
LONG-TERM LIABILITIES				
Bonds Payable	14,792,665	3,585,667	-	18,378,332
Less: Unamortized Debt Issuance Costs	(166,824)	(40,533)	-	(207,357)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	14,625,841	3,545,134	-	18,170,975
Total Liabilities	16,660,258	4,141,694	(413,446)	20,388,506
NET ASSETS, WITHOUT DONOR RESTRICTIONS	2,970,125	3,245,393	-	6,215,518
Total Liabilities and Net Assets	$ 19,630,383	$ 7,387,087	$ (413,446)	$ 26,604,024

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 9,998,582	$ 3,950,614	$ -	$ 13,949,196
Grant Revenue	12,964,217	4,803,434	-	17,767,651
Student Fees	73,899	22,673	-	96,572
Contributions	21,838	1,234	-	23,072
Interest	68,800	17,783	-	86,583
Other	9,821	8,126	-	17,947
Total Revenue and Support	23,137,157	8,803,864	-	31,941,021
EXPENSES				
Program Services	17,118,411	6,339,418	-	23,457,829
Management and General	2,725,512	810,587	-	3,536,099
Total Expenses	19,843,923	7,150,005	-	26,993,928
CHANGES IN NET ASSETS	3,293,234	1,653,859	-	4,947,093
Net Assets - Beginning of Year	2,970,125	3,245,393	-	6,215,518
NET ASSETS - END OF YEAR	$ 6,263,359	$ 4,899,252	$ -	$ 11,162,611

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 10,383,820	$ 4,062,679	$ -	$ 14,446,499
Grant Revenue	9,947,908	3,156,765	-	13,104,673
In-Kind Contributions	72,000	-	-	72,000
Student Fees	19,430	70	-	19,500
Contributions	14,464	-	-	14,464
Interest	8,699	2,175		10,874
Other	49,966	38,981	-	88,947
Total Revenue and Support	20,496,287	7,260,670	-	27,756,957
EXPENSES				
Program Services	16,027,044	5,099,537		21,126,581
Management and General	3,517,027	1,127,876	-	4,644,903
Fundraising	-	-	-	-
Total Expenses	19,544,071	6,227,413	-	25,771,484
CHANGES IN NET ASSETS	952,216	1,033,257	-	1,985,473
Net Assets (Deficit) - Beginning of Year	2,017,909	2,212,136	-	4,230,045
NET ASSETS - END OF YEAR	$ 2,970,125	$ 3,245,393	$ -	$ 6,215,518

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INDEPENDENT AUDITORS' 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
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

We have audited, in accordance with the generally accepted auditing standards 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 Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered NWILCS'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 NWILCS' internal control. Accordingly, we do not express an opinion on the effectiveness of NWILCS's internal control.

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

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

Board of Directors
Northwest Indiana Lighthouse Charter Schools

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether NWILCS'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwest Indiana Lighthouse Charter Schools January 30, 2024‘ (NWILCS) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NWILCS's major federal programs for the year ended June 30, 2023. NWILCS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, NWILCS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to NWILCS's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NWILCS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of NWILCS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of NWILCS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 30, 2024

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education:				
Child Nutrition Cluster:				
School Breakfast Lunch Program	10.553	N/A	$ -	$ 494,559
National School Lunch Program	10.555	N/A	-	869,707
Total Child Nutrition Cluster			-	1,364,266
Total U.S. Department of Agriculture			-	1,364,266
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220014, S010A230014	-	2,533,158
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A220084, H027A230084	-	303,191
Special Education Preschool Grants	84.173	H173A220104, H173A230104	-	5,224
Total for Special Education Cluster			-	308,415
English Language Acquisition State Grants	84.365	S365A200014,S365A210014	-	23,488
Supporting Effective Instruction to State Grants	84.367	S367A210013, S367A220013	-	289,261
Student Support and Academic Enrichment Grants	84.424	S424A220015, S424A230015	-	123,590
Education Stabilization Fund Program:				
COVID-19 ESSER Formula Fund II	84.425D	S425D200013	-	3,529,550
COVID-19 ESSER Formula Fund III	84.425U	S425U210013	-	6,858,915
COVID-19 ESSER Formula Fund III Consortium	84.425U	S425U210013	-	250,000
Total Education Stabilization Fund Program			-	10,638,465
Total U.S. Department of Education			-	13,916,377
Total Federal Awards Expended			$ -	$ 15,280,643

See accompanying Notes to 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 Northwest Indiana Lighthouse Charter Schools (NWILCS) under programs of the federal government for the year ended June 30, 2023. 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 NWILCS, it is not intended to and does not present the financial position, changes in net assets or cash flows of NWILCS.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

    - Material weakness(es) identified? ____ yes __x__ no

    - Significant deficiency(ies) identified? ____ yes __x__ none reported

3. Noncompliance material to financial statements noted? ____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

    - Material weakness(es) identified? ____ yes __x__ no

    - Significant deficiency(ies) identified? ____ yes __x__ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
81.010	Title I
84.425	Education Stabilization Fund Program

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

Auditee qualified as low-risk auditee? ____ yes __x__ no

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

SUPPLEMENTAL AUDIT REPORT OF

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS

LAKE COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
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NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President of Board of Directors	Amina Payne	07/01/2022 – 06/30/2023
Superintendent	Jessica Beasley	07/01/2022 – 06/30/2023
Controller	Jonathan Tebeleff	07/01/2022 – 06/30/2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana

We have audited the financial statements of Northwest Indiana Lighthouse Charter Schools (the School) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 30, 2024. 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
January 30, 2024

AVERAGE DAILY MEMBERSHIP (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 twelve (12) students (6 fall, 6 spring) of the 60 tested for enrollment at East Chicago Lighthouse Charter School (ECLCS) and six (6) students (3 fall, 3 spring) of the 60 tested for enrollment at Gary Lighthouse Charter School (GLCS). The students at ECLCS and GLCS were missing the proof of residency documentation, enrollment packet documentation, 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.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on December 21, 2023 with Jessica Beasley (Superintendent), Jonathan Tebeleff (Controller), other school officials, and other members of the outsourced accounting team. Official response has been made part of this report and may be found starting on page 5.

January 17, 2024

RE: Response to Northwest Indiana Lighthouse Charter School
Average Daily membership (ADM) Testing

Response: Northwest Indiana Lighthouse Charter School had 18 total findings of the 120 tested regarding enrollment. This is all information that has been repeatedly requested by our staff to the parents/guardians of returning scholars. We will continue to monitor and provide follow up protocols at each campus as it pertains to our enrollment procedures. In the state of Indiana, it is illegal to deny a family registration for missing documentation, however; we will continue to strongly encourage families to bring in all documentation during registration. We will continue to implement the the following procedures along with scheduled monitoring of files for completeness of required documents:

- Northwest Indiana Lighthouse Charter Schools has amended its required criteria to be in alignment with state requirements for enrollment:
    a. Birth Certificate
    b. Proof of Residency
    c. Copy of a State Issued ID
- All families have the option to complete the enrollment and registration processes either electronically or via paper packets.
- All family coordinators have a checklist of what should be in files and will check them regularly.
- All family coordinators will track/document their communication requests for the information.
- All family coordinators will work together at the end of the year to "clean up" all files on a district-set date.

2901 Carlson Drive Suite 383,
Hammond, IN 46323
(219) 880-1762
nwilcs.org

Mays Community Academy

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
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YEARS ENDED JUNE 30, 2023 AND 2022

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy
Mays, Indiana

Report on the Audit Of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northern Rush County Schools, Incorporated dba: Mays Community Academy and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of a Matter Regarding Substantial Doubt About the Entity's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 1 to the financial statements, the School has experienced significant decreases in enrollment for the previous School years, which has required the School to seek out additional borrowings and utilize cash reserves. The decrease in enrollment significantly reduces revenue for operations and repayment on the additional borrowings. Management's evaluation of the events and conditions and management's plans regarding these matters also are described in Note 1. 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.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Rush County Schools, Incorporated dba: Mays Community Academy's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with the GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Rush County Schools, Incorporated dba: Mays Community Academy's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Rush County Schools, Incorporated dba: Mays Community Academy's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy

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 22, 2024

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 63,067	$ 147,034
Grants Receivable	38,590	242,742
Total Current Assets	101,657	389,776
PROPERTY AND EQUIPMENT		
Land	88,400	88,400
Buildings and Improvements	783,331	783,331
Furniture and Equipment	296,829	296,829
Software and Textbooks	90,082	90,082
Vehicles	5,000	5,000
Less: Accumulated Depreciation	(459,648)	(405,192)
Property and Equipment, Net	803,994	858,450
OTHER ASSETS		
Security Deposit	3,900	3,900
Total Assets	$ 909,551	$ 1,252,126
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 94,957	$ 210,565
Accounts Payable and Accrued Expenses	98,528	136,402
Total Current Liabilities	193,485	346,967
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	359,948	467,810
Total Liabilities	553,433	814,777
NET ASSETS WITHOUT DONOR RESTRICTIONS	356,118	437,349
Total Liabilities and Net Assets	$ 909,551	$ 1,252,126

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, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 1,151,516	$ 1,342,220
Grant Revenue	782,923	1,443,909
Student Fees	72,933	73,123
Contributions	682	2,087
Fundraising and Other Income	46,299	91,626
Total Revenue and Support	2,054,353	2,952,965
EXPENSES		
Program Services	1,528,903	1,944,476
Management and General	606,681	635,445
Total Expenses	2,135,584	2,579,921
CHANGE IN NET ASSETS	(81,231)	373,044
Net Assets - Beginning of Year	437,349	64,305
NET ASSETS - END OF YEAR	$ 356,118	$ 437,349

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 832,063	$ 269,774	$ 1,101,837	$ 942,578	$ 290,833	$ 1,233,411
Employee Benefits	197,551	87,248	284,799	268,056	104,205	372,261
Staff Development	3,481	-	3,481	8,011	-	8,011
Professional Services	88,470	134,601	223,071	220,129	144,319	364,448
Repairs and Maintenance	-	30,698	30,698	-	15,545	15,545
Authorizer Oversight Fees	-	26,628	26,628	-	35,608	35,608
Food Costs	57,966	-	57,966	68,164	-	68,164
Transportation	166,217	-	166,217	188,946	466	189,412
Information Technology	3,040	-	3,040	46,178	-	46,178
Advertising	-	8	8	-	3,448	3,448
Classroom, Kitchen, and Office Supplies	55,922	6,585	62,507	87,376	4,763	92,139
Occupancy	52,492	-	52,492	55,260	-	55,260
Depreciation	54,456	-	54,456	56,179	-	56,179
Interest	-	43,705	43,705	-	26,321	26,321
Insurance	16,455	-	16,455	2,500	-	2,500
Other	790	7,434	8,224	1,099	9,937	11,036
Total Functional Expenses	$ 1,528,903	$ 606,681	$ 2,135,584	$ 1,944,476	$ 635,445	$ 2,579,921

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (81,231)	$ 373,044
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	54,456	56,179
Changes in Operating Assets and Liabilities:		
Grants Receivable	204,152	(112,696)
Accounts Payable and Accrued Expenses	(37,874)	15,686
Net Cash Provided by Operating Activities	139,503	332,213
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(178,768)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Lines of Credit, Net	-	23,346
Proceeds from Notes Payable	83,376	-
Repayment of Notes Payable	(306,846)	(76,170)
Net Cash Used by Financing Activities	(223,470)	(52,824)
NET CHANGE IN CASH	(83,967)	100,621
Cash - Beginning of Year	147,034	46,413
CASH - END OF YEAR	$ 63,067	$ 147,034
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 43,705	$ 26,321
Refinance of Line of Credit to Note Payable	$ -	$ 409,999

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 150 and 184 students during the years ended June 30, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022, 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, 2023 and 2022.

Cash

Cash consists of cash held in bank accounts. There were no cash equivalents at June 30, 2023 and 2022.

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, 2023 and 2022, 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 2019 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. For the year ended June 30, 2023, the School saw a significant decrease in enrollment, resulting in a decrease of state education support of approximately $191,000, requiring the School to utilize its cash reserves. Subsequent enrollment for the Fall 2023 semester enrollment at only 117 enrolled students. The School continues to have more current liabilities than current assets and experienced a decrease in net assets for the year ended June 30, 2023. 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 challenging financial situation and has implemented several measures to improve its finances. To manage costs, the School has removed grades 6 and 7 due to low enrollment and the drain on staffing. The School has also made staff cuts in non-teaching areas. Additionally, the School has received $14,000 in additional revenue through the literary achievement grant and expects to receive approximately $68,000 through the newly enacted charter facilities grant. The 2023-2024 enrollment exceeded budgeted expectations, and through November 2023, the School is outperforming cash flow projections. As a result of these measures and additional revenue, the board expects to end 2023-2024 with a significant positive cash flow.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through January 22, 2024, 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	2023	2022
Note payable to Charter School Capital, due monthly based upon timing and receipts of state basic aid funding	$ 82,400	$ -
Note payable (resulting from refinance of previous loan and lines of credit in October 2022) to FCN Bank with monthly installments of $7,057 including interest at 6.5% annum, maturing in October 2027.	315,312	487,125
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.	57,193	191,250
Total	454,905	678,375
Less: Current Portion	(94,957)	(210,565)
Long-Term Portion	$ 359,948	$ 467,810

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

Year Ending June 30,	Amount
2024	$ 94,957
2025	103,115
2026	107,823
2027	104,675
2028	44,335
Total	$ 454,905

NOTE 3 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, 2022 was $410,000, but was refinance in October 2022 to the term note payable as described in Note 2.

NOTE 4 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, 2023 and 2022, 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, 2022 (the latest year reported), TRF and PERF were approximately 95% and 85% funded, respectively. The School's total retirement expense was $32,169 and $52,348 for the years ended June 30, 2023 and 2022, 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 $38,138 and $35,608 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2023 and is renewable thereafter by mutual consent. During the year ended June 30, 2023, the charter was amended to extend the term for one year through June 30, 2024. During the year ended June 30, 2023, the School withdrew the charter renewal application with Ball State University thus the current charter ended June 30, 2024 as the School is working with Ball State University for a new charter authorizer. Subsequent to year-end, the School submitted application to another authorizer to obtain a charter effective July 1, 2024.

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 $111,462 and $106,332 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 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.

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022 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 $101,657 and $389,776 in 2023 and 2022, 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 had a $-0- and $10,001 line of credit available as of June 30, 2023 and June 30, 2022, respectively.

NOTE 8 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 9 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, 2023 and 2022 were $186,274 and $186,244, respectively, for transportation.

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, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 36,657	$ 26,410	$ -	$ 63,067
Grants Receivable	38,590	-	-	38,590
Due from Academy	-	167,394	(167,394)	-
Total Current Assets	75,247	193,804	(167,394)	101,657
PROPERTY AND EQUIPMENT				
Land	88,400	-	-	88,400
Buildings and Improvements	783,331	-	-	783,331
Furniture and Equipment	296,829	-	-	296,829
Software and Textbooks	90,082	-	-	90,082
Vehicles	5,000	-	-	5,000
Less: Accumulated Depreciation	(459,648)	-	-	(459,648)
Property and Equipment, Net	803,994	-	-	803,994
OTHER ASSETS				
Security Deposit	3,900	-	-	3,900
Total Assets	$ 883,141	$ 193,804	$ (167,394)	$ 909,551
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 94,957	$ -	$ -	$ 94,957
Accounts Payable and Accrued Expenses	95,613	2,915	-	98,528
Due to Pre-K	167,394	-	(167,394)	-
Total Current Liabilities	357,964	2,915	(167,394)	193,485
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	359,948	-	-	359,948
Total Liabilities	717,912	2,915	(167,394)	553,433
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	165,229	190,889	-	356,118
Total Liabilities and Net Assets	$ 883,141	$ 193,804	$ (167,394)	$ 909,551

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,151,516	$ -	$ 1,151,516
Grant Revenue	779,614	3,309	782,923
Student Fees	8,541	64,392	72,933
Contributions	682	-	682
Fundraising and Other Income	46,299	-	46,299
Total Revenue and Support	1,986,652	67,701	2,054,353
EXPENSES			
Program Services	1,484,046	44,857	1,528,903
Management and General	606,681	-	606,681
Total Expenses	2,090,727	44,857	2,135,584
CHANGE IN NET ASSETS	(104,075)	22,844	(81,231)
Net Assets - Beginning of Year	269,304	168,045	437,349
NET ASSETS (DEFICIT) - END OF YEAR	$ 165,229	$ 190,889	$ 356,118

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2022 TO JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
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NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Board President	Nansi Custer	07/01/2022 – 06/30/2023
Board Treasurer	Marcia Schwering	07/01/2022 – 06/30/2023
School Leader	Lauren Yoke	09/15/2022 – 06/30/2023

CliftonLarsonAllen LLP
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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. dba: Mays Community Academy, as of and for the year ended June 30, 2023, and have issued our report thereon dated January 22, 2024. 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 22, 2024

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023.

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed with Nansi Custer, Board President, and Kevin Davis, Indiana Charters on January 16, 2024.

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023 that required an official response.

Global

INDEPENDENT
NETWORK MEMBER

Neighbors' New Vistas High School

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-a-Matter Regarding Correction of an Error

As discussed in Note 2 to the consolidated financial statements, certain errors resulting in understatement of amounts previously reported for grants receivable as of June 30, 2022, were discovered by management of the entity during the current year. Accordingly, amounts reported for grants receivable, related revenue, and net assets have been restated in the 2022 consolidated financial statements now presented. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Neighbors' Educational Opportunities, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	(As Restated) 2022
ASSETS		
CURRENT ASSETS		
Cash	$ 246,090	$ 89,616
Grants Receivable	205,848	678,886
Other Receivables	9,714	4,406
Total Current Assets	461,652	772,908
PROPERTY AND EQUIPMENT		
Land	835,000	835,000
Buildings and Improvements	3,995,998	3,995,999
Furniture and Equipment	547,244	547,244
Construction in Progress	285,967	-
Less: Accumulated Depreciation	(1,322,835)	(1,145,989)
Property and Equipment, Net	4,341,374	4,232,254
OTHER ASSETS		
Security Deposit	7,763	7,443
Operating Right of Use (ROU) Asset	3,235	-
Total Other Assets	10,998	7,443
Total Assets	$ 4,814,024	$ 5,012,605
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	316,648	$ 316,642
Current Lease Liability	3,235	-
Line of Credit	-	55,000
Accounts Payable and Accrued Expenses	126,217	102,754
Security Deposit	2,882	2,882
Total Current Liabilities	448,982	477,278
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	2,869,930	3,152,320
Total Long-Term Liabilities	2,869,930	3,152,320
Total Liabilities	3,318,912	3,629,598
NET ASSETS		
Without Donor Restrictions	1,495,112	1,383,007
Total Liabilities and Net Assets	$ 4,814,024	$ 5,012,605

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(As Restated) 2022
REVENUE AND SUPPORT		
State Education Support	$ 1,123,080	$ 1,263,505
Grant Revenue	1,605,945	1,549,192
Student Fees	14,641	20,525
Rental Income	57,525	67,700
Contributions	9,127	40,548
Paycheck Protection Program Income	-	312,200
Fundraising and Other Income	1,566	3,940
Total Revenue and Support	2,811,884	3,257,610
EXPENSES		
Program Services	1,816,674	1,901,620
Management and General	883,105	816,627
Total Expenses	2,699,779	2,718,247
CHANGE IN NET ASSETS	112,105	539,363
Net Assets - Beginning of Year	1,383,007	843,644
NET ASSETS - END OF YEAR	$ 1,495,112	$ 1,383,007

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,017,269	$ 420,414	$ 1,437,683	$ 1,039,549	$ 418,711	$ 1,458,260
Employee Benefits	135,233	58,509	193,742	154,986	79,334	234,320
Staff Development	1,927	-	1,927	2,930	-	2,930
Authorizer Oversight Fees	-	29,673	29,673	-	34,543	34,543
Educational Content	60,184	-	60,184	28,389	-	28,389
Food Costs	22,532	-	22,532	35,046	-	35,046
Equipment	89,777	-	89,777	27,445	-	27,445
Classroom Office Supplies	49,114	11,279	60,393	52,873	16,452	69,325
Professional Services	47,133	188,278	235,411	182,125	73,850	255,975
Occupancy	101,990	-	101,990	105,939	-	105,939
Contracted IT Services	59,148	-	59,148	81,552	-	81,552
Travel	46,889	1,261	48,150	10,605	204	10,809
Insurance	-	28,540	28,540	-	25,604	25,604
Advertising	-	22,504	22,504	-	30,146	30,146
Depreciation	176,846	-	176,846	176,846	-	176,846
Interest	7,138	111,637	118,775	-	124,913	124,913
Other	1,494	11,010	12,504	3,335	12,870	16,205
Total Functional Expenses	$ 1,816,674	$ 883,105	$ 2,699,779	$ 1,901,620	$ 816,627	$ 2,718,247

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	(As Restated) 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 112,105	$ 539,363
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	176,846	176,846
Noncash Lease Expense	3,235	-
Gain on Extinguishment of Debt	-	(312,200)
Changes in Operating Assets and Liabilities:		
Grants Receivable	473,038	(456,919)
Other Receivables and Security Deposit	(5,628)	2,096
Accounts Payable and Accrued Expenses	23,463	(25,539)
Net Cash Provided (Used) by Operating Activities	783,059	(76,353)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(289,201)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Line of Credit	(55,000)	55,000
Principal Payments of Notes Payable	(282,384)	(288,922)
Net Cash Used by Financing Activities	(337,384)	(233,922)
NET CHANGE IN CASH	156,474	(310,275)
Cash - Beginning of Year	89,616	399,891
CASH - END OF YEAR	$ 246,090	$ 89,616
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 118,775	$ 124,913

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 160 students during 2022-2023. 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, 2023 and 2022, 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 Corporation 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 changes in net assets as net assets released from restrictions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income

Rental 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 2022-2023 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.

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, 2023 and 2022, 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 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.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Corporation adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The Corporation has elected to adopt the package of practical expedients available in the year of adoption. The Corporation has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Corporation’s ROU assets.

Leases

The Corporation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the Corporation’s right to use an underlying asset for the lease term and lease liabilities represent the Corporation’s obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Corporation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Corporation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Corporation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

The Corporation evaluated subsequent events through February 14, 2024, 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 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2022, the School determined it had incorrectly accounted for grant activity associated with the Employee Retention Credit (ERC) grant program as described in Note 9. Previously, the School had not recognized the ERC receivable and revenue at the time the barrier had been met with the filing of the amended 941 filings in December 2021. The School did not include $482,431 of grants receivable for the year ended June 30, 2022.

The following statement of financial position line items for fiscal year 2022 were affected by the restatement:

	June 30, 2022		
	As Reported	Restatement	As Restated
Grants Receivable	$ 196,455	$ 482,431	$ 678,886
Total Current Assets	290,477	482,431	772,908
Total Assets	4,530,174	482,431	5,012,605
Total Net Assets W/O DR	900,576	482,431	1,383,007
Total Liabilities & Net Assets	4,530,174	482,431	5,012,605

The following statement of activities and changes in net assets line items for fiscal year 2022 were affected by the restatement:

	June 30, 2022		
	As Reported	Restatement	As Restated
Revenue and Support			
Grant Revenue	$ 1,066,761	$ 482,431	$ 1,549,192
Total Revenue and Support	2,775,179	482,431	3,257,610
Change in Net Assets	56,932	482,431	539,363
Net Assets, End of Year	900,576	482,431	1,383,007

NOTE 2 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR (CONTINUED)

The following statement of cash flow line items for fiscal year 2022 were affected by the restatement:

	June 30, 2022		
	As Reported	Restatement	As Restated
Cash Flows From Operating Activities			
Change in Net Assets	$ 56,932	$ 482,431	$ 539,363
Changes in Operating Assets & Liabilities			
Grants Receivable	25,512	(482,431)	(456,919)

The following combining statement of activities and changes in net assets line items for fiscal year 2022 were affected by the restatement:

	June 30, 2022		
	As Reported	Restatement	As Restated
Charter School, Net Assets, Beginning of Year	$ 832,835	$ 482,431	$ 1,315,266
Total, Net Assets, Beginning of Year	900,576	482,431	1,383,007

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2023	2022
Note payable to Indiana State Board of Education, payable of $57,633 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, due July 2026.	$ 541,574	$ 680,116
Note payable to 1st Source Bank, payable in monthly installments of $21,230 including interest at 4.25% per annum, with a balloon payment due March 2026, secured by mortgage on Corporation facilities.	2,495,104	2,638,946
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	149,900
Total	3,186,578	3,468,962
Less: Current Portion	(316,648)	(316,642)
Long-Term Portion	$ 2,869,930	$ 3,152,320

NOTE 3 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2024	$ 316,648
2025	313,944
2026	2,339,048
2027	79,704
2028	6,699
Thereafter	130,535
Total	$ 3,186,578

NOTE 4 LINE OF CREDIT

The Corporation maintains a revolving bank line of credit that expires on April 5, 2024. At June 30, 2022, there was a balance of $55,000 borrowed against this line. There were no such balances borrowed against this line of credit as of June 30, 2023. Interest, which varies with the bank's prime rate with a floor of 3.25%, was 3.25% on June 30, 2023, and is payable monthly.

NOTE 5 LEASES

ASC 842 for 2023

The School leases a copier from a third party under a long-term, noncancelable lease agreement. The lease expires in September 2023. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third party leases was $12,967 for the year ended June 30, 2023.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost:	$ 12,967
Total Lease Cost	$ 12,967
Other Information:	
Operating Cash Flows from Operating Leases	$ 12,967
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$ 15,976
Weighted-Average Remaining Lease Term - Operating Leases:	0.2 years
Weighted-Average Discount Rate - Operating Leases	2.49%

NOTE 5 LEASING ACTIVITIES (CONTINUED)

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	
2024	$ 3,242
Undiscounted Cash Flows	3,242
(Less) Imputed Interest	(7)
Total Present Value	$ 3,235
Short-Term Lease Liabilities	$ 3,235
Long-Term Lease Liabilities	-
Total	$ 3,235

ASC 840 for 2022

The School elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840. The School leases a copier from a third party under a long-term, noncancelable lease agreement.

Year Ending June 30,	Amount
2023	$ 12,967
2024	3,235
Total	$ 16,202

NOTE 6 RETIREMENT PLAN

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 60 days of employment. Under the Plan, the Corporation matches up to 3% of each participant's contributions for the plan year.

Retirement plan expenses totaled $11,260 and $14,353 during the years ended June 30, 2023 and 2022, respectively.

NOTE 7 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 $29,673 and $34,543 for the years ended June 30, 2023 and 2022, respectively.

NOTE 8 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, 2023, 98% of the receivable balance was due from the state of Indiana, respectively.

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.

NOTE 9 GOVERNMENT ASSISTANCE GRANT – EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help business retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $198,806.

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $462,309.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and related revenue of $482,431 (as restated) during the year ended June 30, 2022.

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of $661,115 plus interest.

The IRS may review funding eligibility 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 10 LIQUIDITY

Under ASU 2016-14, the Corporation is required to disclose the assets it has available at June 30, 2023 and 2021, 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, 2023 and 2022, were $205,848 and $678,886 (as restated), 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 11 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 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.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 380,339	$ (134,249)	$ 246,090
Grants Receivable	88,273	117,575	205,848
Other Receivables	9,714	-	9,714
Total Current Assets	478,326	(16,674)	461,652
PROPERTY AND EQUIPMENT			
Land	835,000	-	835,000
Buildings and Improvements	3,957,398	38,600	3,995,998
Furniture and Equipment	525,902	21,342	547,244
Construction in Progress	285,967	-	285,967
Less: Accumulated Depreciation	(1,262,893)	(59,942)	(1,322,835)
Property and Equipment, Net	4,341,374	-	4,341,374
OTHER ASSETS			
Security Deposit	7,763	-	7,763
Right-of-Use Assets	3,235	-	3,235
Total Other Asset	10,998	-	10,998
Total Assets	$ 4,830,698	$ (16,674)	$ 4,814,024
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current Portion of Notes Payable	$ 316,648	$ -	$ 316,648
Current Lease Liability	3,235	-	3,235
Accounts Payable and Accrued Expenses	113,654	12,563	126,217
Interfund Payable	191,761	(191,761)	-
Security Deposit	2,882	-	2,882
Total Current Liabilities	628,180	(179,198)	448,982
LONG-TERM LIABILITIES			
Notes Payable, Net of Current Portion	2,869,930	-	2,869,930
Total Liabilities	3,498,110	(179,198)	3,318,912
NET ASSETS			
Without Donor Restrictions	1,332,588	162,524	1,495,112
Total Liabilities and Net Assets	$ 4,830,698	$ (16,674)	$ 4,814,024

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 1,123,080	$ -	$ -	$ 1,123,080
Grant Revenue	1,186,824	419,121	-	1,605,945
Student Fees	14,641	-	-	14,641
Rental Income	319,114	-	(261,589)	57,525
Contributions	(98,607)	107,734	-	9,127
Fundraising and Other Income	1,566	97,743	(97,743)	1,566
Total Revenue and Support	2,546,618	624,598	(359,332)	2,811,884
EXPENSES				
Program Services	1,532,720	381,697	(97,743)	1,816,674
Management and General	996,576	148,118	(261,589)	883,105
Total Expenses	2,529,296	529,815	(359,332)	2,699,779
CHANGES IN NET ASSETS	17,322	94,783	-	112,105
Net Assets - Beginning of Year, as Restated	1,315,266	67,741	-	1,383,007
NET ASSETS - END OF YEAR	$ 1,332,588	$ 162,524	$ -	$ 1,495,112

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2023

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, 2022 TO JUNE 30, 2023

CPAs | CONSULTANTS | WEALTH ADVISORS

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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President, Board of Directors	Francis Vega	07/01/22 - 06/30/23
Executive Director	Rebeca Reiner	07/01/22 - 06/30/23
Business Manager	Jennifer Jennings	07/01/22 - 06/30/23

CliftonLarsonAllen LLP
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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, 2023, and have issued our report thereon dated February 14, 2024. 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
February 14, 2024

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

An audit adjustment related to the Employee Retention Credit (ERC) grant program for $482,431 was detected as a result of audit procedures. The total ERC claim was recognized as revenue during the year ended June 30, 2023. However, based upon the timing of the amended 941 filings in December 2021, $482,431 should have been recognized as grant receivable and grant revenue during the year ended June 30, 2022. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around grant receivables are an important element of internal controls.

Indiana Code 20-24-7-1 provides that "…The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)..."

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT DOCUMENTS

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 one (1) student (fall) of the 28 tested for enrollment. The student enrollment file was unable to be located due to change in personnel at the School.

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.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed with Rebecca Reiner, Executive Director, and Jennifer Jennings, Business Manager, on January 24, 2024.

NEO Neighbors' Educational Opportunities

5201 US Highway 6 Portage, IN 46368 219.850.4448 www.neoadulted.org

RESPONSE TO SUPPLEMENTAL AUDIT JULY 1, 2022-JUNE 30, 2023

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

We accept the material weakness in our application of our Employee Retention Credit (ERC) to GAAP, but would request this forum to cite mitigating circumstances. It would not be misleading to say that the COVID era federal programs presented a unique income measurement challenge in that they were unprecedented in their scope and complexity and will not likely recur. We considered the measurement effect of accruing the ERC grant when application was made but concluded that, because qualifications for applications changed repeatedly in the early weeks after announcement, and the whole program became increasingly controversial, it was not proper to accrue the grant revenue. Furthermore, reserving the entire award by providing for its possible denial leaves us in the same position as if we had never applied for ERC. The Internal Revenue Service (IRS) reviewed the applications, refunded the 4 periods covered, then decided to audit multiple other schools with the same claim, virtually admitting that they were making up the rules contemporaneously as they watched yet another program sink into fraud and manipulation. We only regret that GAAP principles aren't flexible enough to prevent a material weakness in complying with federal grant programs that, to this day, are being granted and revoked in arbitrary decisions. We also regret that strict adherence to GAAP principles require us to remove the ERC grants from revenue but include in expense the commissions that were paid to the contractor to prepare the grant application when they are contractually obligated to return the commissions if the grants are disallowed after audit.

AVERAGE DAILY MEMEBERSHIP (ADM) TESTING-ENEROLLMENT DOCUMENTS

The Average Daily Membership (ADM) testing resulted in one student enrollment file that could not be located. Previously, paper enrollment forms were the sole source of student enrollment information that was used by Neighbors' New Vistas High School. As of the 2023-2024 school year, the school has switched to an online enrollment system through PowerSchool, the schools' Student Management System. This will store forms electronically in the student management system allowing the forms to be printed out as needed. This will help with file management.

Options Charter Schools
(does not provide separate schedules
of financial position by school)

OPTIONS CHARTER SCHOOLS AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter Schools and Affiliates
Noblesville, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Options Charter Schools and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Options Charter Schools and Affiliates as of June 30, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Options Charter Schools and Affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, Options Charter Schools and Affiliates adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Options Charter Schools and Affiliates ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Options Charter Schools and Affiliates' internal controls. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Options Charter Schools and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Options Charter Schools and Affiliates

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying consolidating schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the 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 February 14, 2024, on our consideration of Options Charter Schools and Affiliates internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Options Charter Schools and Affiliates' 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 Options Charter Schools and Affiliates' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS	
CURRENT ASSETS	
Cash	$ 582,797
Grants Receivable	805,059
Prepaid Expenses	62,023
Interest Rate Swap	484,486
Total Current Assets	1,934,365
PROPERTY AND EQUIPMENT	
Land	1,313,089
Building and Improvements	3,430,837
Leasehold Improvements	184,335
Furniture and Equipment	2,989,599
Total Property and Equipment	7,917,860
Less: Accumulated Depreciation	(857,816)
Property and Equipment, Net	7,060,044
OTHER ASSETS	
Right-of-Use Assets - Operating Leases, Net	899,002
Total Assets	$ 9,893,411
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Current Portion of Note Payable	$ 367,806
Security Deposit	3,200
Accounts Payable and Accrued Expenses	543,045
Right-of-Use Liability - Operating, Current	237,440
Total Current Liabilities	1,151,491
LONG-TERM LIABILITIES	
Note Payable, Net of Current Portion	3,842,945
Right-of-Use Liability - Operating, Net of Current Portion	661,562
Total Long-Term Liabilities	4,504,507
Total Liabilities	5,655,998
NET ASSETS, WITHOUT DONOR RESTRICTIONS	4,237,413
Total Liabilities and Net Assets	$ 9,893,411

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023

REVENUE AND SUPPORT	
State Education Support	$ 8,343,737
Contributions and Donations	61,209
Grant Revenue	3,089,065
In-Kind Revenue	5,735
Student Fees	1,725
Other Income	836
Gain on Interest Rate Swap	111,851
Total Revenue and Support	11,614,158
EXPENSES	
Program Services	8,084,358
Management and General	2,273,053
Total Expenses	10,357,411
CHANGE IN NET ASSETS	1,256,747
Net Assets - Beginning of Year	2,980,666
NET ASSETS - END OF YEAR	$ 4,237,413

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries and Wages	$ 4,491,125	$ 1,055,333	$ 5,546,458
Employee Benefits	1,683,918	407,428	2,091,346
Occupancy	431,726	68,249	499,975
Scholarships	4,000	-	4,000
Equipment	13,636	-	13,636
Professional Services	441,576	326,409	767,985
Depreciation	212,717	1,871	214,588
Classroom and Office Supplies	588,766	29,153	617,919
Authorizer Oversight Fees	-	185,006	185,006
Food Service	40,259	-	40,259
Insurance	-	52,521	52,521
Transportation	94,595	10,995	105,590
Interest	-	124,346	124,346
Other	82,040	11,742	93,782
Total Expenses by Function	$ 8,084,358	$ 2,273,053	$ 10,357,411

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 1,256,747
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	214,588
Gain on Interest Rate Swap	(111,851)
Changes in Operating Assets and Liabilities:	
Grants Receivable	(720,537)
Prepaid Expenses	48,433
Accounts Payable and Accrued Expenses	108,930
Deferred Revenue	(25,000)
Net Cash Provided by Operating Activities	771,310
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(401,119)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Paid on Note Payable	(363,161)
NET CHANGE IN CASH	7,030
Cash - Beginning of Year	575,767
CASH - END OF YEAR	$ 582,797
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 125,474

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Options Charter Schools (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates three public charter schools established under Indiana Code 20-24 and is sponsored by Ball State University. The School serves approximately 1,000 students in grades nine to twelve by providing an alternative to traditional high school programs.

Principles of Consolidation

The consolidated financial statements include the accounts of the School and its affiliate Options in Education Foundation, Inc. (Foundation) and its single member LLC's OCS Westfield, LLC and OCS Noblesville, LLC (LLC's). The School and the Foundation are consolidated due to being under common control through common board members and having a financial interest among the School and the LLC's. The LLC's were formed to hold and maintain the properties in which the School operates. All significant intercompany accounts and transactions 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. 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 consolidated statement of financial position. As of June 30, 2023, the School has approximately $570,000 of conditional grants that have not been recognized as revenue in the consolidated statement 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Grant revenues relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana.

Contributions and Donations, Grant Revenue, and Student Fees

The School receives income from contributions and donations, grant revenue, and student fees that support certain school activities. Grant revenues relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana. 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 consolidated statement of activities and change in net assets as Net Assets Released from Restrictions. The School, Foundation, and LLC's did not have any net assets with donor restrictions as of June 30, 2023.

Cash and Cash Equivalents

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, 2023.

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 Leasehold Improvements	5 to 40 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

On an ongoing basis, the School and LLC's review its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School and LLC's 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 School and Foundation have 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 (IRC) as a tax-exempt organization; however, the School and Foundation would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2023, 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 and Foundation 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 and Foundation have 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 and Foundation 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 Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School and Foundation adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

Leases

The School determines if an arrangement is a least at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

Subsequent Events

The School, Foundation, and LLC's have evaluated subsequent events through February 14, 2024, 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.

Subsequent to year end, in January 2024 the School filed for Employee Retention Credits for approximately $150,000.

NOTE 2 NOTES PAYABLE

At June 30, 2023, the notes payable consisted of the following:

Description	Amount
Note payable to the Indiana State Board of Education, payable $112,900 semi-annually (January 1 and July 1) plus interest at 1.00% per annum.	$ 790,302
Construction note payable to First Financial Bank, subject to conversion to mini-permanent term loan for 108 months upon completion of construction. Loan was converted to term in July 2021 and is due July 2030. Interest at 3.27%, secured by building and guaranteed by the School and Foundation.	3,420,449
Total	4,210,751
Less: Current Portion	(367,806)
Notes Payable, Net of Current Portion	$ 3,842,945

NOTE 2 NOTES PAYABLE (CONTINUED)

The note payable to the Indiana 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. The school paid $225,800 on this loan in the year ending June 30, 2023.

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

Year Ending June 30,	Amount
2024	$ 367,806
2025	372,829
2026	377,717
2027	269,868
2028	161,676
Thereafter	2,660,855
Total	$ 4,210,751

The note payable to First Financial Bank contains certain reporting and financial covenants. As of June 30, 2023, the School was in compliance with the financial covenants.

NOTE 3 INTEREST RATE SWAP

In July 2020, the OCS Westfield, LLC entered into an interest rate swap transaction with First Financial Bank. This is guaranteed by the School and Foundation. OSC Westfield, LLC uses the interest rate swap to convert its variable rate debt to a fixed rate as a cash-flow hedge. OSC Westfield, LLC is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, OSC Westfield, LLC does not anticipate nonperformance by the counterparty.

The agreement that took effect on July 1, 2021 (in conjunction with the conversion of the construction loan to term) effectively changes OSC Westfield, LLC's interest rate exposure on its floating rate note payable to 3.27%. This interest rate swap agreement matures on July 24, 2030. This agreement had a total notional principal in the amount of $3,420,450 at June 30, 2023.

The effective portion of the gain or loss on the interest rate swap is reported as Revenues and Expenses in the consolidated statement of activities and change in net assets in the same period or periods during which the hedged transaction affects the consolidated statement of activities and change in net assets. Gains and losses on the interest rate swap representing either hedge ineffectiveness, or excluded from the assessment of hedge effectiveness, is recognized in the consolidated statement of activities and change in net assets as Revenue and Expenses.

NOTE 4 LINE OF CREDIT

On June 2, 2022 the School entered into a $150,000 line of credit with First Financial Bank that remains in effect until June 2, 2023, which was renewed through November 2, 2023 and then subsequently renewed through January 1, 2024. This was not renewed subsequent to January 1, 2024 and the School is in process of securing a new line of credit. The line bears interest at a floating rate per annum equal to the Prime Rate (8.50% at June 30, 2022), is secured by all assets of the School, Foundation, and LLC's, and guaranteed by the Foundation and LLC's. The line has no amounts drawn against it as of June 30, 2023.

The line of credit is subject to the same financial covenants described at Note 2.

NOTE 5 LEASES

The School leases equipment under a long-term, noncancelable lease agreements. The leases expire through 2028. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

The operating lease cost for the year ended June 30, 2023 was $182,676.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost	$ 182,676
Other Information:	
Operating Cash Flows from Operating Leases	$ 182,676
Weighted-Average Remaining Lease Term - Operating Leases	2.2 Years
Weighted-Average Discount Rate - Operating Leases	3.04%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating
2024	$ 266,181
2025	260,801
2026	225,132
2027	131,110
2028	84,000
Undiscounted Cash Flows	967,224
(Less) Imputed Interest	(68,222)
Total Present Value	$ 899,002
Short-Term Lease Liabilities	$ 237,440
Long-Term Lease Liabilities	661,562
Total	$ 899,002

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 $185,006 for the year ended June 30, 2023. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

NOTE 7 RELATED PARTIES

The School also employs a member of the superintendent's family. The School paid this individual $70,496 during the year ended June 30, 2023.

NOTE 8 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 9.0% of compensation for electing teaching faculty to TRF and 14.2% of compensation for other electing 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, 2022 (the latest year reported), TRF and PERF were approximately 95% and 85% funded, respectively.

TRF eligible employees can also elect to participate in a School-sponsored 403(B) plan in lieu of the State of Indiana – INPRS plan. The School contributes 9.0% of participant compensation to the 403(b) plan.

Full-time employees may also choose to participate in a voluntary salary reduction 403(b) plan. The School will match the employee's contribution up to 1% of their gross wages.

Retirement plan expense was $589,733 for the year ended June 30, 2023.

NOTE 9 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Hamilton and surrounding counties in Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

NOTE 9 RISKS AND UNCERTAINITIES (CONTINUED)

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.

The School and its affiliates maintain cash 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 and its affiliates have not experienced losses in any of these accounts.

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023, 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, cash – restricted, and grants receivable totaling $1,387,856 at June 30, 2023, of which $1,387,856 is 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 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 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. Certain expenses have been allocated between program services and management and general expenses. Employee benefits, transportation, office supplies, and other expenses are allocated based on individual employees' function. Occupancy and depreciation expenses are allocated based on their location due to the schools and the administrative facilities are at discreet locations.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
OTHER REPORT
YEAR ENDED JUNE 30, 2023

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

Supplemental Audit Report of Options Charter Schools

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*.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Options Charter Schools	Options in Education Foundation, Inc.	OCS Noblesville, LLC	OCS Westfield, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	$ 443,856	$ 79,308	$ 47,302	$ 12,331	$ -	$ 582,797
Grants Receivable	805,059	-	-	-	-	805,059
Related Party Receivable	-	-	-	34,891	(34,891)	-
Prepaid Expenses	52,639	-	-	9,384	-	62,023
Interest Rate Swap	-	-	-	484,486	-	484,486
Total Current Assets	1,301,554	79,308	47,302	541,092	(34,891)	1,934,365
PROPERTY AND EQUIPMENT						
Land	-	-	-	1,313,089	-	1,313,089
Building and Improvements	44,727	-	-	3,386,110	-	3,430,837
Leasehold Improvements	184,335	-	-	-	-	184,335
Furniture and Equipment	479,827	-	2,340,690	169,082	-	2,989,599
Total Property and Equipment	708,889	-	2,340,690	4,868,281	-	7,917,860
Less: Accumulated Depreciation	(243,905)	-	(415,327)	(198,584)	-	(857,816)
Property and Equipment, Net	464,984	-	1,925,363	4,669,697	-	7,060,044
OTHER ASSETS						
Investment in LLCs	-	3,742,061	-	-	(3,742,061)	-
Right-of-Use Assets - Operating Leases, Net	3,765,665	-	-	-	(2,866,663)	899,002
Total Assets	$ 5,532,203	$ 3,821,369	$ 1,972,665	$ 5,210,789	$ (6,643,615)	$ 9,893,411
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current Portion of Note Payable	$ 225,800	$ -	$ -	$ 142,006	$ -	$ 367,806
Security Deposit	-	-	1,600	1,600	-	3,200
Accounts Payable and Accrued Expenses	525,302	-	-	17,743	-	543,045
Right-of-Use Liability - Operating, Current	557,818	-	-	-	(320,378)	237,440
Total Current Liabilities	1,308,920	-	1,600	161,349	(320,378)	1,151,491
LONG-TERM LIABILITIES						
Note Payable, Net of Current Portion	564,501	-	-	3,278,444	-	3,842,945
Right-of-Use Liability - Operating, Net of Current Portion	3,207,847	-	-	-	(2,546,285)	661,562
Total Long-Term Liabilities	3,772,348	-	-	3,278,444	(2,546,285)	4,504,507
Total Liabilities	5,081,268	-	1,600	3,439,793	(2,866,663)	5,655,998
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	450,935	3,821,369	1,971,065	1,770,996	(3,776,952)	4,237,413
Total Liabilities and Net Assets	$ 5,532,203	$ 3,821,369	$ 1,972,665	$ 5,210,789	$ (6,643,615)	$ 9,893,411

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Options Charter Schools	Options in Education Foundation, Inc.	OCS Noblesville, LLC	OCS Westfield, LLC	Eliminations	Total
REVENUE AND CONTRIBUTED SUPPORT						
REVENUE AND SUPPORT						
State Education Support	$ 8,343,737	$ -	$ -	$ -	$ -	$ 8,343,737
Contributions and Donations	16,527	44,682	-	-	-	61,209
Grant Revenue	3,044,386	44,679	-	-	-	3,089,065
In-Kind Revenue	5,735	-	-	-	-	5,735
Student Fees	-	1,725	-	-	-	1,725
Rent Revenue	-	-	48,000	252,000	(300,000)	-
Other Income	-	8,949	-	-	(8,113)	836
Change in Investment in LLCs	-	112,400	-	-	(112,400)	-
Gain on Interest Rate Swap	-	-	-	111,851	-	111,851
Total Revenue and Support	11,410,385	212,435	48,000	363,851	(420,513)	11,614,158
EXPENSES						
Program Services	8,162,240	65,452	60,408	104,258	(308,000)	8,084,358
Management and General	2,119,510	18,871	63	134,722	(113)	2,273,053
Total Expenses	10,281,750	84,323	60,471	238,980	(308,113)	10,357,411
CHANGE IN NET ASSETS	1,128,635	128,112	(12,471)	124,871	(112,400)	1,256,747
Net Assets (Deficit) - Beginning of Year	(677,700)	3,693,257	1,983,536	1,646,125	(3,664,552)	2,980,666
NET ASSETS (DEFICIT) - END OF YEAR	$ 450,935	$ 3,821,369	$ 1,971,065	$ 1,770,996	$ (3,776,952)	$ 4,237,413

INDEPENDENT AUDITORS' 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
Options Charter Schools and Affiliates
Noblesville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Options Charter Schools and Affiliates (the School), which comprise the consolidated statement of financial position at June 30, 2023, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated 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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Options Charter Schools and Affiliates
Noblesville, Indiana

Report on Compliance for Each Major Federal Program

Qualified Opinion

We have audited Options Charter Schools and Affiliates' (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School' major federal programs for the year ended June 30, 2023. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Charter School Program (84.282)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Charter School Program (84.282) for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on Charter School Program (84.282)

As described in the accompanying schedule of findings and questioned costs, the School did not comply with requirements regarding the Charter School Program (84.282) as described in finding number 2023-001 for Allowable Costs.

Compliance with such requirements is necessary, in our opinion, for the School to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School' federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 14, 2024

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30,2023

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A210014	$ -	$ 5,890
Title I Grants to Local Educational Agencies	84.010	S010A200014	-	6,033
Total - 84.010			-	11,923
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	H027A220084	-	128,030
Total - 84.027			-	128,030
Charter School Program	84.282	72229	-	618,825
Charter School Program	84.282	S282D190002	-	113,555
Total - 84.282			-	732,380
Title II Supporting Effective Instruction State Grants	84.367	S367A210013	-	4,276
Title II Supporting Effective Instruction State Grants	84.367	S367A200013	-	4,551
Total - 84.367			-	8,827
Student Support and Academic Enrichment Program	84.424	S424A210015	-	10,000
Total - 84.424			-	10,000
COVID 19: Educational Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	-	8,891
Total - 84.425			-	8,891
Total Department of Education			-	900,051
Total Expenditures of Federal Awards			$ -	$ 900,051

See accompanying Notes to Schedule of Expenditures of Federal Awards.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30,2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Options Charter Schools and affiliates (the School) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the 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 of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING

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 a limited as to reimbursement.

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

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified		
2. Internal control over financial reporting:			
• Material weakness(es) identified?	______ yes	x no	
• Significant deficiency(ies) identified?	______ yes	x none reported	
3. Noncompliance material to financial statements noted?	______ yes	x no	

Federal Awards

1. Internal control over major federal programs:			
• Material weakness(es) identified?	x yes	______ no	
• Significant deficiency(ies) identified?	x yes	______ none reported	
2. Type of auditors' report issued on compliance for major federal programs:	Qualified		
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	x yes	______ no	

Identification of Major Federal Programs

Assistance Listing Number (ALN)	**Name of Federal Program or Cluster**
84.282	Charter School Program

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	______ yes	x no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards.*

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 001 Allowable Costs

Federal Agency: U.S. Department Education

Federal Program Name: Charter School Program

Assistance Listing Number: 84.282

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): 72229, S282D190002

Award Period: July 1, 2022 – June 30, 2023

Type of Finding:

- Material Weakness in Internal Control over Compliance
- Material Noncompliance

Criteria or specific requirement: The Compliance Supplement requires that compensation for personal services be charged to the federal grant based upon approved actual time worked on the program and not based on an allocation or budget (2 CFR 200.430(i)).

Condition: While performing audit procedures, it was noted that payroll expenses were charged to the grant program based upon an allocation from the budget and not on approved and/or certified time worked in the program.

Questioned costs: $356,845

Context: During the process of obtaining an understanding of internal controls and processing of payroll expenditures, we noted payroll was not reviewed to ensure the expense charged to the grants was accurate based upon approved actual time spent in the program and accurate pay rates.

Cause: Salary figures for salaried employees were charged to the federal grant based on unapproved work actually performed for the program and inaccurate pay rates were utilized for overtime and an employee transition to full time.

Effect: The organization has not fully followed compliance attributes with the allowable costs principles set forth by the Compliance Supplement related to allocation of salaries being charged based on approved time worked for a program. Personnel need to reinforce policies to ensure control procedures are in place to ensure salaries charged to a grant are appropriately based on actual approved time worked in a program**.**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 001 Allowable Costs (Continued)

Repeat Finding: No.

Recommendation: We recommend the School ensure policies and procedures for payroll expenditures for grant programs be charged to the federal grant based on approved hours worked in the program.

Views of responsible officials: There is no disagreement with the audit finding.

2023 – 002 Procurement

Federal Agency: U.S. Department Education

Federal Program Name: Charter School Program

Assistance Listing Number: 84.282

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): 72229, S282D190002

Award Period: July 1, 2022 – June 30, 2023

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Tile 2, Subtitle A, Chapter 2 Part 200, Subpart D, section 200.318 of the Code of Federal Regulations requires organizations to have a written procurement policy that includes certain requirements as it relates to procuring good and services using federal dollars. Additionally, 2 CFR 180.995 requires that the organizations have a written policy where organizations should perform a check to ensure vendors are not debarred.

Condition: During our testing, it was noted that the School has a written procurement policy in place, however, the policy does not meet the federal requirements for procurement of goods and services using federal dollars.

Questioned costs: None

Context: The School did not have appropriate policy in place that met the procurement federal requirements.

Cause: The School's policy has not been updated to meet the federal requirement as this was the School's first year for federal compliance requirements.

Effect: Without written policies that adhere to the federal regulations, it is likely that required steps in the process may be missed.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 002 Procurement (Continued)

Repeat finding: No.

Recommendation: We recommend that the School review their Procurement policy and ensure that all missing federal requirements are included in their written policies.

Views of responsible officials: There is no disagreement with the audit finding.

SUPPLEMENTAL AUDIT REPORT
OF
OPTIONS CHARTER SCHOOLS, INC.

HAMILTON COUNTY, INDIANA

JULY 1, 2022 TO JUNE 30, 2023

OPTIONS CHARTER SCHOOLS
HAMILTON COUNTY, INDIANA
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OPTIONS CHARTER SCHOOLS
HAMILTON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
Chairman of Board of Directors	John Kerr	07/01/2022 – 06/30/2023
School President and CEO	Mike Gustin	07/01/2022 – 06/30/2023
CFO	Jake Brandau	07/01/2022 – 06/30/2023
Corporate Treasurer	Jack Colwell	07/01/2022 – 06/30/2023

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter Schools, Inc.
Carmel, Indiana

We have audited the financial statements of Options Charter Schools, Inc. (the School) as of and for the year ended June 30, 2023 and have issued our report thereon dated February 14, 2024. 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
February 14, 2024

AVERAGE DAILY MEMBERSHIP (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 were thirteen (13) students out of 90 selections where the School did not maintain consistent and complete enrollment records. Also, to reconcile ADM counts provided to the Indiana Department of Education (IDOE), we obtained the ADM Summary Report for each count date as submitted to IDOE and determine it was signed by the appropriate officials (the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer). The Membership (ME) Roster and listing of excluded students were obtained for the Spring count. However, the excluded students listing for the Fall count was not provided by the school, therefore a reconciliation could not be completed.

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).

OPTIONS CHARTER SCHOOLS
HAMILTON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed with Jack Colwell, CFO, Jake Brandau, Vice President, Mike Gustin, CEO, and Travis Carmean, Board Chair on February 1, 2024. The officials concurred with our audit findings. The Official Response has been made a part of this report and may be found starting on page 5.

Options Schools
BELONG. BELIEVE. ACHIEVE.

Date: Feb. 1st. 2024

To: CliftonLarsonAllen LLP

From: Jacob Brandau. Vice President

Reason: **Audit Response for Options Schools, Inc.**

Issue One: 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 were sixteen (13) students out of 90 selections where the School did not maintain consistent and complete enrollment records. Also, to reconcile ADM counts provided to the Indiana Department of Education(IDOE), we obtained the ADM Summary Report for each count date as submitted to IDOE and determine it was signed by the appropriate officials(the Superintendent/PrincipalDirector of Schools and the Trustee/Corporate Treasurer). The Membership(ME) Roster and listing of excluded students were obtained for the Spring count. However, the excluded students listing for the Fall count was not provided by the school, therefore a reconciliation could not be completed.

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Issue One: Response
A few of the issues in documents are related to students that enrolled prior to 20/21 and 21/22 school year. We have instituted the creation of a central office enrollment team to request, receive and manage all of the enrollment documents for new students and existing students that have been in our system since as early as the 17/18 school year.
Additionally, with the increased oversight of ADM count information, OCS has instituted an ADM testing internal control that will consist of monthly samples of student registration, attendance, and proof of residency by the CFO to insure completeness and accuracy of records per the SBOA's guidelines.

Issue Two: Response
The excluded student list will be uploaded to Options Schools database after each count day.

9945 Cumberland Pointe Blvd. | Noblesville, IN 46060 | *phone:* 317.773.8659
530 West Carmel Dr. | Carmel, IN 46032 | *phone:* 317.815.2098
www.optionsschools.org

Renaissance Academy Charter School

RENAISSANCE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2023 AND 2022

RENAISSANCE ACADEMY, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Renaissance Academy, Inc., which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

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, 2023 and 2022, and 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Renaissance Academy, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023 the School adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with response to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Renaissance Academy, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Renaissance Academy, Inc.'s internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Renaissance Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Board of Directors
Renaissance Academy, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 23, 2024

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 1,052,156	$ 894,421
Grants Receivable	167,250	229,700
Other Receivables, Net of Allowance for Doubtful Accounts	50,630	38,414
Prepaid Expenses and Other Assets	14,812	14,882
Total Current Assets	1,284,848	1,177,417
PROPERTY AND EQUIPMENT		
Land	396,113	355,346
Buildings and Improvements	804,881	784,541
Leasehold Improvements	681,064	682,060
Furniture and Equipment	174,472	174,472
Vehicles	76,065	72,622
Textbooks	33,712	33,712
Less: Accumulated Depreciation	(996,261)	(945,813)
Property and Equipment, Net	1,170,046	1,156,940
RIGHT-OF-USE ASSET, NET	378,690	-
Total Assets	$ 2,833,584	$ 2,334,357
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 42,553	$ 40,859
Accounts Payable and Accrued Expenses	109,631	118,203
Deferred Revenue	104,220	83,902
Right of Use Liability, Current	98,292	-
Total Current Liabilities	354,696	242,964
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	557,216	599,766
Right-of-Use Liability, Net of Current Portion	280,398	-
Total Long-Term Liabilities	837,614	599,766
Total Liabilities	1,192,310	842,730
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,641,274	1,491,627
Total Liabilities and Net Assets	$ 2,833,584	$ 2,334,357

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS		
State Education Support	$ 1,761,633	$ 1,768,119
Grant Revenue	636,531	786,535
Student Fees	258,190	233,645
Fundraising and Other Income	15,366	11,233
Other Income	48,590	50,651
Total Revenue and Support, Without Donor Restrictions	2,720,310	2,850,183
EXPENSES		
Program Services	1,711,596	1,637,081
Management and General	859,067	954,354
Total Expenses	2,570,663	2,591,435
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	149,647	258,748
Net Assets Without Donor Restrictions - Beginning of Year	1,491,627	1,232,879
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,641,274	$ 1,491,627

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 830,128	$ 492,092	$ 1,322,220	$ 859,563	$ 489,126	$ 1,348,689
Employee Benefits	200,768	166,790	367,558	233,604	174,805	408,409
Professional Services	7,300	27,167	34,467	6,444	54,508	60,952
Staff Development and Recruitment	43,233	-	43,233	21,225	-	21,225
Authorizer Oversight Fees	-	33,929	33,929	-	51,191	51,191
Food Costs	25,691	-	25,691	19,390	-	19,390
Classroom, Kitchen, and Office Supplies	119,568	30,526	150,094	92,361	33,400	125,761
Field Trips and Events	45,889	-	45,889	48,808	-	48,808
Occupancy	285,108	-	285,108	211,322	-	211,322
Repairs and Maintenance	57,974	-	57,974	48,098	-	48,098
Information Technology	-	18,181	18,181	-	29,482	29,482
Depreciation	75,496	-	75,496	70,275	-	70,275
Insurance	-	42,299	42,299	-	44,290	44,290
Interest	-	26,305	26,305	-	27,992	27,992
Transportation	19,816	-	19,816	23,693	-	23,693
Bad Debt	-	5,000	5,000	-	22,000	22,000
Other	625	16,778	17,403	2,298	27,560	29,858
Total Functional Expenses	$ 1,711,596	$ 859,067	$ 2,570,663	$ 1,637,081	$ 954,354	$ 2,591,435

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 149,647	$ 258,748
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	75,496	70,275
Provision for (Recovery from) Bad Debts	(3,304)	(10,432)
Changes in Operating Assets and Liabilities:		
Grants Receivable	62,450	(24,825)
Other Receivables	(8,912)	31,687
Prepaid Expenses	70	(14,582)
Accounts Payable and Accrued Expenses	(8,572)	22,228
Deferred Revenue	20,318	(22)
Net Cash Provided by Operating Activities	287,193	333,077
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(88,602)	(73,116)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(40,856)	(39,167)
NET CHANGE IN CASH	157,735	220,794
Cash - Beginning of Year	894,421	673,627
CASH - END OF YEAR	$ 1,052,156	$ 894,421
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 26,305	$ 27,992

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 250 students in grades kindergarten to eight during the 2022-2023 school year. The School also provides an early childhood education program for children ages three and four on a fee basis.

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 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, 2023 and 2022, 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, 2023, 2022, and 2021, the School has $50,630, $38,414, and $59,669 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, 2023, 2022 and 2021, the School has $104,220, $83,902, and $72,181, respectively, of deferred revenue from student fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022.

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 $28,140 and $31,443 as of June 30, 2023 and 2022, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2023 and 2022, 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.

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.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

As a result of adoption of this standard, the School recognized a ROU asset of $468,886 and liability of $468,886 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 3, Related Party Lease. At June 30, 2023, the School had a right-of-use asset – operating, net, of $378,690 and a right-of-use liability – operating of $378,690.

Subsequent Events

The School evaluated subsequent events through January 23, 2024, 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	2023	2022
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.	$ 599,769	$ 640,625
Less: Current Portion	(42,553)	(40,859)
Long-Term Portion	$ 557,216	$ 599,766

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
2024	$ 42,553
2025	557,213
Total	$ 599,766

NOTE 3 RELATED PARTY LEASE

ASC 842 FOR 2023

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.

NOTE 3 RELATED PARTY LEASE (CONTINUED)

Lease Cost:		
Operating Lease Cost:	$	98,292
Other Information:		
Operating Cash Flows from Operating Leases	$	98,292
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$	468,886
Weighted-Average Remaining Lease Term - Operating Leases:		4.0 Years
Weighted-Average Discount Rate - Operating Leases		1.93%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending December 31,		Amount
2024	$	98,292
2025		98,292
2026		98,292
2027		98,292
Undiscounted Cash Flows		393,168
(Less) Imputed Interest		(14,478)
Total Present Value	$	378,690
Short-Term Lease Liabilities	$	98,292
Long-Term Lease Liabilities		280,398
Total	$	378,690

ASC 840 FOR 2022

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 $108,352 for the years ended June 30, 2022.

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 December 31,		Amount
2023	$	98,292
2024		98,292
2025		98,292
2026		98,292
2027		98,292
Total	$	491,460

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 $33,929 and $51,191 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2023 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, for both years ended June 30, 2023 and 2022, 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, 2022 (the latest year reported), TRF and PERF were approximately 95% and 85% funded, respectively.

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 $92,332 and $112,930 for the years ended June 30, 2023 and 2022, 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.

NOTE 6 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, 2023 and 2022, 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.

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 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, 2023 and 2022 total $1,270,036 and $1,162,535, 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, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 875,730	$ 176,426	$ -	$ 1,052,156
Grants Receivable	167,250	-	-	167,250
Other Receivables, Net of Allowance for Doubtful Accounts	12,621	38,009	-	50,630
Prepaid Expenses	14,812	-	-	14,812
Total Current Assets	1,070,413	214,435	-	1,284,848
PROPERTY AND EQUIPMENT				
Land	396,113	-	-	396,113
Buildings and Improvements	804,881	-	-	804,881
Leasehold Improvements	681,064	-	-	681,064
Furniture and Equipment	174,472	-	-	174,472
Vehicles	-	76,065	-	76,065
Textbooks	33,712	-	-	33,712
Less: Accumulated Depreciation	(963,020)	(33,241)	-	(996,261)
Property and Equipment, Net	1,127,222	42,824	-	1,170,046
RIGHT-OF-USE ASSET, NET	378,690	-	-	378,690
Total Assets	$ 2,576,325	$ 257,259	$ -	$ 2,833,584
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 42,553	$ -	$ -	$ 42,553
Accounts Payable and Accrued Expenses	106,029	3,602	-	109,631
Deferred Revenue	49,445	54,775	-	104,220
Right-of-Use Liability, Current	98,292	-	-	98,292
Total Current Liabilities	296,319	58,377	-	354,696
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	557,216	-	-	557,216
Right of Use Liability, Net of Current Portion	280,398	-	-	280,398
Total Long-Term Liabilities	837,614	-	-	837,614
Total Liabilities	1,133,933	58,377	-	1,192,310
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,442,392	198,882	-	1,641,274
Total Liabilities and Net Assets	$ 2,576,325	$ 257,259	$ -	$ 2,833,584

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,761,633	$ -	$ 1,761,633
Grant Revenue	636,531	-	636,531
Student Fees	137,602	120,588	258,190
Fundraising and Other Income	15,366	-	15,366
Other Income	37,230	11,360	48,590
Total Revenue and Support	2,588,362	131,948	2,720,310
EXPENSES			
Program Services	1,589,107	122,489	1,711,596
Management and General	844,016	15,051	859,067
Total Expenses	2,433,123	137,540	2,570,663
CHANGE IN NET ASSETS	155,239	(5,592)	149,647
Net Assets - Beginning of Year	1,287,153	204,474	1,491,627
NET ASSETS - END OF YEAR	$ 1,442,392	$ 198,882	$ 1,641,274

RENAISSANCE ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2023

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, 2022 TO JUNE 30, 2023

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
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JULY 1, 2022 TO JUNE 30, 2023

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President of Board of Directors	Ann Bates	07/01/2022 – 06/30/2023
Head of School	Kieran McHugh	07/01/2022 – 06/30/2023
Administrator	Alex Gayheart	07/01/2022 – 06/30/2023

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, 2023, and have issued our report thereon dated January 23, 2024. 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 23, 2024

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023.

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed with Vicki McHugh (Director of Students), Tina Bushue (Accountant) and Jack Stewart (Board Member) on January 23, 2024.

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023 that required an official response.

Rock Creek Community Academy

ROCK CREEK COMMUNITY ACADEMY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

ROCK CREEK COMMUNITY ACADEMY, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rock Creek Community Academy, Inc.
Anderson, Indiana

Opinion

We have audited the accompanying financial statements of Rock Creek Community Academy, Inc. (the School), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2023 and 2022, and its changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of a Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, the School adopted new accounting guidance for leases. The guidance requires leases to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Board of Directors
Rock Creek Community Academy, Inc.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 15, 2023

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 2,627,127	$ 2,582,602
Cash - Restricted for Debt Service	1,944,015	1,827,216
Total Cash	4,571,142	4,409,818
Accounts Receivable	18,118	38,435
Grants Receivable	45,034	132,325
Prepaid Expenses	85,477	59,525
Total Current Assets	4,719,771	4,640,103
PROPERTY AND EQUIPMENT		
Land	1,196,153	1,196,153
Leasehold Improvements	13,389,595	13,389,595
Furniture and Equipment	1,007,284	1,238,219
Textbooks	437,573	437,573
Less: Accumulated Depreciation	(3,012,888)	(2,625,045)
Property and Equipment, Net	13,017,717	13,636,495
OTHER ASSETS		
Security Deposits	-	8,832
Operating Right of Use (ROU) Asset	8,043	-
Finance Right of Use (ROU) Asset	114,279	-
Total Other Assets	122,322	8,832
Total Assets	$ 17,859,810	$ 18,285,430

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

	2023	2022
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 161,866	$ 485,844
Current Portion of Bonds Payable	225,000	215,000
Current Portion of Operating Lease Liability	5,056	-
Current Portion of Finance Lease Liability	63,373	133,520
Accrued Bond Interest Payable	419,700	427,181
Deferred Revenue	129,941	161,456
Student Activity Funds	110,921	103,810
Total Current Liabilities	1,115,857	1,526,811
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	13,940,000	14,165,000
Plus: Unamortized Premiums on Bonds Payable	106,904	111,138
Less: Unamortized Debt Insurance Costs	(386,363)	(401,664)
Operating Lease Liability, Net of Current Portion	2,987	-
Finance Lease Liability, Net of Current Portion	64,643	180,290
Total Long-Term Liabilities	13,728,171	14,054,764
Total Liabilities	14,844,028	15,581,575
NET ASSETS		
Without Donor Restrictions	3,015,782	2,703,855
Total Liabilities and Net Assets	$ 17,859,810	$ 18,285,430

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	4,979,945	4,586,140
Grant Revenue	1,541,399	2,012,106
Student Fees	358,899	235,526
Contributions	33,707	15,336
Fundraising Income	43,978	85,408
Interest Income	50,939	344
Gain on Disposal of Fixed Assets	-	8
Total Revenue and Support	7,008,867	6,934,868
EXPENSES		
Program Services	5,137,283	4,581,504
Management and General	1,559,657	1,798,481
Total Expenses	6,696,940	6,379,985
CHANGE IN NET ASSETS	311,927	554,883
Net Assets Without Donor Restrictions - Beginning of Year	2,703,855	2,148,972
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 3,015,782	$ 2,703,855

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries and Wages	$ 2,534,357	$ 358,035	$ 2,892,392
Employee Benefits	570,486	93,610	664,096
Professional Services	624,151	6,106	630,257
Occupancy	160,777	-	160,777
Classroom, Kitchen, and Office Supplies	287,271	36,278	323,549
Depreciation	461,726	-	461,726
Equipment	59,403	-	59,403
Food Costs	162,573	1,691	164,264
Field Trips	83,452	-	83,452
Insurance	-	52,217	52,217
Repairs and Maintenance	66,607	59	66,666
Advertising	-	11,825	11,825
Staff Development	24,880	-	24,880
Interest	-	922,195	922,195
Other	101,600	77,641	179,241
Total Functional Expenses	$ 5,137,283	$ 1,559,657	$ 6,696,940

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Total
Salaries and Wages	$ 2,335,432	$ 516,941	$ 2,852,373
Employee Benefits	539,963	97,398	637,361
Professional Services	380,915	100,540	481,455
Occupancy	126,826	-	126,826
Classroom, Kitchen, and Office Supplies	192,095	35,626	227,721
Depreciation	494,416	-	494,416
Equipment	151,809	-	151,809
Authorizer Oversight Fees	-	79,913	79,913
Food Costs	175,329	-	175,329
Field Trips	14,961	-	14,961
Insurance	-	62,120	62,120
Repairs and Maintenance	49,860	475	50,335
Advertising	1,540	7,225	8,765
Staff Development	11,120	-	11,120
Interest	-	870,562	870,562
Other	107,238	27,681	134,919
Total Functional Expenses	$ 4,581,504	$ 1,798,481	$ 6,379,985

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 311,927	$ 554,883
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	461,726	494,416
Amortization of Debt Issuance Costs	15,302	15,302
Amortization of Bond Premium	(4,235)	(4,234)
Noncash Lease Expense	55,235	-
(Gain) Loss on Disposals of Property and Equipment	-	(8)
(Increase) Decrease in Assets:		
Accounts Receivable	20,317	(38,435)
Grants Receivable	87,291	9,978
Prepaid Expenses	(25,952)	(7,602)
Security Deposits	8,832	(1,118)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(323,978)	(222,838)
Student Activity Funds	7,111	292
Accrued Bond Interest Payable	(7,481)	(4,303)
Deferred Revenue	(31,515)	(5,105)
Refundable Advances	-	(6,827)
Net Cash Provided by Operating Activities	574,580	784,401
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(20,505)	(9,964)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Bond Payable	(215,000)	(205,000)
Payments on Capital Leases	(177,751)	(148,974)
Net Cash Used by Financing Activities	(392,751)	(353,974)
NET CHANGE IN CASH AND RESTRICTED CASH	161,324	420,463
Cash and Restricted Cash - Beginning of Year	4,409,818	3,989,355
CASH AND RESTRICTED CASH - END OF YEAR	$ 4,571,142	$ 4,409,818
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest, Including Capitalized Interest	$ 929,676	$ 874,865
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS		
Assets Acquired Under Capital Lease	$ -	$ 181,440

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 660 students during the 2022 – 2023 school year and approximately 635 students during the 2021 – 2022 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, 2023 and 2022, the School had conditional grants it had received advances in excess of expenditures of $6,875 and $-0-, 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 statements of financial position. As of June 30, 2023, 2022, and 2021, the School did not have any accounts receivable 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, 2023, 2022, and 2021, the School has $129,941, $161,456, and $166,561, 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, 2023 and 2022.

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:

Leasehold Improvements	5 to 40 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 $72,682 and $15,301 for the year ended June 30, 2023. Accumulated amortization and amortization expense were $57,381 and $15,302 for the year ended June 30, 2022. 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, 2023 and 2022, 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 2020 are open to audit for both federal and state purposes.

Adoption of New Accounting Standard

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The School adopted the requirements of the guidance effective June 30, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

The School has elected to adopt the package of practical expedients available in the year of adoption. The Company has to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's ROU assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain amounts in 2022 have been reclassified for comparative purposes to conform with the presentation in 2023. The reclassifications have no effect on the previously stated net income or equity.

Subsequent Events

The School evaluated subsequent events through December 15, 2023, 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 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, 2023 and 2022, the School had $1,944,015 and $1,827,216, respectively, restricted for debt service.

NOTE 3 BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

Description	2023	2022
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.	$ 14,165,000	$ 14,310,000
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.	-	70,000
Total	14,165,000	14,380,000
Less: Current Portion	(225,000)	(215,000)
Long-Term Portion	$ 13,940,000	$ 14,165,000

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 years ended June 30, 2023 and 2022 was $4,234, and is included as part of interest expense.

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 2023.

NOTE 3 BONDS PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2024	$ 225,000
2025	240,000
2026	250,000
2027	265,000
2028	280,000
Thereafter	12,905,000
Total	$ 14,165,000

NOTE 4 LEASES

ASC 842 for 2023

The School leases equipment under a long-term, non-cancelable lease agreements. The lease expires in July 2025. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2023:

Lease Cost:	
Finance Lease Cost	$ 60,640
Interest on Lease Liabilities	20,655
Operating Lease Cost	5,148
Total Lease Cost	$ 86,442
Other Information:	
Operating Cash Flows from Finance Leases	$ 19,870
Operating Cash Flows from Operating Leases	$ 5,148
Financing Cash Flows from Finance Leases	$ 55,749
Right-of-use assets obtained in exchange for new operating lease liabilities	$ 13,019
Weighted-Average Remaining Lease Term - Finance Leases	1.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	1.6 Years
Weighted-Average Discount Rate - Finance Leases	14.05%
Weighted-Average Discount Rate - Operating Leases	1.60%

NOTE 4 LEASES (CONTINUED)

ASC 842 for 2023 (Continued)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023 is as follows:

Year Ending June 30,	Operating	Finance	Totals
2024	$ 5,148	$ 76,404	$ 81,552
2025	3,003	68,910	71,913
Undiscounted Cash Flows	$ 8,151	$ 145,314	$ 153,465
(Less) Imputed Interest	(108)	(17,298)	(17,406)
Total Present Value	$ 8,043	$ 128,016	$ 136,059
Short-Term Lease Liabilities	$ 5,056	$ 63,373	$ 68,430
Long-Term Lease Liabilities	2,987	64,642	67,629
Total	$ 8,043	$ 128,016	$ 136,059

ASC 840 for 2022

The School leases a bus under a capital lease which was acquired during the year ended June 30, 2020. At June 30, 2022, the cost and accumulated depreciation relating to this asset was $70,000 and $32,667, respectively.

The School leases several vehicles under a capital lease which was acquired during the year ended June 30, 2021. At June 30, 2022, the cost and accumulated depreciation related to these assets was $294,401 and $68,694, respectively.

Minimum future lease payments as of June 30, 2023 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
2023	$ 143,616
2024	143,616
2025	66,803
Less: Amount Representing Interest	(40,225)
Total	$ 313,810

NOTE 5 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, 2023 and 2022 was $216,222 and $202,332, 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. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent. Payments under this charter agreement were $86,199 and $79,913 for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 20, 2023 and 2022, the School paid $49,300 and $51,550, respectively, to companies of a related party for cleaning and landscaping needs of the School.

NOTE 7 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, 2023, 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.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022 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.

	2023	2022
Financial Assets	$ 4,634,294	$ 4,580,578
Less: Those Unavailable for General Expenditures		
Within One Year, Due to:		
Restricted Cash for Use in Construction and		
Debt Service	(1,944,015)	(1,827,216)
Financial Assets Available to Meet Cash Needs		
for General Expenditures Within One Year	$ 2,690,279	$ 2,753,362

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 was required.

ROCK CREEK COMMUNITY ACADEMY, INC.
OTHER REPORT
FOR THE YEAR ENDED JUNE 30, 2023

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.*

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2022 TO JUNE 30, 2023

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SUPPLEMENTAL AUDIT REPORT
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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 to JUNE 30, 2023

Office	Official	Term
Board Chairman	Jason Hall	07/01/2022 – 06/30/2023
School Treasurer	Karen Floyd	07/01/2022 – 06/30/2023
Business Manager	Karen Rogers	07/01/2022 – 06/30/2023

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, 2023, and have issued our report thereon dated December 15, 2023. 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 15, 2023

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 to JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023.

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 to JUNE 30, 2023

The contents of this report were discussed with Karen Floyd, school treasurer and Karen Rogers, business manager, on December 15, 2023.

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 to JUNE 30, 2023

No findings noted for the period of July 1, 2022 to June 30, 2023 that required an official response.

Rural Commnity Academy

RURAL COMMUNITY SCHOOLS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

RURAL COMMUNITY SCHOOLS, INC.
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YEARS ENDED JUNE 30, 2023 AND 2022

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rural Community Schools, Inc.
Sullivan, Indiana

Report on the Audit of the Financial Statements

Adverse Opinion – For the Year Ended June 30, 2023

We have audited the accompanying financial statements of Rural Community Schools, Inc. (the School), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion section of our report, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United State of America, the financial position of the School as of June, 30, 2023, or the results of its activities and changes in net assets or its cash flows for the year the ended.

Basis for Adverse Opinion

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to a going concern. However, as more fully described in Note 2 to the financial statements, on February 28, 2023, the School's Board of Directors approved rescinding its charter renewal application and approved closure of the School at the end of the 2022-2023 school year and the School's liquidation became imminent as of that date. When liquidation is imminent, accounting principles generally accepted in the United States of America require that assets be measured at the estimated amounts of cash or other consideration expected to be received during dissolution and liabilities measured at their estimated settlement amounts. Additionally, the School has elected not to adopt Accounting Standards Update (ASU) Topic 842: Leases, as required by generally accepted accounting principles as described in Note 3 to the financial statements. Quantification of the principal effects of these departures from U.S. generally accepted accounting principles on the financial statements is not practicable.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse audit opinion.

Board of Directors
Rural Community Schools, Inc.

Opinion – For the Year Ended June 30, 2022

We have audited the accompanying financial statements of the School, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022, and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Rural Community Schools, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Board of Directors
Rural Community Schools, Inc.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 24, 2024

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	$ 173,986	$ 366,102
Grants Receivable	11,177	65,214
Total Current Assets	185,163	431,316
PROPERTY AND EQUIPMENT		
Leasehold Improvements	-	173,197
Furniture and Equipment	-	347,036
Textbooks and Library Books	-	79,430
Less: Accumulated Depreciation	-	(456,188)
Property and Equipment, Net	-	143,475
Total Assets	$ 185,163	$ 574,791
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 7,403	$ 60,029
NET ASSETS WITHOUT DONOR RESTRICTIONS	177,760	514,762
Total Liabilities and Net Assets	$ 185,163	$ 574,791

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUE AND SUPPORT		
State Education Support	$ 757,141	$ 1,015,983
Gain on Extinguishment of Debt	-	176,100
Grant Revenue	466,050	568,939
Student Fees	114	2,853
Extracurricular Activities Revenue	22,167	23,358
Contributions	-	95,250
Total Revenue and Support	1,245,472	1,882,483
EXPENSES		
Program Services	1,072,849	1,108,399
Management and General	509,625	442,434
Total Expenses	1,582,474	1,550,833
CHANGE IN NET ASSETS	(337,002)	331,650
Net Assets - Beginning of Year	514,762	183,112
NET ASSETS - END OF YEAR	$ 177,760	$ 514,762

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 637,950	$ 185,803	$ 823,753	$ 602,284	$ 220,990	$ 823,274
Employee Benefits	89,442	49,366	138,808	96,753	63,999	160,752
Staff Development	6,070	-	6,070	12,729	-	12,729
Professional Services	61,423	7,483	68,906	60,473	6,674	67,147
Textbooks and Education Materials	29,876	-	29,876	29,613	-	29,613
Authorizer Oversight Fees	-	21,833	21,833	-	24,101	24,101
Food Costs	48,263	-	48,263	58,859	-	58,859
Transportation	39,292	1,275	40,567	29,592	1,276	30,868
Equipment and Rentals	-	11,426	11,426	-	-	-
Classroom, Kitchen, and Office Supplies	4,755	5,306	10,061	15,605	2,192	17,797
Extracurricular Activities	-	-	-	40,747	-	40,747
Occupancy	113,770	5,115	118,885	141,453	4,299	145,752
Depreciation	17,914	-	17,914	17,914	-	17,914
Insurance	-	31,808	31,808	-	27,376	27,376
Advertising	-	839	839	-	65,876	65,876
Impairment on PPE	-	125,561	125,561	-	-	-
Other	24,094	63,810	87,904	2,377	25,651	28,028
Total Functional Expenses	$ 1,072,849	$ 509,625	$ 1,582,474	$ 1,108,399	$ 442,434	$ 1,550,833

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (337,002)	$ 331,650
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	17,914	17,914
Impairment on Property and Equipment	125,561	-
Gain on Extinguishment of Debt	-	(176,100)
Changes in Operating Assets and Liabilities:		
Grants Receivable	54,037	(60,065)
Accounts Payable and Accrued Expenses	(52,626)	(4,582)
Net Cash Provided (Used) by Operating Activities	(192,116)	108,817
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(12,900)
NET CHANGE IN CASH	(192,116)	95,917
Cash - Beginning of Year	366,102	270,185
CASH - END OF YEAR	$ 173,986	$ 366,102

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 87 students during the 2022-2023 School year and approximately 118 students in the 2021-2022 School year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 the 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, 2023 and 2022.

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. During the year ended June 30, 2023, the School recognized $125,561 of impairment loss.

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, 2023 and 2022, 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, 2023 and 2022.

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, 2023 and 2022. 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)

U.S. GAAP requires 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 Internal Revenue Service (IRS). Management has analyzed the tax positions taken by the School, and has concluded that as of June 30, 2023, 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.

Reclassifications

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

Subsequent Events

The School evaluated subsequent events through January 24, 2024, 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

As of September 2022, the School saw a large decrease in student enrollment from February 2022. The enrollment decreased 31% from 118 students to 87 students, thus causing lost revenue for Fiscal Year 2023 of an estimated amount of $26,667 a month ($320,000 annually). While the School has approximately $431,000 of financial assets as of June 30, 2022, it 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 given the significant decrease in enrollment, revenue, and no new revenue sources available for the year ended June 30, 2023.

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. With the current trend in enrollment and no new funding sources available, we have withdrawn the School’s application for charter renewal and elected to close the School effective June 30, 2023.

NOTE 3 LEASES

Topic 842 – 2023

The School prepares the financial statements and related footnotes in conformity with U.S. GAAP. As a result of the School electing to close June 30, 2023 and the termination of all agreements at that time, we have departed from the requirements of Topic 842: Leases for these specific leases. The departure from Topic 842: Leases affects the measurement and recognition of the School's leases. During the year ended June 30, 2023, the School leased its facility and a copier under lease agreements, recognizing expense of $23,426.

Topic 840 – 2022

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, 2022 was $24,346, 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 $21,833 and $24,101 for the years ended June 30, 2023 and 2022, respectively. The charter was extended one year through June 30, 2023 and was not renewed.

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 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, 2022 (the latest year reported), TRF and PERF were approximately 95% and 83% funded, respectively.

Retirement plan expense was $56,221 and $59,849 for the years ended June 30, 2023 and 2022, respectively.

NOTE 6 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 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, 2023 and 2022, 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 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2022 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, 2023 and 2022 totaled $185,163 and $431,316, 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 8 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, 2023 AND 2022

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, 2022 TO JUNE 30, 2023

RURAL COMMUNITY SCHOOLS, INC.
TABLE OF CONTENTS
JULY 1, 2022 TO JUNE 30, 2023

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2022 TO JUNE 30, 2023

Office	Official	Term
President of Board of Directors	Susie Pierce	07/01/2022 – 06/30/2023
School Leader	Derek Grant	07/01/2022 – 06/30/2023
Chief Financial Officer	Leona Davis	07/01/2022 – 06/30/2023
Treasurer of Board of Directors	Darin May	07/01/2022 – 06/30/2023

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rural Community Schools, Inc.
Sullivan, Indiana

We have audited the financial statements of Rural Community Schools, Inc. (the School) as of and for the year ended June 30, 2023, and have issued our report thereon dated January 24, 2024. 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 24, 2024

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 through June 30, 2023.

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2022 TO JUNE 30, 2023

The contents of this report were discussed on December 28, 2023, with Susie Pierce (Board President).

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2022 TO JUNE 30, 2023

No findings noted for the period of July 1, 2022 through June 30, 2023 that required an official response.

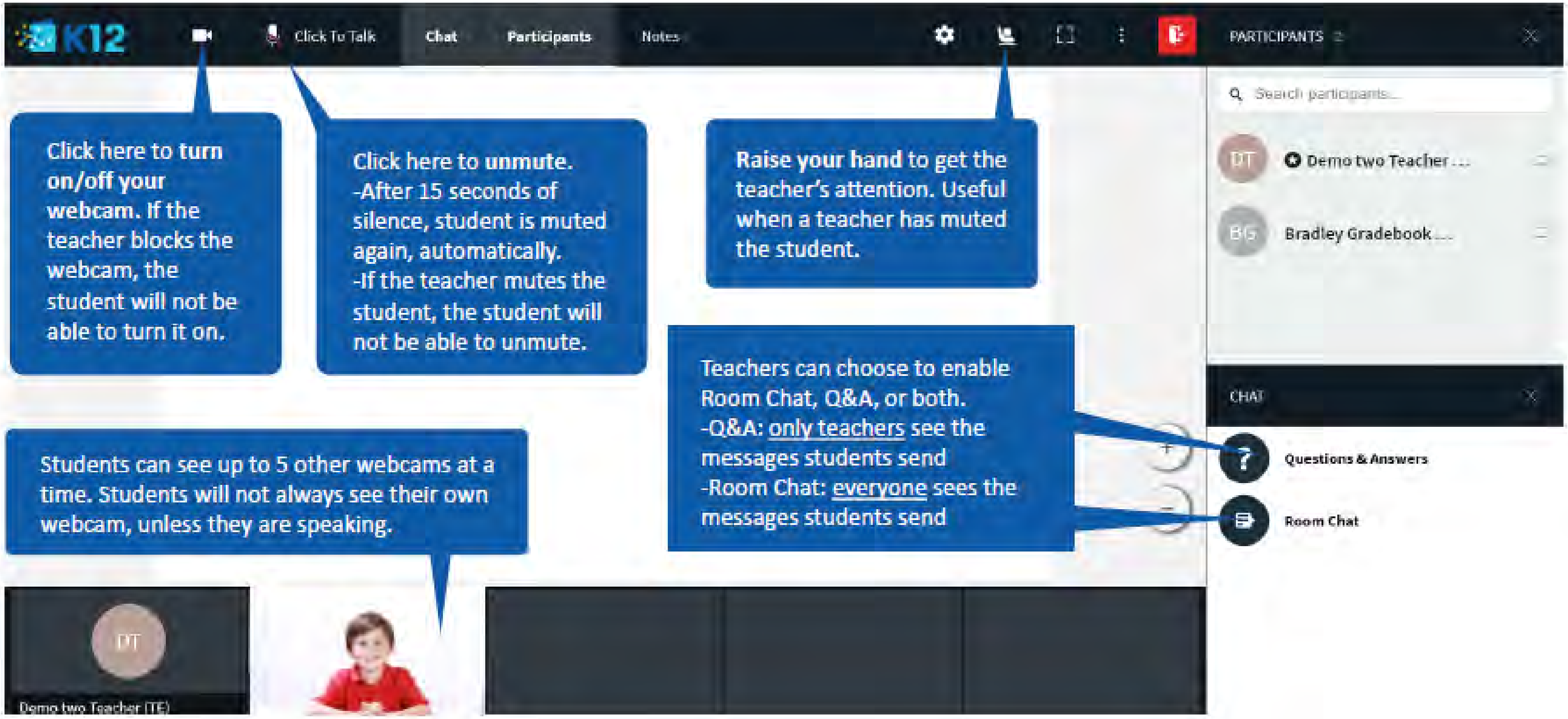
BSU Virtual Charter Schools' Methodology Used to Determine Attendance Rate and Student Engagement Requirements/Policies

Hoosier College and Career Academy.

WELCOME!

NEWROW CLASS CONNECT

Interacting with other students/teachers



COMMUNITY ENGAGEMENT SPECIALIST

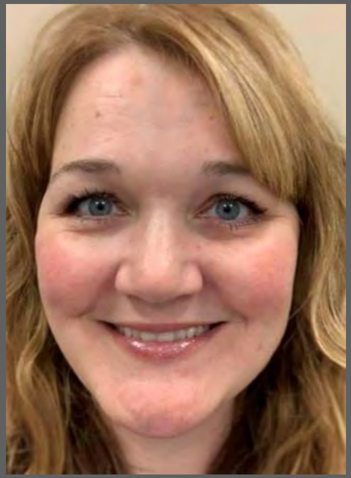
Christina Ingram

cingram@hoosieracademy.org

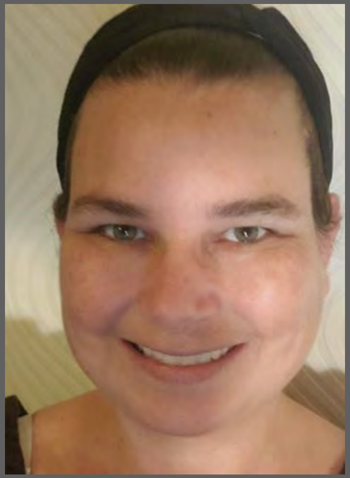
463-900-5333 call/text

- Assist with onboarding
- Provide guidance in navigating OLS
- Answer general school policy questions

Academic Administrators



Melissa (Medinger) Smith
7-12 Principal

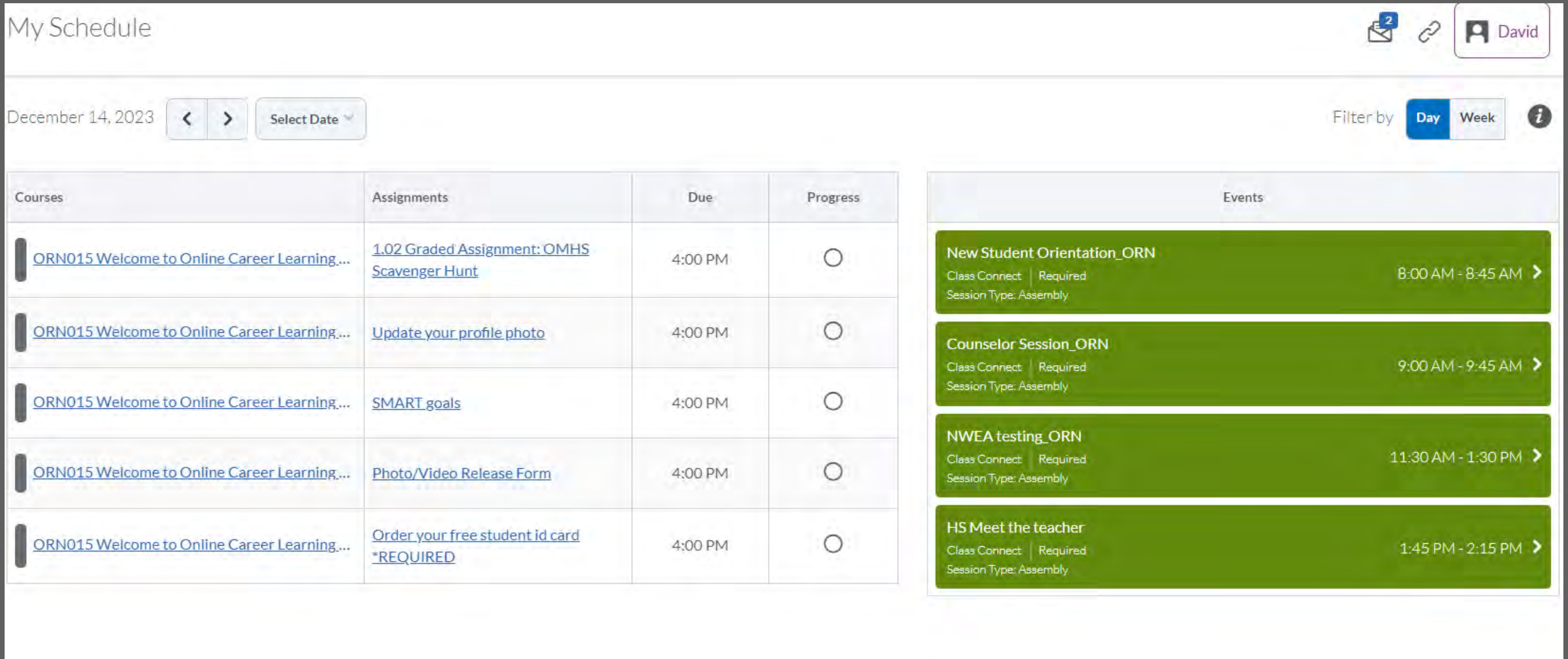


Goldie
Samantha Goldsmith

Career Learning Principal

Special Programs
Credit Recovery

Orientation Schedule



OLS Schedule Tab

View by the day or week

Left side: Assignments

Right side: Live sessions

Recordings: Click the original session block to get a pop-up window with the link the session recording.

Orientation Schedule

Thursday's Sessions	Time (Eastern)
New student Orientation	9:00-10:00
Counselor Session w/ attendance	10:00-11:00
Work time for ORN015 assignments	11:00-12:00
Lunch	12:00-12:30
NWEA testing	12:30-2:30
Meet the Teacher	2:45

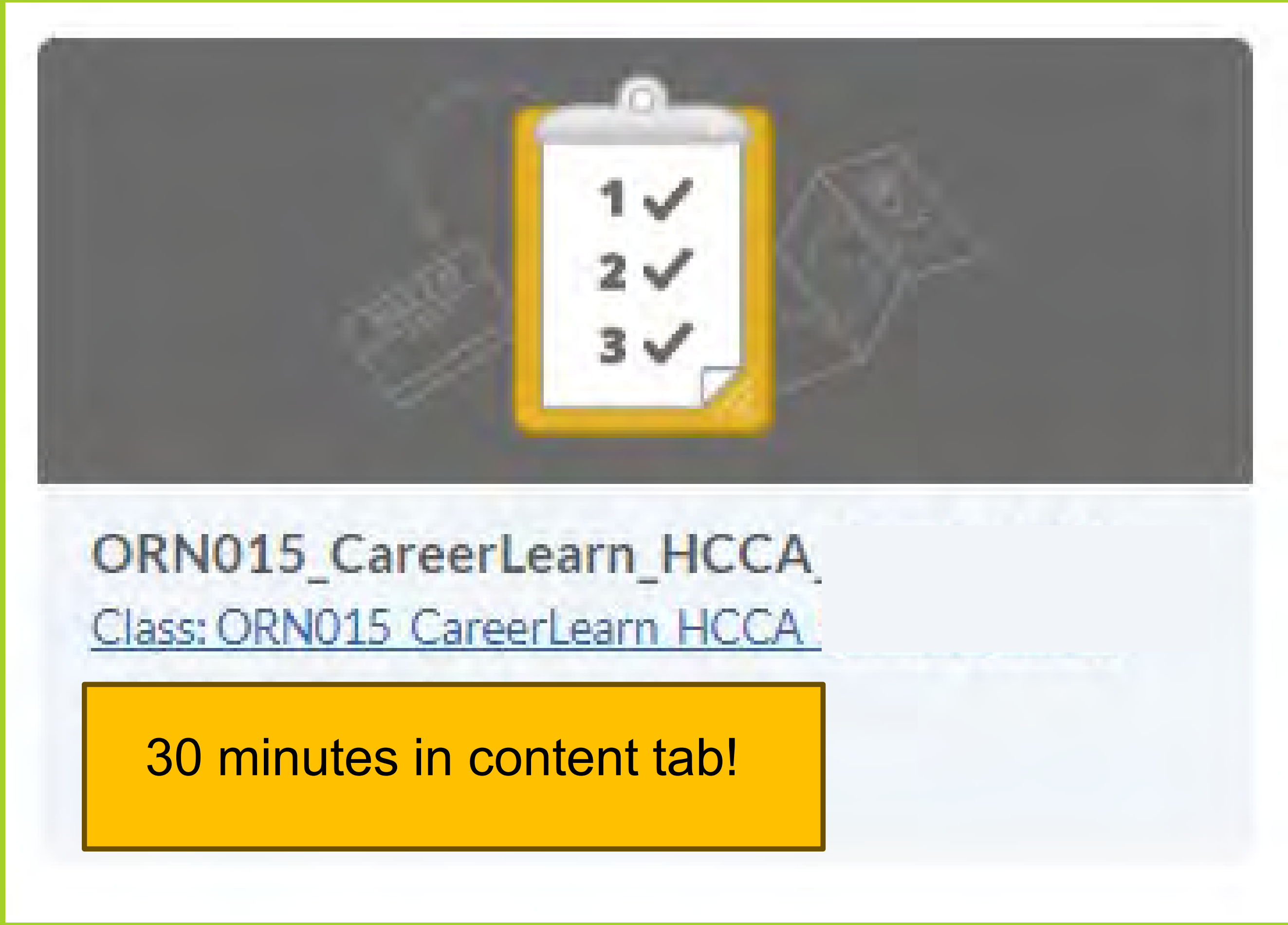
Friday's Sessions	Time (Eastern)
New student Orientation	9:00-10:00
Counselor Session w/ Credit Recovery	10:00-11:00
Student Services & PBIS	11:00-12:00
NWEA testing	12:30-2:30

OLS Schedule Tab
View by the day or week

Left side: Assignments
Right side: Live sessions

Recordings: Click the original session block to get a pop-up window with the link the session recording.

ONLINE COURSE



ONLINE LEARNING COURSE

ORN015: CareerLearn_HCCA_Sem1_SY23-24

1.01: The Online Middle and High School

- Get Ready
- Explore
- Use Assessment Tools
- Summary

1.02: It's About Time...Management

- Get Ready
- Explore
- Submit Your OMHS Scavenger Hunt
- Summary

2.01: Welcome to Career Learning

- Get Ready
- Explore
- Summary

ORN015: CareerLearn_HCCA_

Grade Item
Unit 1
1.01 Quiz: SMART Goals
Update your profile photo
1.01 Discussion: Introduce Yourself
1.02 Graded Assignment: OMHS Scavenger Hunt
PhotoVideo Release Form

Submit all assignments on time
Resubmit/Retake any items with a low score
Overall grade must be a C or better
Students must complete this course prior to attending any regular classes.

Class Navigation Tips

- To find the lesson modules in the ORN015 class go to the **content tab**.
- To see a list of the graded items in the ORN015 class go to the **grades tab**.
- To see a list of the items you have submitted and are awaiting a grade go to the **tools tab and select assignments**.
- To see your progress and time spent in the course go to the **progress tab**.

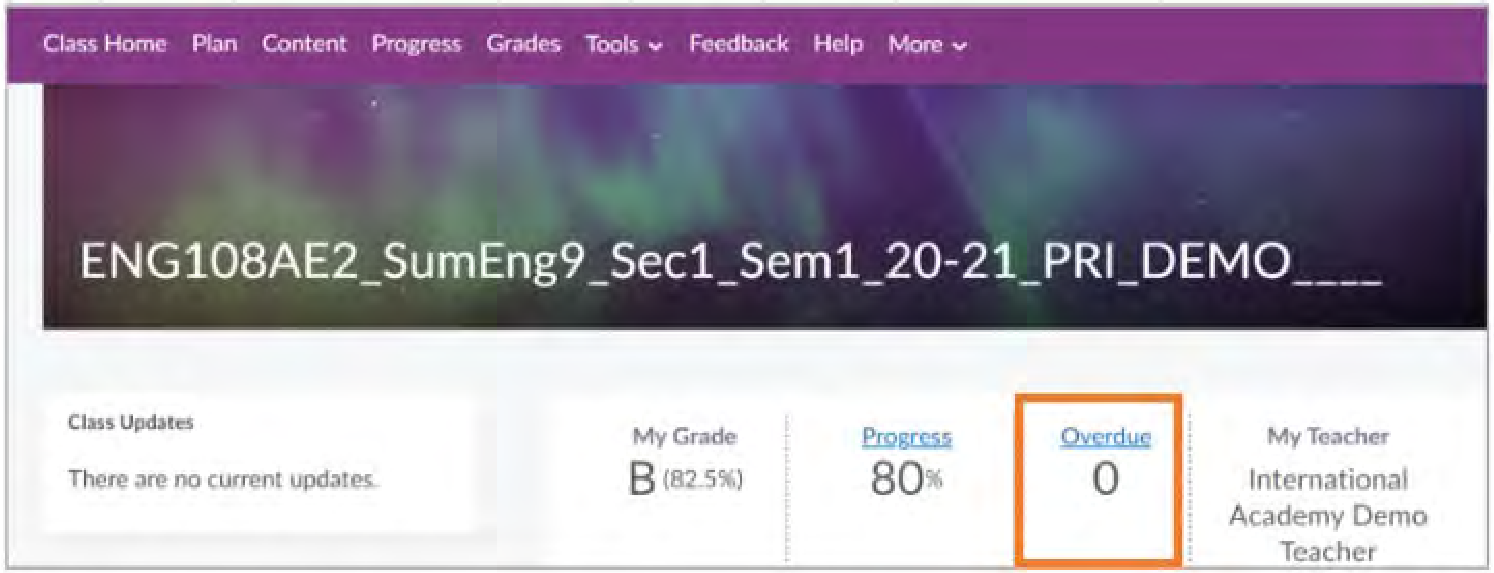
- **Keep in mind that you must have a passing grade AND at least <u>30 minutes</u> in the course content of ORN015.**

Overdue Assignments

STUDENTS

Log into your Online School and click **My Schedule**. Select to filter by **Overdue**.

Or click the **Overdue** assignment link when you are in your course.

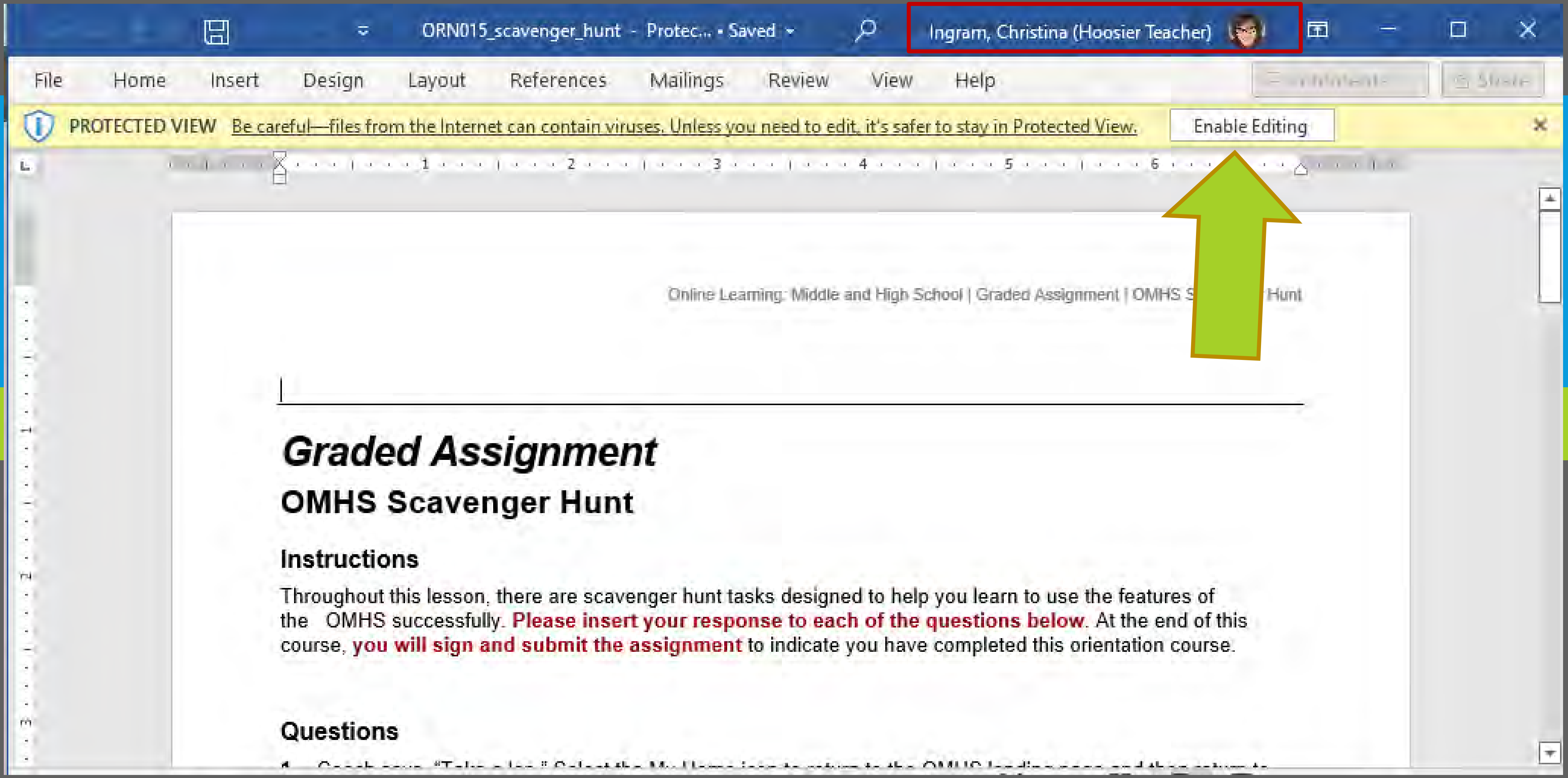


Assignment Tips

Christina Ingram posted on Aug 17, 2023 8:21 AM • Edited

1. None of the assignments auto-grade. You have to wait for me to score them.
2. You have to submit text to let me know that you have updated your **profile photo**.
3. The **photo/video release form** has to be printed out and signed with a pen. You can also have your LC write a note and submit that instead.
4. You do not need to submit anything for the **student handbook assignment**. You just fill out the Google form.
5. The **student ID card** is free. Please only submit the order once and wait for an approval email.
6. If you find an assignment about **Food Trucks** do not complete it. There's no grade for it.
7. The **scavenger hunt** is simply a review. Look over each item and then type your name/date on page 2. That's it.

Can’t type on your Word assignment? Click the **Enable Editing** button.

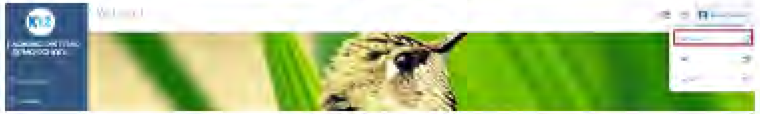


Microsoft Activation

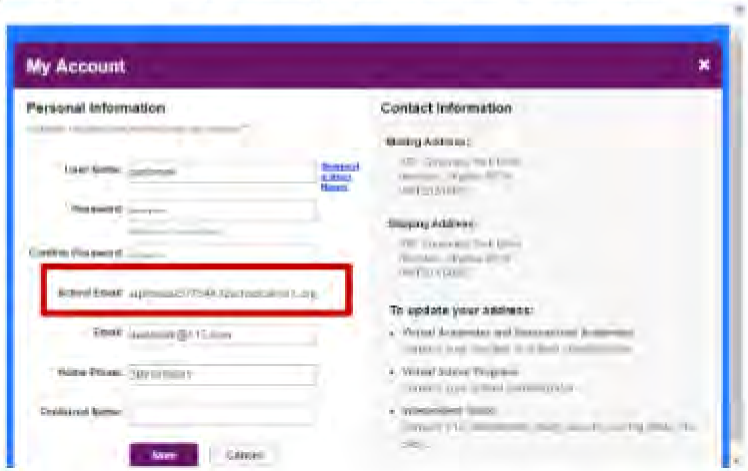
1. Click the windows start menu (bottom left)
2. Scroll down to W and locate Word
3. Open Word
4. Scroll down to the account tab (bottom left)
5. Do you need to sign in?
6. Your school account is under your school email address and OLS password.

For Middle and High School Students logging into the Online Middle - High School Platform:

- Click on your name
- Click on the **My Account** hyperlink



The **My Account** dialog box will appear. Your student school email is listed.



For Office 365, your username is your full student school email address listed on this dialogue box. Your Office 365 password is the same password as the OLS.

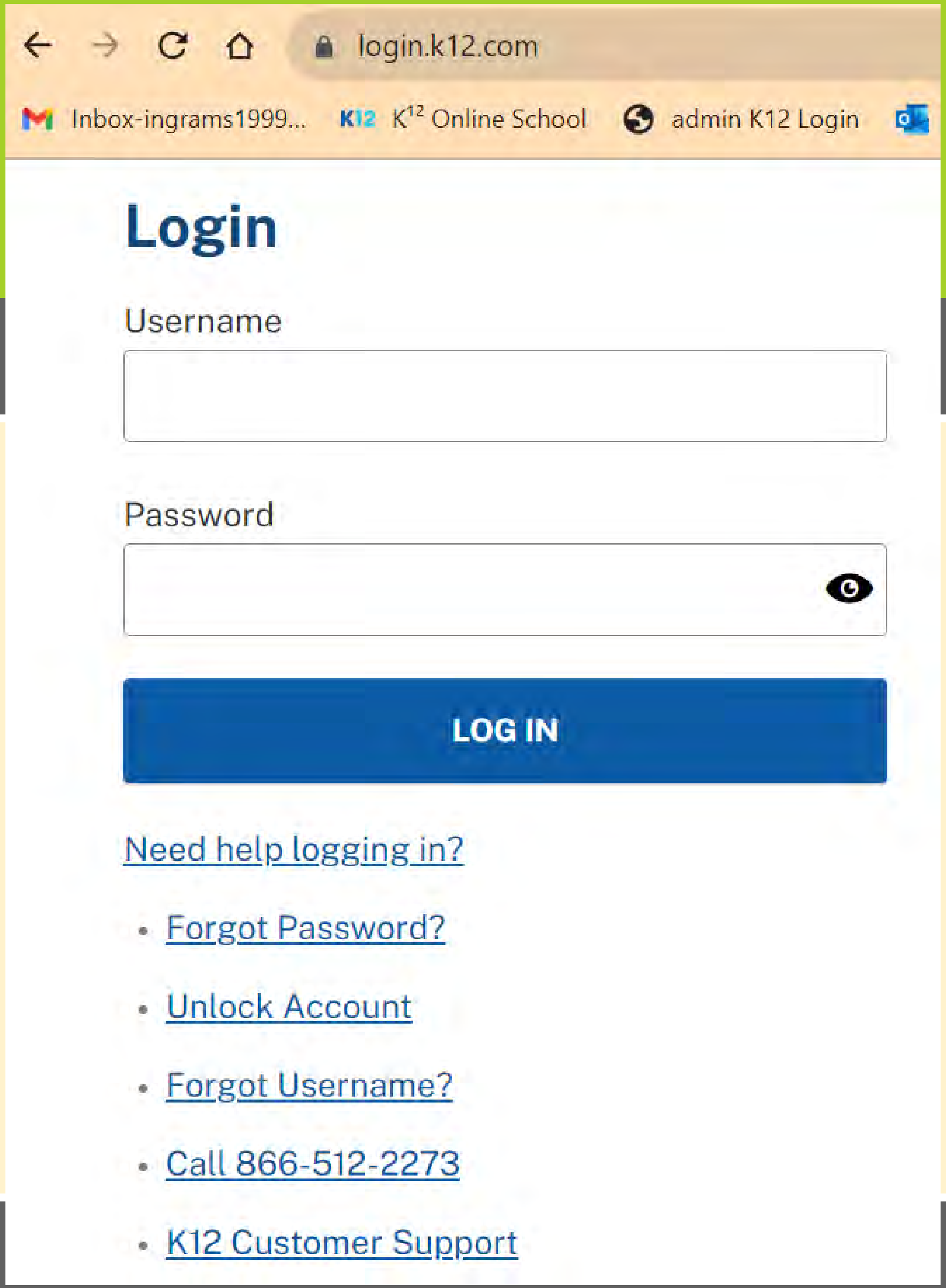
WHO DO I ASK FOR HELP?

K12 Customer Support
(866)512-2273
https://help.k12.com

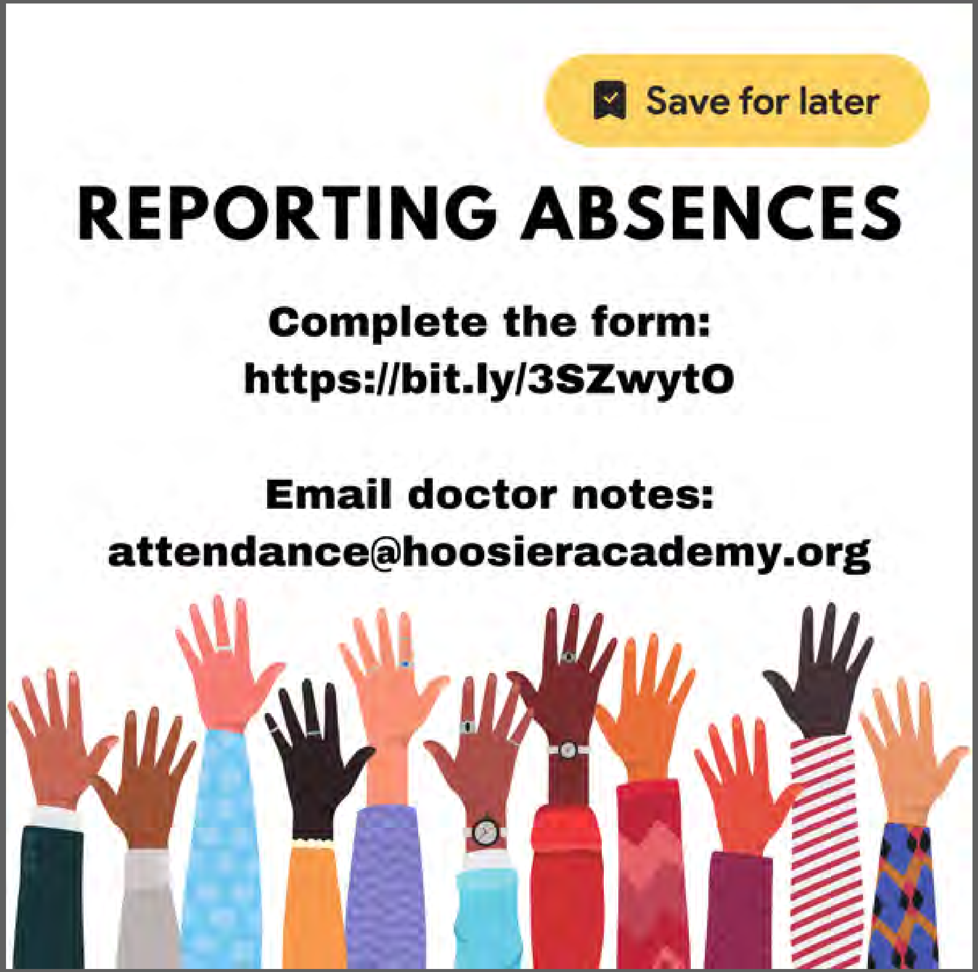
- Username and Password difficulties
- Missing or damaged materials/textbooks
- Technical issues within OLS
- Phone support for computer setup

WHO DO I ASK FOR HELP?

K12 Customer Support
(866)512-2273
https://help.k12.com



Attendance: LC reporting absences



- HCCA.k12.com>Student Life>Attendance
- LC can also report your absence by calling **463-900-5001.**
- Learning Coach should report all absences (even 1 period absence).
- Submit doctor notes within 2 days
- Submit help desk ticket #
- Student should follow-up with teacher regarding makeup work and recordings.

HCCA K12 ZONE

LUNCH: MONDAY - FRIDAY

SIXTH PERIOD: MONDAY-FRIDAY

WELCOME TO OUR SCHOOL!

HOOSIER
COLLEGE and CAREER
ACADEMY

POWERED BY STRIDE K12

Our Mission: The mission of the Hoosier College and Career Academy is to provide personalized, virtual learning opportunities to all Indiana students regardless of circumstances and abilities.

Our Vision: Utilizing research-based virtual platforms, IDOE aligned academic standards, and meaningful partnerships, we will prepare today's learners for tomorrow's ever-changing career and academic opportunities.

ENGAGEMENT MATTERS

EXPECTATIONS

Students are expected to be engaged in school.
Engagement is defined as:

- **Actively com**municating with school staff by email, phone, or text. Respond to all emails within 48 hours.
- Attending all **required** Class Connect sessions on time and in their entirety
- **Participating** during the required Class Connect sessions by the teacher's directions of responding in chat, microphone, whiteboard, or breakout room activities Attending all **scheduled** conferences
- **Completing** diagnostic and formative assessments
- **Logging in to course pages** and completing assignments, quizzes, and tests daily
- **Proactively communicating** with the school regarding technical issues and providing the k12 support ticket number after tech support is called

SCHOOL COUNSELORS Session

Alivia Oliver -7th, 8th, 9th
aoliver@hoosieracademy.org

Carley Crist– 10th, 11th (A-K)
cacrist@hoosieracademy.org 463-900-5376

Brooke Corley– 11th (L-Z)
brcorley@hoosieracademy.org 463-900-5306

Jennifer Chestnut– 12th
jechestnut@hoosieracademy.org 463-900-5312

- Assistance with class schedule
- Answers Graduation Plan Questions
- Provides College and Career workshops & sessions
- Questions about classes

QUESTIONS

Indiana Online Learning Options, Inc.
(for Indiana Connections Academy
and Indiana Connections Career Academy)

INDIANA CONNECTIONS ACADEMY INDIANA CONNECTIONS Career Academy

Indiana Online Learning Options Attendance Policy
INCA/INCC
2023-2024

Parents, Students and Learning Coaches,

Indiana Online Learning Options, INCA/INCC, believe students' consistent commitment to their academics leads to success; therefore, we define student attendance as daily completion of activities related to learning and interactions with school staff in LiveLessons or in-person events.

Students will demonstrate **daily attendance** by doing one of the following:

- Students log into their student Connexus account each school day.
- Attending LiveLessons
- Face to face interaction between a staff member and a student (ie: state testing, special events, field trips)
- Absences may be excused according to school policy if documentation is received by our Attendance Office in a timely manner. (See Reporting Excused Absence section below.)

Attendance is entered weekly at the beginning of each week for the previous week by INCA and INCC attendance monitors. Please ignore any directions in Connexus regarding entering attendance for your students. Caretakers and Learning Coaches DO NOT enter student attendance.

Alternatively, if students are unable to demonstrate daily attendance according to the parameters listed above, they may earn attendance by exhibiting on-track lesson completion by the close of each week. On-track lesson completion is measured as completing all scheduled lessons per week as based on the students' planners.

Reporting Excused Absences

Absences may be excused according to school policy if the absence is reported and documentation is received by our Attendance Office by the end of the week in which the absence occurred. (See School Handbook Supplement). Documentation for the excused absences should be sent through webmail to the following webmail boxes.

- INCA: **INCA Attendance Webmail** (Sarah Barnard)
- INCC: **INCC Attendance Webmail** (Chloe Purcell)

Attendance Roles and Responsibilities

Caretakers/Learning Coaches:

- Ensure your student is logging into his/her student account in Connexus each calendar school day
- Review your child's attendance weekly by logging into your Connexus account and clicking the Attendance link in your To Do List.
- Remain in regular contact with the school staff and stay on-track with overall lesson completion according to the student planner.
- Submit all excused absence documentation to the attendance monitor by the end of the week in which the absence occurred.

Students:

- Log into your student account in Connexus each calendar school day.
- Attend LiveLessons.
- Attend field trips (optional).
- Attend required in-person state testing.
- Stay on-track with daily assigned lessons in the student planner.

Attendance Entry Team

Enter attendance once every week for each enrolled student according to the weekly attendance report.

Attendance Monitors

INCA: Sarah Barnard, INCA Attendance Webmail
INCC: Chloe Purcell, INCC Attendance Webmail

- Field attendance questions from learning coaches/caretakers that come through the attendance phone line and webmail account.
- Field excused absence webmails and phone calls from learning coaches/caretakers.
- Enter and log excused absence correspondence and documentation in a timely manner.
- Communicate excused absences of 2 days or more with all pertinent stakeholders.

When my student is absent what can I expect?

Each day that a student incurs a temporary absence a Robo Call and Text will be sent out the following day to the household making them aware of the absence. This will serve as a reminder that the absence can be replaced with a 'Present' if the student logs in over the weekend or is on-track with lesson completion by the end of the week.

What if my student does not make an absence with lessons completion or weekend login? What happens next?

Attendance is entered weekly to allow students flexibility in how they earn their attendance for the week. For days where students have an absence that was not made up with through lesson completion or weekend login, these absences will be officially recorded as unexcused absences unless appropriate excused absence notification and documentation is provided to the attendance monitors.

How many Unexcused Absences are allowed?

Indiana Compulsory Attendance law allows for **no more than 10 unexcused absences** during the school year. Because we are a virtual school, SEA 567, provides the parameters that at 10 days of absence, students can be withdrawn from the virtual school for chronic absenteeism/habitual truancy.

Students who accumulate 3 or more unexcused absences will begin to receive formal truancy notifications via webmail, robocalls and USPS mailed notifications home. Incurring unexcused absences in school can lead to truancy proceedings, which may include disciplinary action or withdrawal from school.

Do I have flexibility with school vacations?

Vacation days on the established school calendar cannot be moved to different dates. Families who want to take a vacation on school days should notify the Attendance Monitor and students must complete work that will be due during the absence prior to being on vacation or continue to login and complete school work during the vacation days in order to avoid accumulating unexcused absences.

- Fall Semester
    - Labor Day
    - Fall Break
    - Thanksgiving Break
    - Winter Break
- Spring Semester
    - Martin Luther King, Jr. Day
    - Presidents' Day
    - Spring Break
    - Memorial Day (if falls before the last student day)

Remember, our school is flexible in the sense that students can complete lessons in the order they need to and have flexibility in time spent on school work during each school day, but **students are expected to login and complete assignments daily as assigned by the student planner**.

Whom do I contact with Questions?

INCA: Sarah Barnard, INCA Attendance Webmail
INCC: Chloe Purcell, INCC Attendance Webmail

Indiana Online Learning Options (IOLO)
Engagement Policy
August 8, 2023

IOLO engagement policy refers to guidelines and strategies implemented to promote student participation, motivation, and involvement in their academic activities. The aim is to create a supportive and engaging learning environment that fosters students' academic success, personal growth, and overall well-being.

Student engagement is how students participate in their learning in our virtual environment. The two primary components of student engagement are lesson completion and synchronous contact with the school. *Students are most successful when completing all assigned lessons and maintaining synchronous communication with school staff daily.*

Lesson completion is completing all lessons posted on the student planner assigned each day. Lesson days are calculated by the percentage of lessons students should have completed each day. Each week lesson completion data will be analyzed, and students who fall behind will be assigned an intervention based on the metrics below. Completing all assigned lessons each week demonstrates that students are engaged with the school and are making adequate progress in their coursework.

Lesson Completion		
Engagement Tier 1 6-9 Days Behind	**Engagement Tier 2** 10-15 Days Behind	**Engagement Tier 3** 16-20 Days Behind
• The student and caretaker receive at least one synchronous contact each week the student is 6-9 lesson days behind to help the student get caught up. • Households receive a robocall each week the student is 6-9 lesson days behind.	• The student and caretaker receive a weekly lesson completion notification from the homeroom teacher. • The student and caretaker receive a lesson completion goal from the homeroom teacher. • The student and caretaker must attend a synchronous conference to discuss barriers and review best practices for completing lessons on time. Failure to respond within five school days will result in the student progressing to Tier 3.	• The student and caretaker receive a weekly lesson completion notification from the homeroom teacher. • The student must have weekly synchronous contact with an administrator or a school engagement designee. • The student and caretaker receive a two-week success plan. Students must increase lesson completion by the terms outlined in the student's contract and maintain communication with course teachers. • Failure to comply or reduce lesson days behind will result in a referral to the engagement committee and possible removal from school due to lack of engagement.

Synchronous contacts are face-to-face interactions at state testing or on field trips, individual phone calls between a teacher and student, individual meetings in a teacher's Zoom room between the student and teacher, small group meetings in a teacher's Zoom room with students and teacher, or whole group instruction in a teacher's Zoom room with students and teacher. Students must engage synchronously with the school at least once every two weeks. Synchronous contacts allow students to demonstrate learning and share academic successes and challenges. These interactions allow teachers to observe active learning, assess student understanding, and provide personalized academic support.

Contacts		
Engagement Tier 1 6-13 Days No Contact	**Engagement Tier 2** Approaching Alarm	**Engagement Tier 3** Alarm
• Students will receive a bi-monthly attempted synchronous contact from the homeroom teacher. Additional contacts may be made if attempted contact is not successful.	• The student will receive three modes of contact from the homeroom teacher about engagement within a school week. • The student and caretaker will receive a read receipt webmail requesting immediate contact with the school.	• The student and caretaker will receive a phone call from an administrator or a school engagement designee. • Failure to return school communication will result in a welfare check. Local officials will be called for a home visit to verify the student's safety. A report to the Department for Missing Children and the Department of Child Services may be made based on the local official's visit. • Special Population students will have a formal meeting scheduled prior to withdrawal. • Failure to communicate with the school will result in a referral to the engagement committee and possible removal from school due to lack of engagement.

Per Indiana education laws, IC 20-24-7-13: *A virtual charter school shall adopt a student engagement policy. A student who regularly fails to participate in courses may be withdrawn from enrollment under policies adopted by the virtual charter school.* Therefore, students who fail to comply with the school engagement policy will be referred to a district engagement committee for review. The engagement committee may determine that the student must be withdrawn from school due to lack of engagement.

Options Indiana

Options Indiana
North, South and Middle School

Operations & Procedures

2023-2024

Options Schools

18077 River Rd Suite 106
Noblesville, IN, 46062

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OPTIONS STAFF PORTAL

Utilize the Options Staff Portal in order to access the Staff Leave Form, Mileage Claim Form, Incident Report Form, Voluntary 403(b) and Roth Plan Form, Purchase Receipt Form, & Seclusion and Restraint Form. You can also view the Staff Handbook, Email Lists, Teacher Evaluation Plan, Charter Agreement (Options Charter Schools).

Staff Portal

PREFERRED STAFF CONTACT INFORMATION

Please give head's up before sharing with a student or family.

NORTH

Name	Position	Phone Number	Email Address
Jessica Sunderman	Principal	260-468-8398	jsunderman@optionsined.org
Melissa Harrison	Admin. Asst.	765-734-1568	mharrison@optionsined.org
Carrie Laukhuf	Engagement Spec.	260-255-6808	claukhuf@optionsined.org
Hannah Coffman	SPED	765-405-7927	hcoffman@optionsined.org
Mike Dellinger	CTE Business	317-371-7175	mdellinger@optionsined.org
Kristine Feitshans	Mathematics	219-243-0181	kfeitshans@optionsined.org
Stephanie Jen	CTE Computer Sc.	260-676-0096	sjen@optionsined.org
Tommy Skinner	Social Studies	765-239-9180	tskinner@optionsined.org
Betsy Smith	English	260-307-2414	bsmith@optionsined.org
Molly Soberalski	Counselor	260-710-0216	msoberalski@optionsined.org
Emily Swanson	Mathematics	260-226-3696	eswanson@optionsined.org
Charles Precht III	Science	317-825-8847	cprecht@optionsined.org
John Jewell	English	765-239-9169	jjewell@optionsined.org
Elysia Gipson	SPED	480-364-1960	egipson@optionsined.org
Kiley Freeman	CTE Hospitality Management	765-673-4182	kfreeman@optionsined.org

SOUTH

Name	Position	Phone Number	Email Address
Linda Cunningham	Principal	765-620-7968	lcunningham@optionsined.org
Melissa Harrison	Admin. Asst.	765 734 1568	mharrison@optionsined.org
Shannon Coe	Engagement Spec.	(317) 289-4642	scoe@optionsined.org
Kitti Drake	Mathematics	317-643-5746	kdrake@optionsined.org
Natalie Dugard	Social Studies	765- 444-9217	ndugard@optionsined.org
Whitney Holmes	SPED	812-630-3010	wholmes@optionsined.org
Emily McKinney	SPED	317-507-4930	emckinney@optionsined.org
Ashtyn Kinsey	CTE FACS	765-400-1385	akinsey@optionsined.org
DeAnne Munda	English	817-223-2930	dmunda@optionsined.org
Julie Pownall	Science	765-319-8464	jpownall@optionsined.org
Thomas Turner	English	812-620-2189	tturner@optionsined.org
Nancy Conway	Counselor 9-12	765-686-1075	nconway@optionsined.org
Justin Stephens	IA	317-620-1899	jstephens@optionsined.org

MIDDLE

Name	Position	Phone Number	Email Address
Melanie Martin-Terrell	Principal	317-660-5327	mterrell@optionsined.org
Melissa Harrison	Admin. Assistant		mharrison@optionsined.org
Kiersten Sanders	English & History		ksanders@optionsined.org
Stacy Smith	Math & Science	765-450-9726	ssmith@optionsined.org
Jesse James	SPED		jjames@optionsined.org

CALENDAR
2023/2024

OPTIONS CHARTER SCHOOLS
2023-2024
SCHOOL CALENDAR

August 1	Teachers Start
August 3	Students Start
September 4	Labor Day (No School)
October 6-13	Fall Break (No School)
November 23-25	Thanksgiving Vacation (No School)
December 21- January 5	Winter Break (No School)
January 15	Martin Luther King Day (No School)
February 19	President’s Day (No School)
March 25- April 5	Spring Vacation (No School)
May 27	Memorial Day (No School)
May 29	Student Last Day
May 30	Teacher Last Day
First Semester	90 Days of Instruction
Second Semester	90 Days of Instruction

JOB DESCRIPTIONS & DUTIES

PRINCIPAL

Instructional Management

1. Monitor instructional and managerial processes to ensure that program activities are related to program outcomes and use findings to take corrective actions
2. Evaluation of campus education program; include students and community representatives when appropriate

School or Organization Morale

1. Provide instructional resources and materials to support teaching staff in accomplishing instructional goals
2. Foster collegiality and team building among staff members; encourage their active involvement in decision-making process
3. Provide for two-way communication with upper administration, staff, students, parents, and community
4. Communicate and promote expectations for high-level performance to staff and students; recognize excellence and achievement
5. Ensure the effective and quick resolution of conflicts

School or Organization Improvement

1. Build common vision for school improvement with staff; direct planning activities and put programs in place with staff to ensure attainment of school's mission
2. Identify, analyze, and apply research findings (e.g., effective school correlates) to promote school improvement
3. Develop and set annual campus performance objectives for each of the performance indicators
4. Develop, maintain, and use information systems and records necessary to show campus progress on performance objectives addressing each performance indicator
5. Work with the director of schools and president to implement effective marketing for the purpose of recruitment; ensure full enrollment each semester; manage size of hybrid and night high school programs

Personnel Management

1. Interview, select, and orient new staff; approve all personnel assigned to campus
2. Define expectations for staff performance with regard to instructional strategies, classroom management, and communication with the students and families
3. Observe employee performance, record observations, and conduct evaluation conferences with staff
4. Make recommendations to director of schools on termination, suspension, or

non-renewal of employees assigned to campus
5. Work with teachers to plan professional development activities
6. Confer with teachers and other subordinate employees regarding their professional growth; work with them to develop and accomplish improvement goals
7. Discipline subordinate employees appropriately if needed and communicate actions of discipline to director of schools

Student Management

1. Work with teachers and students to develop a student discipline management system that results in positive student behavior and enhances the school climate
2. Ensure that school rules are uniformly observed and that student discipline is appropriate and equitable in accordance with the Student Handbook and aligned to Options' mission and core beliefs
3. Manage the creation, implementation, and tracking of ISP goals for every student such that goals are purposefully written and adjusted as needed

Professional Growth and Development

1. Develop professional skills appropriate to job assignment
2. Demonstrate professional, ethical, and responsible behavior; serve as a role model for all campus staff

School or Community Relations

1. Articulate the school's mission and core beliefs to the community and solicit its support in realizing the mission
2. Demonstrate awareness of school and community needs and initiate activities to meet those needs
3. Use appropriate and effective techniques to encourage community and parent involvement

Other

1. Comply with district policies, as well as state and federal laws and regulations
2. Adhere to the district's safety policies and procedures
3. Maintain confidentiality in the conduct of school business
4. Must be able to perform the essential functions of walking and interacting with students and/or administrative employees in the specific work site assigned (classroom or office setting)
5. Demonstrate regular and prompt attendance
6. Other duties as assignedWork with teachers and students to develop a student discipline management system that result

ADMINISTRATIVE ASSISTANT

Daily Responsibilities:
- Respond to emails (student, parent, staff)
- Good standing letters
- Student mailings
- Maintain files
- PS demographic updates/changes (address, phone,email)
- Update student attendance (extended leave/medical)
- Respond to Options email/password issues
- Enter historical grades
- Print reports
- Unofficial transcripts
- Enrollment verifications
- Contact other School Registrars
- Daily contact with Options Registrar (re-enrollments, official transcripts, free and reduced forms)
- Receive faxes and forward to appropriate person/department
- Keep Google Calendar up to date with all meetings
- Keep and maintain an running enrollment spreadsheet

Enrollment Tasks:
- Verify enrollment information on PS registration
    - Confirm Birth Certificate is attached and labeled
    - Confirm Proof of Residency is attached and labeled.
    - Confirm Immunizations is attached and labeled
    - Confirm Home Language Survey is attached and labeled.

- Create options email
- Create files (electronic) with student enrollment documents
- Request transcripts
- Load transcripts to PS
- Update Engagement Document and assign counselor
- Contact counselor and forward documents
- Contact SPED director and forward IEP if applicable

Monthly Responsibilities:
- Updating the Principal’s report with advisor credits, attendance, goals met
- Schedule staff meetings/outings
- Transcript days

Additional Responsibilities:
- Schedule Interviews

- Plan staff luncheons/outings
- End of year mailings (returning students)
- Sending out Bright Arrow as requested by staff and principals

<u>*And any other duty assigned by Principal</u>

ENGAGEMENT COUNSELOR

- Standing meeting each Monday at 1:00 with the principal to go over prior week's attendance.
    - Email truancy warning for 3rd AU
    - Email truancy warning for 5th AU
    - Certified letter of truancy warning for 7th AU
    - Schedule meeting with parent and student for 8th AU
    - Truancy filed at 10th AU per rules of truancy for county of residence.
- Disengaged students
    - Contact parent and student and set up a meeting
- Advising students
    - See Advisors beginning on page 8
- Schedule in person meetings as warranted.
- Any other duties assigned by the principal.

ONBOARDING NEW STUDENTS - PRINCIPAL

Transcripts received for student

1. Approve in PS registration. Send an email to kclevenger and enrollment team and cc mharrison that student is approved, state student full name, program enrolling and start date.
2. Create student tracker
    a. Share with counselor as an editor
    b. Copy and paste google link into ISP: Google Credit Tracker
3. Create Edmentum account
    a. Account name: ocs
    b. User name: first initial and last name - add middle initial if needed all lowercase
    c. Password: students first name all lowercase
    d. Log user name and password in student logs
4. Choose South
    a. On any student page choose "custom screens" in Information in the left column, directly above 'demographics'
        i. Choose Options Indiana location
        ii. From the drop down menu choose South
        iii. Submit
        iv. Click the student screens at the top left to get you back.

5. Assign Advisor
    a. Be certain to use the students start date when putting in PS
6. Prepare and send Welcome email South Welcome email
    a. Send to both guardians if available
    b. Cc counselor and advisor
    c. Log the email in student logs
7. Add the student to Options North and South Split link to spreadsheet
    a. Place student alphabetically in correct cohort on South tabs
    b. Fill in all applicable information
    c. Place all emails in the columns
8. Potential Dec 22 or May 23 Grad 22/23 GRAD LIST
    a. Add to Grad list
    b. Choose correct tab at the bottom North or South
    c. Cohort
    d. Diploma type
    e. Dec or May
    f. Qualifier
    g. Place number of courses remaining per section

COUNSELORS

Academic tracking sheets

Year plan plus 4 year plan

- All students will have an up-to-date tracking sheet at all times
- All freshman and sophomores will have their tracking sheet completed with all courses earned, enrolled and a minimum of 12 courses targeted in order of completion for the current school year.
- All freshman level courses must be completed to be assigned a sophomore level course; all sophomore level courses must be completed to be assigned a junior level course; all junior level courses must be completed to be assigned a senior level course.
    - Counselors will add course(s) as in Edmentum
    - Counselors will add course(s) in PowerSchool
    - Counselors will update completion dates for classes

- Original ISP - do not write goals (Advisor)
    - Complete Academic History and Status to the best of your knowledge
    - Complete Enrollment Information to the best of your knowledge
    - Help student create a Personal statement
    - Risk Factors at Enrollment - mark all that the student has
    - Assets at enrollment: checklist

- Cohort group meetings - once a year or more as needed

- One on One and group meetings: Common App; 21st Century; FAFSA, Scholarships, Individual Counseling, PSAT, ILearn, College enrollments, academic counseling, ACT, SAT…
- Edmentum Academy
- Dual Credit - in conjunction with Advanced Learning Specialist
  - IVY TECH
  - In House
  - Career Centers

- Graduation Decision Form - Counselors; check box on student tracking sheet.
- Student surveys
  - Graduating senior plans, college enrollment, SAT/ACT, and completion of FAFSA completed once a semester.
- **Counseling Department Website - Referral Links are at the bottom of the page**
- Keep Google Calendar up to date with all meetings

ADVISORS

- Send out Advisee Welcome and Info Email on the day of new students' scheduled orientation completion to advisee and guardians of minors.
  - Special Education staff will reach out prior to the orientation meeting to stay in compliance with their IEP move in
- Attend all advisee meetings: Move In, ACR, ….
- Create, check and edit ISP goals as needed
- Advocate for student
- Outcomes in ISP at the end of each quarter and at withdrawal/transfer completion.
- Communicate with advisee every week (Adults), daily (Minors) and face to face a minimum of once a quarter.
- At a Face to Face meeting, confirm phone numbers, email addresses and physical addresses. Anyone new in the home? If a student is working, where and name of supervisor.
- Advisor will update progress spreadsheet: percentage completed per course
  - Weekly Advisee Report
- Advisor will monitor and alert/communicate with Content teacher when one of their Advisees is in need of assistance
- Advisors will create geographical pods a minimum of 4 times a month and travel in person.
- Advisors will keep Google calendar up to date with all activities and meetings
- Defer to counselor any changes to graduation path
- Defer to counselor any mental health worries or actions
- Defer to Michelle Olsen for any testing requested by the parent for Special Education via principal.
- Defer to Julie Pownall for 504 possible inquiries from parent/guardian

- Defer to Julie Pownall for McKinney Vento - homelessness; doubling up beginning date and end date
- Defer to Karen Oliver for ELL via principal
- When communicating with minors, cc or group text with parent/guardian
- Log, log, log all communication same day
- Minors and adults; take attendance daily for the previous day on the current day.
- Keep Google Calendar up to date with all meetings

Beginning of a new school year:

Advisors will complete "Current Risks" with all Advisees from the previous school year. Current Risks is located on the ISP page in PS.

Individual Service Plans (ISPs)
Completed initially in Orientation by Advisors
Updated quarterly by Advisors (or more often if goals are shorter in length)

ISPs are a requirement for all students through Ball State, our charter authorizer.
On PowerSchool Admin.

Click on the student's name.
Scroll down on the left side under Administration and click Individual Service Plan

Positive Personal Identity Statement

- Created with the student and advisor in the original Orientation meeting, but should be in the student's words.
- These statements should be "I am" statements.
  Example: I am concise and opinionated, even though reasonable with others.
- Updated at the beginning of each school year with the advisor.

Enrollment Information

- Completed by Advisor at Orientation meeting

Risk Factors

- Should be completed with the Advisor in Orientation meeting.
    - Original risks should be checked in the Risk Factors at Enrollment.
- Should be updated by the advisor at the beginning and end of the school year.
    - Updated risks should be checked in the Current Risk Factors.

40 Developmental Assets

40 Developmental Assets (pdf)
40 Developmental Assets (fillable google doc, make a copy)

- Comes completed with initial enrollment

- Should be updated by the advisor at the beginning and end of the school year.

- Updated assets should be checked in the Current Assets

Student Goals
Each student should have a minimum of 3 goals that are created with their input.
The first three goals will be created with the advisor.
The additional goals can be added at any point during the quarter.
Three new goals should be created at the beginning of the quarter.
Goals should have the date the goal was created, year of the goal, type of goal, status of goal - in progress, and who created the goal when they were originally inputted into PS.
Typical goals are to be completed in a quarter.

Components of a well-written goal:

SMART: Specific, Measurable, Attainable, Realistic, and Timely

Each goal should include the following components:

Description of the goal

Action steps needed to complete the goal

Needs/Resources/ Support to be offered

Who is responsible for implementation, support, and collection of evidence to show completion?

Expected timeline for completion.

How will the student/advisor know when it's completed? What is the evidence?

Text Box labeled intervention should not any changes made, resources needed, and timeline,

Examples:
Academic Goal: John will earn 3 credits by the end of the first quarter of 2022 with at least a B.
Services: Options will provide John with all courses needed to complete with a timeline to show completion.

Behavioral Goal: John will communicate with his advisor daily before 11 am.
Services: Options will provide John with personal contact information with the advisor every week and the ability to track progress through Edmentum.

Social-Emotional Growth Goal: John will continue to work a part-time job at O'Reilly Auto Parts for each of his scheduled shifts.
Services: John's family will provide John with transportation to and from work.

Reporting progress of ISPs goals: Completed by Advisor
- Every semester: Each goal status drop down should be updated.
    - Click on the pencil box beside the goal.
    - Status of goal - Completed, did not meet goal, remain in progress (if it was a long term goal)
    - Date goal was met.

- End of year/semester/quarter when a student withdraws/transfers: Outcomes: Evaluation of Progress
    - 1-Earned High School Diploma - Only marked after all graduation requirements have been met.
    - 2- Attained goals identified in the student's ISP - Mark if 66% of the student's goals for the year are complete and others showed some improvement
    - 3 - Made satisfactory progress toward goals identified in the ISP - Mark if 66% of the student goals made improvement over the year.
    - 4 - Did not make satisfactory progress toward goals in their ISP but remained in the program - Mark if 66% of the goals show no progress or attempt to progress was made.
    - 5 - Earned GED
    - 6 - Transferred
    - 7 - Drop out
    - 8 - Expelled

Edmentum - Advisor

- Only one unit unlocked per course at a time.
    1. Encourage the use of Guided Notes when available
    2. Do not take notes inside of Edmentum as they will not be available for the test.
    3. Use paper/pencil or Google Doc
    4. Label all notes with Course, Unit, Name of lesson
    5. Use notes on master tests, Post tests and end of semester tests
    6. If you unlock a unit for a student, please lock all mastery tests and post tests.

Edmentum - Teachers

Beginning of the Quarter:

- Go into gradebook in Edmentum for each of your courses
    - Upper right corner - click settings
        - Categories and weights
        - Check 'Weight by Category"
        - Modules and Activities should be the highest %
        - Post test and End of Semester test should be set at 10% and 5%
        - SAVE CHANGES
    - Upper right corner - click settings
        - Manage Credits
        - Check "Original' or 'Recovery'

                - In the box; put 1
                - SAVE CHANGES
        - General Information
            - Only one unit unlocked per course at a time.
            - All mastery tests, post tests and End of semester exams must be locked
            - Set the course for students to retake the mastery tests from 1-3 times. (Teacher discretion)
            - Hide and Omit all pre-tests.
            - However the Quarter begins the curriculum requirements must remain the same for each and every student. Absolutely no EXEMPTIONS!!! Assignments may be accommodated or altered to meet the same content but do not use exemptions. Posting an exemption in Edmentum gives the student a 100% without doing anything.
            - 3:00 P.M. EDT/EST; last day of quarter; all courses get locked down immediately.
                - Manage Courses
                    - Click second icon from the right
                        - View Curriculum
                            - The 3 dots on Unit 1- Click 'LOCK ALL'
                            - You must do this for each Unit and End of Semester test

- However the Quarter begins the curriculum requirements must remain the same for each and every student. Absolutely no EXEMPTIONS!!! Assignments may be accommodated or altered but do not use exemptions. Posting an exemption in Edmentum gives the student a 100% without doing anything.
- Things students need to know:
    1. Do not take notes inside of Plato as they will not be available for the test.
    2. Use paper/pencil or Google Doc
    3. Label all notes with Course, Unit, Name of lesson
    4. Use notes on master tests, Post tests and end of semester tests
    5. Student may use Guided notes when available

Process for Issuing a Credit:

- Within Edmentum:

  1.Issue "Credit Ribbon" in Edmentum (even if they do not pass the course)

  2. Download Gradebook Report Card
    - Within the Gradebook, 3 dots, Approve Credit, and download report

- Within PowerSchool
  1. Save Downloaded report into Attachments and label
  2. Log credit information
- Email Student, Parent, Advisor, and Counselor Credit report information
- Slack on #courseupdates thread and include advisor and counselor
- Go to PowerSchool Teacher: post grade
- It is also suggested to keep a spreadsheet of grades issued for the month; this will assist in end of month reporting

ATTENDANCE

Middle School -

- 6 hours per school day (30 hours per week)
- Taken every morning for the previous day by Advisor
- Must check in and speak to their advisor on Sococo (MS) or other means every school day, by 11:00 a.m.
- In situations of doc appointments or illness, student may make up time on weekend or during non-school hours
- If students make up time up on the weekend, go back and correct attendance
- Call or text the student/parent if the student has not ‘arrived’ (checked in) at school by 11:00 am.

Minor high school students -

- 6 hours per school day (30 hours per week)
- Students must make progress weekly in courses
- Taken the next morning for the previous day by Advisor
- Student must check in and speak to advisor with agreed upon form of communication every school day
- In situations of doc appointments or illness, student may make up time on weekend or During non-school hours
- If students make up time up on the weekend, go back and correct attendance
- Call or text the student/parent if the student has not ‘arrived’ (checked in) at school by 11:00 am.

18 and over students - ADULTS

- Minimum of 30 hours per week
- Must make progress weekly in courses
- Must take attendance daily for the previous day
- Student initiated weekly contact

- If students make up time on the weekend, go back and correct attendance.

NWEA
Stephanie Jen
Linda Cunningham

SPECIAL EDUCATION TEACHERS

- **Caseload by Teacher**
    - **Hannah - North**
        - High School students
        - Certificate of Completion Students
        - HS resource
        - IEPs, progress monitoring, transition assessments
    - **Whitney - South**
        - High School students
        - SSD Accommodations Coordinator for all SPED and 504 OI
        - TinyEye referral lead for speech/language, OT, and PT.
        - HS resource
        - IEPs, progress monitoring, transition assessments
    - **Emily M. - Middle School/South**
        - MS students
        - MS resource
        - IEPs, progress monitoring, transition assessments
        - High School students (if needed later)
    - **Elysia - Sped IA - MS & North**
        - MS Students
        - HS North Students
        - Assist the SPED team and students where needed

HIGH SCHOOL TEACHERS

22/23 MASTER COURSE LIST

MIDDLE SCHOOL TEACHER

22/23 MASTER COURSE LIST

POWERSCHOOL

****Web-based Student Information Center****

Link

Powerschool ADMIN

https://optionsined.powerschool.com/admin/pw.html

BASIC FEATURES (Individual Student):

INFORMATION

- Attachments: houses finalized grade reports and enrollment documents
- Go to: Add, Browse, Find File and Open, Give Title, Check Historical Grades, Attach
  - Doctor's notes;
  - IEP at a glance
  - 504
- Contacts or 3 people icon at top of each page; Phone numbers and email addresses for student/guardian
- Demographics: Info on student
- State/Province-IN: Notes Sped or 504 label; Grad Tab

ACADEMICS

- Attendance: Allows you to see attendance at a glance
- Historical Grades: Allows you to see past earned credits/grades and compare to transcripts found in Attachment tab
- Individualized Service Plan: REQUIREMENT of all students and must be updated each semester
  - BSU Cohort and Expected Grad Year (should match)
    - BSU our authorizer understands that our students may not graduate in the typical 4 years so they would like us to make a cohort for them based on them being alternative ed estimating when they will graduate in order to better judge whether students are on track.

    - Positive Personal Identity Statement: Student self identifies what their strengths are and qualities are as assisted by advisor
    - Risk Factors
    - Assets
    - Google Tracker: up to date credits/diploma type (Uses IDOE Cohort)
        - IDOE Cohort is based on the year they entered high school
    - Career Interests
    - Students Goals: Identified by advisor at beginning of each semester;should also be finalized at end of semester. Three total per semester: Academic (to reflect credit goal), Behavioral (to reflect attendance goal); Social/emotional (personalized to individual)
    - Outcomes: Completed by advisor at end of SY

**HOW TO WRITE ISP: SEE ADVISOR DUTIES SECTION

LOG ENTRIES

- Single most important thing we do...DOCUMENT, DOCUMENT, DOCUMENT
- ALL phone calls/texts/emails/plans should be documented the same day.
- ALL logs must be the same day.
- Ensure that logs are specific and cut and pasted from email/text but not doubled.
- Logs should not be multiple days of messages in a single entry.
- **Logging steps: New, Log Type, Title, Entry Text, Submit**
- Good examples:
    - “Completed Algebra 1A with a 65%. Finalized grade and sent email”

    - “Good morning (student name): This is how you did on your daily assignments last week. MONDAY: Unit Activity: Searching for Identity INCOMPLETE TUESDAY: Post Test: Searching for Identity 34% WEDNESDAY: Pretest: Love and Conflict 43%, Discussion: Love and Conflict 100% THURSDAY: Structure of an Informational Text Tutorial and Test 60% FRIDAY: Characteristics of a Drama Tutorial and Test 20% These are your goals for this week: TUESDAY: Characteristics of a Poem Tutorial and Test WEDNESDAY: Purpose, Audience, and Message Tutorial and Test THURSDAY: Setting and Theme Tutorial and Test FRIDAY: Artistic Mediums Tutorial and Test MONDAY: Revisions in Writing Tutorial and Test. Tiler, you need to keep working each day until you get a passing grade on the test. You must get at least 60% in order to complete your daily task. Also, do you still need help with the Unit Activity? We can do a video meeting to work on it.”

- Poor examples:
    - “Earth Space B logged”

    - “Sent weekly check-in on 05/11”

- Mass Communication Logs
    - IF a mass communication is needed for info (IE-school wide reminders) you can log for multiple students at once with these steps:
        - Start Page, Click "ALL" after alphabet, "Select by Hand" (bottom right), Select students, "Update Selection", "Duplicate Log Entries", Fill out log, "Start Process"

- Personalized information
    - Do not log specifics of trauma
    - Make certain that Counselors are aware of all details

SCHEDULING - only Counselors

- Bell Schedule View: At a glance courses
- Modify Schedule: Adding or deleting a course from a schedule
    - P1: Math, P2: English, P3 Science, P4: Social Studies P5: Electives
    - Note appropriate Effective Enrollment Date
    - Find course can either add or delete

Attendance (All Students):

START PAGE (Blue P on top left of page):

FUNCTIONS

TEACHER SCHEDULES: Function to take attendance

- Select Name
- Go to Advising, Attendance Column, Calculator Icon, Date Range, Attendance Code, Submit

Other tricks of trade:

START PAGE (Blue P on top left of page):

Student Map: shows students in area via address

Withdrawn/Transferred Students: /Name in the page's search bar to let you view old student's records

POWERTEACHER

https://optionsined.powerschool.com/teachers/pw.html

Should be same username and password as PowerSchool

NAVIGATION

Powerteacher Pro: will allow you to add final grade to student for transcript for roll over

- Find class
- Create/Assignment
- Select Class
- Assignment name (IE: Final Grade)
- Category (Test)
- Points (100)
- Check that it counts in final grade
- Due date: put end of semester
- Save
- Then add grade in by percentage that student earned in Plato by: Finding class, click on Assignment name, find student, put in grade, save

GRADING

GRADING REQUIREMENTS

- Students should complete all of the unit activities (No blank tasks).
    - Staff should return blank assignments for completion and log that it was returned.

- Teaching Staff must grade all assignments within 24 w of submission.
- Staff should grade to the ability of the student
    - Grade to the level of the course. Algebra 1-1 is a freshman level class and should be graded as a freshman is doing the work.
    - Recognizing IEP and 504s modification, ask Special Service teachers if you have questions.
    - Grade completed assignments as is, copy and paste the short answer or paragraph into a Google Doc and re-write it as it should be for an A or B. Do NOT send back work that is completed because it is not an A paper. This only has to be done the first time.
    - Students can fail an assignment or get a D if the assignment is completed.
        - Students should not be allowed to submit a text box with answers that do not make sense or lack of effort. Send these back. I.e. idk, pony, this is dumb and pointless, adskhf;oasdihfas

PLAGIARISM POLICY

*****Log each offense in detail. The student's advisor and/or special education teacher should be notified via email.*****

- **First plagiarism** in a course requires a face-to-face meeting for clarification of plagiarism and teaching of how to avoid it. Students may resubmit the assignment.

- **Second plagiarism** in the same course, the student will receive a zero on the assignment.
- **Third plagiarism** in the same course, the student will be removed from the course for the Quarter and the student will start over when the course is offered at a later date.

Setting Grade Scales

- Content teachers will set their own grades scales with the post test and end of semester final not exceeding a total of 15% of the course grade. \
- All other categories will be at the discretion of the content teacher.
- Grade scales must be set at the beginning of the school year or when a new Edmentum class is created.
- To set grading scales: Go to class in Edmentum, gradebook, settings, categories & weights, and weight by category.

INDIVIDUALIZED TASKS

Best Practice for Non-starters

****Advisor should create these task emails/ text feeds and log all relevant parts of the conversation.****

DAILY TASKS

- Send a text message or email each school day if a student has not checked in.
- Include student's parent (if minor)

WEEKLY TASKS

- Every Monday, or first day of the school week, complete the previous week's progress and total time for that week on the weekly advising report.

INDIVIDUALIZED TASK TIPS

- Hide assignments that the student is not working on
- Assigned material = approximately 3 hours of work per day

- Ultimately, the student should work towards initiating this contact and state their own appropriate goals.
- Log all tasks/ responses so attendance can be tracked
- Require students to respond when they receive the tasks and they they are completed

EXAMPLES

<u>Daily Task (sent to student, parent, & content teacher)</u>
Hello Student, I have attached your task for today! Please respond when you receive this message and when the tasks are completed. Reach out if you have any questions!

English 10B Unit Activity & Post Test

<u>Weekly Task (sent to student)</u>
Hello Student, I have attached your tasks for this week! Please respond when you receive this message and when the tasks are completed. Reach out if you have any questions!

Monday - English 10B : Unit Activity Blah
Tuesday - US B : Discussion Question and
Tutorial and Mastery Test
Wednesday - Earth/Space 1: Post Test 1
Thursday - Geometry A : Tutorial and Mastery
Test 1 and Tutorial and Mastery Test 2
Friday - Corrections and Make up day

<u>Student Initiated Daily Tasks (student will send to content teacher, parent, & advisor)</u>
Student: Hello, today I will be completing Geometry A Tutorial.
Teacher: Thank you for communicating! Let's aim for completing the Mastery Test, too.
Student: Okay, thank you!
Student: My tasks are completed for today.
Teacher: Thank you!

COMMUNICATION

- Communication must be made daily with all minor students/guardians in Advising group
- Communication must be made weekly with all adult students in the Advising group.
- Communication should be returned within 24 hours during contracted time. (Check text, phone calls, Edmentum messages, and email).

- Communication with students: Include parents and/or guardians in texts and emails. This is for your protection.
- Advisors will NOT communicate with any person not listed as a contact in PowerSchool

- Any DCS student must have a BID attached in PS and a point of contact person listed in contacts

- Communication with other staff - Do not share OI documents and spreadsheets with staff outside of OI.

- Best Practice: General mass emails and texts should be done in moderation with only pertinent information. (See Log entries in PowerSchool Admin.)

- Best Practice: Students respond best after you have built a relationship with them. Academics can follow after basic needs have been met. With some students, it may take a week or more to build before you start to assign academic tasks.

- Example of **acceptable** mass email/text:
  NWEA email to students and guardians that it will take place on a specific day.

- Examples of **unacceptable** mass email/text:
  Good day! (Please, do not respond directly to this email because it is a mass email and I would like to hear from you individually!) Welcome to a new semester, a new year, and a new decade! This is the perfect time to look at where you are currently in your goals and where you want to be. Think of all that you have learned up to this point and plan your future goals. You can attain what you want and we are here to help! This is also the time to ask for extensions and contact teachers, if needed, or to work with me on new classes.   I am excited to help you reach your goals this semester, but every journey starts with a single step, so login and then contact me to schedule something. Despite my email being a mass email, I am excited to help you on your individual path to education!

EDMENTUM

<u>My Classroom - if desired</u>

You may find it helpful to create a My Classroom for your subject area or advising group.

- Select Menu (top left), then My Classrooms
- Create Classroom
- Name your classroom. Ex: My Advising, English, etc.
- Start typing names in Quick Student Add, select the name when it populates
- Select the class that you want to monitor for that student
    - In advising, I select all their classes
- Anytime a new student is enrolled in a new class for you, you will need to edit the classroom (pencil icon) and them.

- If the student is already in the classroom, scroll down to their name and check mark the new class.

Grading from My Classroom

- Click on the box with clock icon
- Score the activity if you are happy with submission
- Review/Return without score if the student did not complete the assignment or if you are requiring corrections
- Record any feedback in PowerSchool
- View the History and Comments of the assignment if the student has been working on it for awhile

Grading from My Active Tasks

- Click the little down arrow to change the selection to Ready to Score
- *Even if you create a My Classroom, you should occasionally check the Ready to Score in My Active Tasks to see if there are any new enrollments*

Grading from My Course Sections

- In magnifying glass icon; search for your course (English 9A)
- All sections will appear
- Click on the Blue class; all student enrolled in this course will appear
- Far right will be a reddish clock icon if a student has submitted an assignment for grading

Gradebook

- Content teachers will set their own grades scales with the post test and end of semester final not exceeding a total of 20% of the course grade.
- All other categories will be at the discretion of the content teacher.
- Grade scales must be set at the beginning of the school year or when a new Edmentum class is created.
- To set grading scales: Go to class in Edmentum, gradebook, settings, categories & weights, and weight by category.
- To set credits: Go to class in Edmentum, gradebook, settings, manage credits, original credit, and 1 credit.

Curriculum

- Curriculum Settings - will apply to all students
- Limit Attempts to Unlock on Mastery Tests
    - Each mastery test may be completed 3 times before the content teacher must have a meeting with the student to unlock for a fourth time.
    - To set attempts: Go to class in Edmentum, curriculum, limit attempts to unlock mastery tests: Edit, drop down to 3 attempts, save.

- Mastery tests should be locked to start the class, pretests should be omitted, and units after 1 should be locked.
    - To set locked mastery tests: Go to class in Edmentum, curriculum, Lock: all for mastery tests and omit: all for pretest.
    - To set omit pretests: Go to class in Edmentum, curriculum, Omit: all for pretests.
    - To set lock units: Go to class in Edmentum, curriculum, three blue dots beside each unit folder, and lock all.
    - If a student completes a unit, you may unlock the next unit but relock the mastery tests.

To Approve a Credit

- Go into View Gradebook (top right)
- 3 blue dots next to student's name
- Issue credit
- Gradebook Report Card
- Download and Save as Student Name and Credit
    - Upload this as an Attachment in PowerSchool
    - Mark as Historical Grade Info
    - Log
    - Email to student, parent (if minor), advisor, counselor
- Log Entry for the credit
- Add to #courseupdates thread on slack
- Issue grade in PowerSchool Teacher

Student Curriculum Details
Section Curriculum
Edmentum Sensei for Families
New Course Path View for Students

COURSE DETAILS

All Core Subjects will have two sections

1. Original Credit
    a. This is for students who are taking the class for the first time
    b. This section should have all pretests omitted
    c. Mastery Tests should be set to only take once. If the student is not successful on the test, require that they complete Guided or Independent notes before unlocking again. This is not necessary for a computer or internet malfunction.
2. Credit Recovery (Replacement)
    a. This is for students who have attempted the class before but failed or received a C or less and wishes to raise their grade

   b. Teacher discretion may be used for allowing students to retake Mastery Tests but more than 3 times is not recommended unless the student proves they are doing the tutorial thoroughly.
3. Failing a course
   a. When a student does not complete a course in the same quarter it is begun, they will receive an F on their transcript.
   b. However, the student can then be in the credit recovery (replacement) section if they attempt the class again.
   c. The F and the new score will both be recorded on the transcript. Only the higher grade will count towards GPA.

ORIENTATION

All new students must have an Orientation meeting with their counselor before receiving their courses in Edmentum. Orientation introduces staff, requirements, and resources to students. The beginning part of the ISP is completed at this meeting as well as risks, etc. This allows the student to become comfortable to begin with Options Indiana. Ideally, the Advisor attends but remains silent.

MS SOCOCO

Middle School Students and staff will be expected to log into Sococo (virtual school) while they are logged into Edmentum.

- Special Education students can receive their resource time in this space
- Each staff has a dedicated space on Sococo.
- Students may ask questions and get help as needed
- Staff may share common resources or hold virtual meetings.
- Text chat, voice chat, and video chat can be initiated from Sococo

Sococo will be a tool in building community within our school. Sococo

NWEA

****NWEA coordinator is responsible for the scheduling and implementation of all NWEA tests.****

*Stephanie Jen and Linda Cunningham

- Given to all students two times a year (Aug/Sept;Apr/May) remotely.
- A google sheet has been created for all students who have taken the test and NWEA proctors will update all student's scores when they complete.
- The Corporation Testing Coordinator, Karen Oliver will get access to all of our staff.
- We use these numbers with at least one other method of testing to test students out of English 9-1, 9-2, 10-1, 10-2, Algebra 1-1, Algebra 1-1 Lab, Algebra 1-2, Algebra 1-2 Lab.
    - Test out form with scores

Sample Initial Email

Thank you for working with us to take your NWEA test. You are scheduled to take the test Thursday, May 16th at 9 am. Please let me know if any problems come up and I will try to fix them as we go. You can email me or text 260-468-8398 should something arise.

-Please go to the website test.mapnwea.org
  If you do not go to the Login page you may need to disable pops and it should redirect you.
-Enter the following information on the Login page:
  Session Name: Will be given on test day
  Session Password: Will be given on test day
  Click Blue arrow button
-Select on the Sign in page
  Choose your name
  Select your test . (There will be 3 that you are taking today: Math, Reading, and Language)
  Click the Blue Next arrow button
- Confirm your information and click the Blue Yes button
- Send me an email or text so I can confirm you on my computer
- Click the Blue Start Test button
- Take the test. (Do not rush taking the test as there is a minimum time limit or it will not register a score. Do not let your test sit idle for too long or it will time the test out).
- End of test Report - Send me a message with your score. (I will upload your next test at this time).
  Click Blue Done button
- Repeat the process with the same login information and steps

Please let me know if you have any questions. Also, sometimes the password automatically resets over the night so if this password does not work send me a quick message so I can update you.

40 DIPLOMA

Class lists by grade: **CORE 40**

Freshman:

(11)	English 9-1	English 9-2
	Algebra 1-1	Algebra 1-2
	World History 1-1	World History 1-2
	Biology 1-1	Biology 1-2
	Preparing for College and Careers	Interpersonal Relationships

	Health	
Sophomore:		
(12)	English 10-1	English 10-2
	Geometry 1-1	Geometry 1-2
	Earth/Space or Environmental	Earth/Space or Environmental
	CTE	CTE
	Plato PE I	*Speech*
	CTE	
Junior:		
(10)	English 11-1(college bound)	English 11-2 (college bound)
	Algebra 2-1	Algebra 2-2
	US History 1 - 1	US History 1-2
	ICP 1-1	ICP 1-2
	45 hour internship/ Dual Credit/Ed Academy	**CTE**
	CTE	
	PE II Fitness	
Senior:		
(9)	English 12 -1	English 12-2
	Government	Economics
	CTE	CTE
	Elective if needed	Senior Institute (H&SS II)

For English Course substitutions, see Options Indiana English Course Catalog

*Graduation Qualifying Pathway

CORE 40

Requirements - *Core 40*

GENERAL DIPLOMA

Requirements - *General*

Application for Early Graduation

Reports

- All staff are required to complete reports each month throughout the school year.

Weekly Advisor Reports: Due on Monday by noon; advisors will update their advising students progress from the previous week. Each student will need their current courses and completion progress.

Weekly Advisor Report 22/23 - North

Weekly Advisor Report 22/23 - South

Weekly Advisor Report 22/23 - Middle

Monthly Mileage Report Template

- Due on the 1st Wednesday of the following month. After making a copy, update with your name and month. Download PDF copy and email to Melissa Harrison.

Monthly Advisor Report: Due on the 1st Wednesday of the following month.

- 162 Day Students: Only principals can remove or add student names. List all student courses (completed and currently working on). If the student is green, then use the current grade. If the student is red, then use the course grade.
- ISPs: Write the amount of students that have completed or are actively making progress for their ISP goals.
- Content Classes: List the amount of students currently enrolled (completed and currently working on). List the amount of students who are passing the class on current grade or have already passed the class.

22/23 Advisor's Report - North

22/23 Advisor's Report - South

22/23 Advisor's Report - Middle

MASTER LIST OF IMPORTANT LINKS

Master List of Important Documents

School Counseling Website- Referral Links are at bottom of page

Truancy Criteria

Engagement Document

Early Graduation Application

Leave Form

Senior Institute Directions

Graduation Requirements

Plato Cheat Sheet for Creating Courses

Plato Hand-outs

HSC Practice Test

Options Schools

BELONG. BELIEVE. ACHIEVE.

★ Introduce yourself!
- ☐ Previous school experience/How did they find Options
- ☐ Check address/contact info on PS
- ☐ Current living situation (keep McKinney-Vento in mind!)
- ☐ Do you have a personal computer? Waiting for an OCS laptop?
- ☐ Did you receive the new student informational magazine?
- ☐ Do you have a job? Discuss basic daily school schedule.
- ☐ Do you go by a name other than your legal name?

★ Basic Requirements of a Student
- ☐ Stay on Pace with ALL classes/due dates: 6 hours each school day for a total of 30 hours each week.
- ☐ Attendance- Check in with you advisor M-F by 11:00AM, if you're sick have a parent/guardian contact advisor.
- ☐ Monthly/Quarterly ISP meeting- must meet F2F with advisor to discuss goals, class progress, etc.
- ☐ Check email at least twice a day. Respond to emails as needed within 24 hours.

★ How to get started
- ☐ Have you logged into your school gmail?
- ☐ Change gmail/calendar timezone if needed!
  How to Change Time Zone Video (skip to 0:55)
  *Link right to 0:55: https://youtu.be/lgWgWYNa2Ws?t=55
- ☐ Have you logged into Edmentum?
  - ☐ https://cdn.app.edmentum.com/EdAssets/79dbfc771cb24971ab38d0a5a318022b?ts=637287820487700000 (**what edmentum looks like handout)**
- ☐ Basic overview of Edmentum- due dates, tutorials, guided notes, upload/submit drop box activities (How To Upload Video)
- ☐ Familiar with Google Apps: Docs, Sheets, Slides

★ Individualized Service Plan on PS
- ☐ Positive Personal Identity Statement
- ☐ Risk Factors at Enrollment
- ☐ Assets at Enrollment
- ☐ Basic credit discussion- school counselors have final say! Offer meeting with counselor as needed

Options Schools
BELONG. BELIEVE. ACHIEVE.

- ☐ Career Interest and Aptitude
- ☐ Student ISP Goals: Academic, Behavioral, Social Emotional