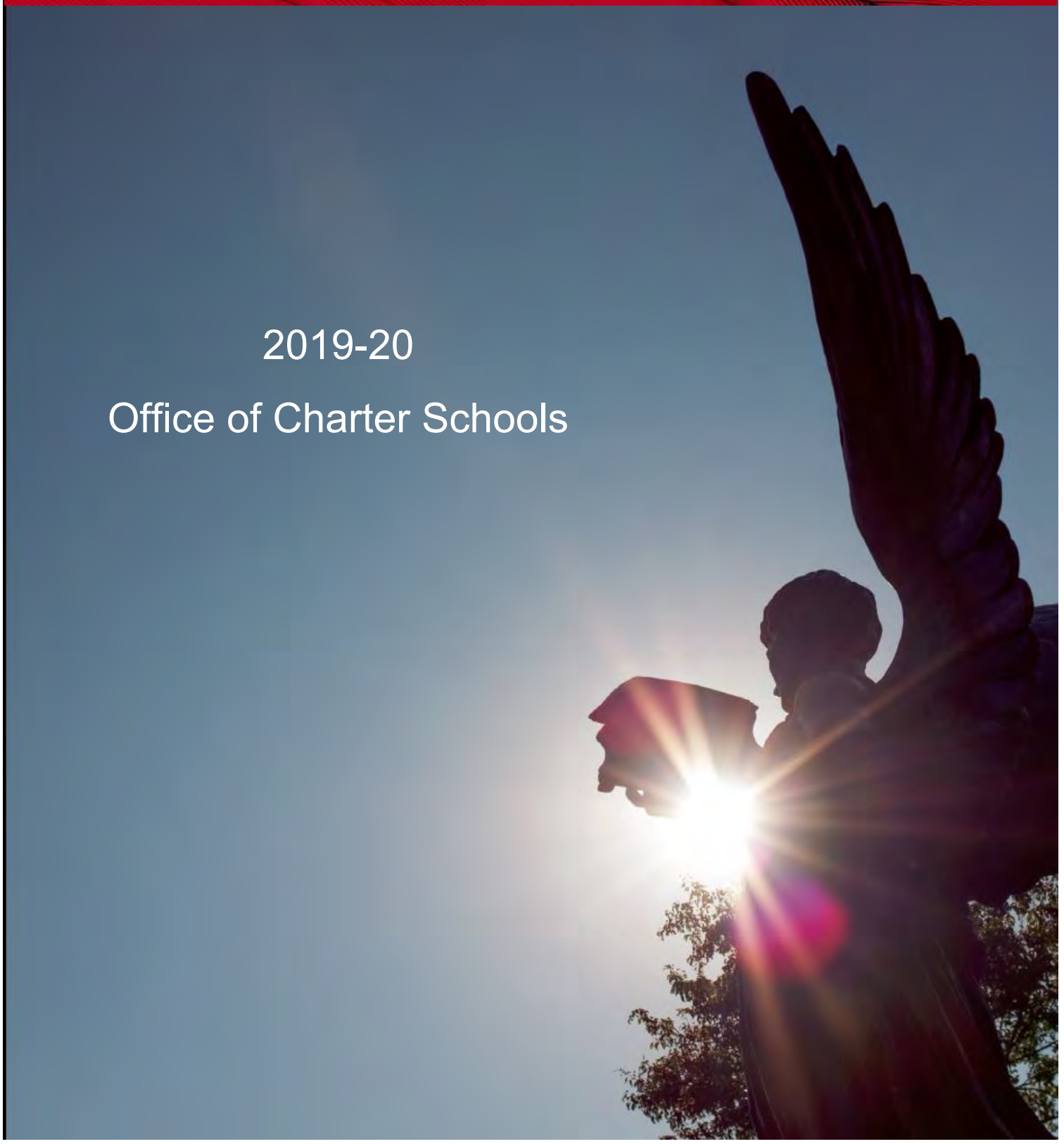
BALL STATE UNIVERSITY

2019-20

Office of Charter Schools





BALL STATE UNIVERSITY

Office of Charter Schools

For more information about this report, contact

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

LETTER FROM THE ASSISTANT DEAN FOR SCHOOL ENGAGEMENT

BSU Office of Charter Schools



Ball State University serves as the largest public University authorizer of public charter schools in Indiana, with 24 schools throughout the state serving 15,615 students during 2019-20. In the 2020-21 school year Ball State will authorize 26 schools serving approximately 16,982 children. Our portfolio of charter schools reaches every corner of the state, representing diverse communities and needs.

As an authorizer for the last 19 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, Assistant Dean of School Engagement, Teachers College

ACCOUNTABILITY REPORT CONTENT

BSU Office of Charter Schools

Overview

Purpose of the Accountability Report
What are Charter Schools?
Ball State Charter Schools
2019-20 Student Enrollment (BSU)
Role of Ball State University as a Charter Authorizer
Role of the Office of Charter Schools

General Information

BSU Academic Monitoring
Public Law 221 – Indiana's State Accountability Law (PL 221)
Northwest Evaluation Association (NWEA)
2019-20 Demographic Data

Comprehensive Review of BSU Charter Schools*

*NOTE: Due to the COVID pandemic, there was no 2019-20 ILEARN, IREAD, ISTEP+ Grade 10 or Northwest Evaluation Association (NWEA) testing. Therefore, where 2019-2020 academic data is not available, 2018-2019 data is provided.

BALL 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 2019-20, 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; graduation rates, as well as their annual financial audits. Due to the COVID pandemic, there was no 2019-20 ILEARN, IREAD, ISTEP+ Grade 10 or Northwest Evaluation Association (NWEA) testing. Therefore, the data reflected is the 2018-19 academic data.

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

However, using Indiana's growth model data does provide some insight into the progress of students within BSU-authorized charter schools. Due to the COVID pandemic, there was no 2019-20 ILEARN, IREAD, ISTEP+ Grade 10 or Northwest Evaluation Association (NWEA) testing. Growth model data for Spring 2019 shows that 85% of BSU-authorized schools demonstrated typical or high growth in English/Language Arts and 65% demonstrated typical or high growth in Math. OCS recognizes that focusing on standardized test passing rates alone does not take into account such factors as the movement of individual students into and out of schools. This student mobility is significant for some of the Ball State-authorized schools, thereby masking performance gains of students who remain at a school for a number of years. Ideally, for accuracy, the performance of a school should be based on the impact of its educational program on the same students over a reasonable period of time.

The NWEA Measures of Academic Progress has been used not only as an accountability tool, but also as a means for identifying individual students' areas of needed improvement. The percentages of students achieving their NWEA target growth rate are included here to provide another indicator of student performance, but this should not be considered a complete evaluation of the school's success in achieving growth among students.



OVERVIEW

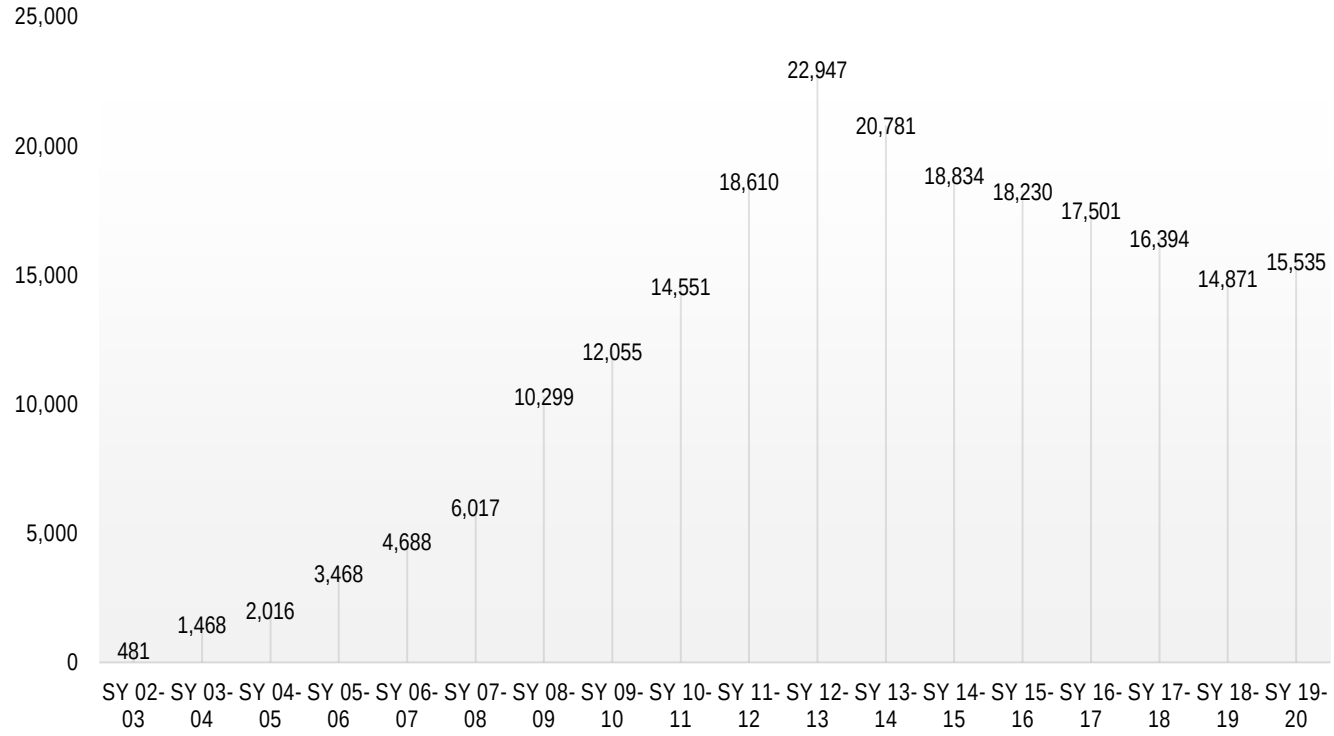
of BSU Charter Schools

What are Charter Schools?

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

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

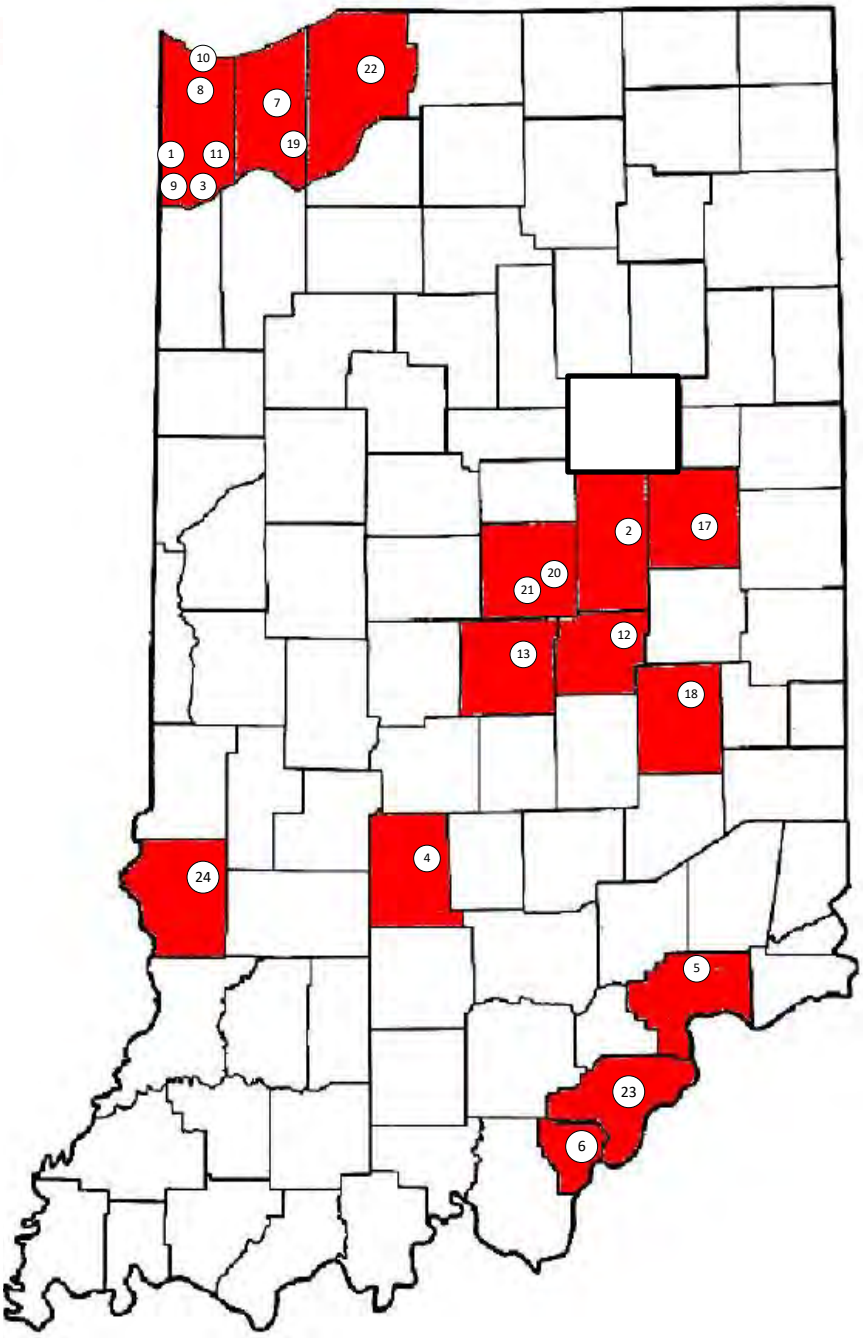
Enrollment History of Ball State University Authorized Charter Schools (2020)



MAP OF BALL STATE CHARTER SCHOOLS

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

EMO – 42% (10 schools)
Independent – 58% (14 schools)



DIVERSITY OF BSU CHARTER SCHOOLS

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

School Type Comparisons

2019-20	Traditional Public Schools		BSU Authorized Charter Schools		
Enrollment	1,135,199		15,535		
Ethnicity	Number	Percent	Number	Percent	Range
Black	140,024	12.3%	4.402	29.0%	0 – 93.9%%
White	758,243	66.8%	8,421	54.2%	0.2 – 95.8%
Hispanic	145,736	12.8%	1,595	10.3%	1.6 – 55.6%
Multiracial	57,885	5.1%	819	5.3%	1.2 – 15.6%
Asian	30,184	2.7%	124	0.9%	0 – 3.6%
American Indian	2,012	0.2%	50	0.3%	0 – 3.0%
Native Hawaiian/Pacific Island or Other	967	0.1%	14	0.1%	0 – 0.9%
Lunch (Free/Reduced/Paid)					
Free	450,322	39.7%	7,743	50.0%	1.7 – 100.0%
Reduced	83,334	7.3%	1,127	7.3%	0 – 12.7%
Paid	601,355	53.0%	6,668	43.1%	0 – 95.6%
Special Education	173,516	15.3%	2,856	18.4%	8.5 – 39.9%
English Language Learner	72,309	6.4%	391	2.5%	0 – 20.2%

2019-20 STUDENT ENROLLMENT

of BSU Charter Schools

School Name	Enrollment	Attendance Rate	Mobility	% of Students Suspensions	% of Students Expelled	Safety & Disciplinary Incidents	% of students with Chronic Absenteeism
21st Century Charter School at Gary	1190	90.32%	16.9%	32.0%	0.3%	1186	11.4%
Anderson Preparatory Academy	772	96.89%	22.3%	24.4%	0.3%	707	10.3%
Aspire Charter Academy	631	91.75%	20%	11.6%	10.0%	225	29.4%
The Bloomington Project School	278	95.49%	4.8%	1.4%	0.0%	11	10.0%
Canaan Community Academy	158	94.53%	18.3%	3.9%	0.0%	33	13.2%
Community Montessori Inc	547	96.27%	6.9%	4.1%	0.0%	34	6.1%
Discovery Charter School	536	96.30%	3%	3.1%	0.2%	70	2.4%
East Chicago Lighthouse Charter School	408	90.48%	11.4%	3.5%	0.2%	52	38.2%
East Chicago Urban Enterprise Academy	1375	96.50%	6.2%	6.7%	0.0%	70	5,3%
Gary Lighthouse Charter School	199	89.82%	12.6%	11.6%	1.2%	245	40.7%
Gary Middle College	363	57.38%	19.9%	7.1%	0.0%	27	85.7%
Geist Montessori Academy	125	94.81%	9.9%	1.3%	0.0%	21	12.6%
Hoosier Academy – Indianapolis	5074	92.07%	43.8%	5.9%	0.0%	48	36.1%
Indiana Connections Academy	373	92.29%	34.6%	0.1%	0.0%	30	28.5%
Indiana Connections Career Academy	946	93.92%	22.8%	0.0%	0.0%	0	23.1%
Insight School of Indiana	180	90.05%	44.7%	0.1%	0.0%	1	38.7%
Inspire Academy	218	92.31%	27.5%	5.2%	0.5%	20	32.2%
Mays Community Academy	214	93.94%	20.4%	2.9%	0.0%	11	18.0%
Neighbors' New Vistas High School	217	91.06%	27.1%	8.9%	0.6%	54	42.4%
Options Charter School - Carmel	347	89.74%	38.3%	1.6%	0.0%	10	35.5%
Options Charter School - Noblesville	244	92.04%	31.8%	5.9%	0.0%	44	30.9%
Renaissance Academy Charter School	550	95.77%	4.9%	0.0%	0.0%	0	11.8%
Rock Creek Community Academy	95	95.47%	8.5%	4.1%	0.0%	31	8.2%
Rural Community Academy	1190	97.27%	13.9%	1.0%	0.0%	4	1.0%

2019-20 Incidents of Seclusions or Restraints

of BSU Charter Schools

School Name	# Chemical Restraints	# Mechanical Restraints	# Physical Restraints	Total Restraints	# Restraints Involving a Resource Office	# Seclusions	# Seclusions Involving a Resource Office
21st Century Charter School at Gary	0	0	0	0	0	0	0
Anderson Preparatory Academy	0	0	0	0	0	0	0
Aspire Charter Academy	0	0	2	2	0	2	0
The Bloomington Project School	0	0	0	0	0	0	0
Canaan Community Academy	0	0	0	0	0	0	0
Community Montessori Inc	0	0	2	2	0	0	0
Discovery Charter School	0	0	3	3	0	0	0
East Chicago Lighthouse Charter School	0	0	0	0	0	0	0
East Chicago Urban Enterprise Academy	0	0	3	3	0	3	0
Gary Lighthouse Charter School	0	0	0	0	0	0	0
Gary Middle College	0	0	0	0	0	0	0
Geist Montessori Academy	0	0	7	7	0	0	0
Hoosier Academy – Indianapolis	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
Insight School of Indiana	0	0	0	0	0	0	0
Inspire Academy	0	0	6	6	0	0	0
Mays Community Academy	0	0	26	26	1	13	0
Neighbors' New Vistas High School	0	0	5	0	5	0	0
Options Charter School - Carmel	0	0	0	0	0	0	0
Options Charter School - Noblesville	0	0	2	2	0	0	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	5	5	0	0	0

INDIANA'S STATE ACCOUNTABILITY SYSTEM

Ball State University Authorized Charter Schools 2020 PL221 Status

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

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

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

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

INDIANA'S STATE ACCOUNTABILITY SYSTEM

BSU Authorized Charter Schools 2019 ILEARN Results

(Due to the COVID pandemic, there was no 2019-20 ILEARN testing)

Corporation Name	ELA Percent Proficient	ELA Median Growth (grades 3-8)	ELA Growth Category (grades 3-8)	Math Percent Proficient	Math Median Growth (grades 3-8)	Math Growth Category (grades 3-8)	2018-2019 Proficient Both Math and ELA Percent
21st Century Charter School at Gary	17.3%	40	Typical	16.7%	45	Typical	8.9%
Anderson Preparatory Academy	24.9%	34	Low	25.2%	37	Typical	15.0%
Aspire Charter Academy	35.2%	67	High	25.4%	50	Typical	17.3%
The Bloomington Project School	73.5%	63	Typical	70.4%	63.5	Typical	63.3%
Canaan Community Academy	28.0%	40.5	Typical	28.0%	31	Low	14.0%
Community Montessori Inc	40.3%	52	Typical	25.5%	42	Typical	20.6%
Discovery Charter School	66.0%	46	Typical	63.8%	37	Typical	53.1%
East Chicago Lighthouse Charter School	25.9%	60	Typical	22.5%	65	Typical	14.3%
East Chicago Urban Enterprise Academy	36.1%	60	Typical	22.7%	36	Typical	14.9%
Gary Lighthouse Charter School	22.0%	57	Typical	23.2%	70	High	13.8%
Geist Montessori Academy	53.4%	53	Typical	39.8%	51	Typical	32.6%
Hoosier Academy – Indianapolis	34.5%	65	Typical	34.5%	58.5	Typical	23.6%
Indiana Connections Academy	49.2%	50	Typical	26.5%	33	Low	23.2%
Insight School of Indiana	23.0%	40	Typical	6.8%	29	Low	5.4%
Inspire Academy	20.7%	35	Typical	25.3%	31	Low	16.1%
Mays Community Academy	36.8%	39	Typical	33.3%	10	Low	19.7%
Options Charter School – Noblesville	7.7%	30	Low	0.0%	15	Low	0.0%
Renaissance Academy Charter School	61.9%	58	Typical	51.8%	69	High	43.2%
Rock Creek Community Academy	55.5%	50	Typical	58.9%	58	Typical	45.8%
Rural Community Schools Inc	30.2%	30.5	Low	38.1%	20.5	Low	27.0%
Statewide	**47.9%**			**47.98%**			**37.1%**

High Growth is from 66th to the 99th percentile, Typical Growth is from 35th to the 65th percentile, and Low Growth is from the 1st to the 34th percentile.

INDIANA'S STATE ACCOUNTABILITY SYSTEM

BSU Authorized Charter Schools 2019 IREAD Results

(Due to the COVID pandemic, there was no 2019-20 IREAD testing)

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 2019 IREAD-3 results show that overall, 87.3% of Indiana public school students passed the IREAD assessment in Summer 2019. Students who do not pass the summer retest, may be retained in third grade.

	Spring 2018-19			Summer 2018-19		
Corporation Name	**IREAD TEST N**	**IREAD PASS N**	**IREAD Pass %**	**IREAD TEST N**	**IREAD PASS N**	**IREAD Pass %**
21st Century Charter School at Gary	73	50	68.5%	63	49	77.78%
Anderson Preparatory Academy	47	34	72.3%	45	40	88.89%
Aspire Charter Academy	82	60	73.2%	74	62	83.78%
The Bloomington Project School	28	26	92.9%	28	26	92.86%
Canaan Community Academy	17	12	70.6%	18	13	72.22%
Community Montessori Inc	42	30	71.4%	41	31	75.61%
Discovery Charter School	73	69	94.5%	73	71	97.26%
East Chicago Lighthouse Charter School	55	26	47.3%	45	32	71.11%
East Chicago Urban Enterprise Academy	38	28	73.7%	35	29	82.86%
Gary Lighthouse Charter School	100	51	51.0%	91	60	65.93%
Geist Montessori Academy	49	39	79.6%	47	38	80.85%
Hoosier Academy – Indianapolis	20	9	45.0%	18	14	77.78%
Indiana Connections Academy	130	99	76.2%	130	100	76.92%
Inspire Academy	22	10	45.5%	18	12	66.67%
Mays Community Academy	32	24	75.0%	33	30	90.91%
Renaissance Academy Charter School	29	29	100.0%	31	31	100.00%
Rock Creek Community Academy	43	39	90.7%	37	36	97.30%
Rural Community Schools Inc	17	16	94.1%	17	16	94.12%
Indiana Statewide				**82,646**	**72,139**	**83.7%**

ISTEP+ Grade 10 and Graduation Rates

BSU Authorized Charter Schools 2020

(Due to the COVID pandemic, there was no 2019-20 ISTEP+ Grade 10 testing)

2019 ISTEP+ Grade 10

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

School Name	% Pass Both ELA and Math	% Pass ELA	% Pass Math
21st Century Charter School at Gary	8.5%	40.0%	9.8%
Anderson Preparatory Academy	15.0%	34.4%	21.3%
Community Montessori	17.6%	67.6%	17.6%
Gary Lighthouse Charter School	3.5%	20.5%	3.5%
Gary Middle College	***	***	***
Hoosier Academy - Indianapolis	9.1%	45.5%	9.1%
Indiana Connections Academy	13.4%	61.0%	13.7%
Indiana Connections Career Academy	6.5%	51.4%	6.4%
Insight School of Indiana	2.7%	28.6%	3.4%
Neighbors' New Vistas High School	9.1%	27.3%	11.5%
Options Charter School - Carmel	0.0%	19.2%	0.0%
Options Charter School Noblesville	5.9%	20.6%	5.7%
Rock Creek Community Academy	32.3%	58.1%	32.3%
Indiana Statewide	**33.8%**	**62.4%**	**35.3%**

2020 GRADUATION RATES

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

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

School Name	In Cohort N	Total Graduate N	Total Graduation Rate	Non-Waiver Graduate N	Non-Waiver Graduation Rate	Waiver Graduate N	Waiver Graduation Rate
21st Century Charter School at Gary	54	51	94.44%	51	94.44%	0	n/a
Anderson Preparatory Academy	61	55	90.16%	53	86.89%	2	3.28%
Community Montessori	32	30	93.75%	29	90.63%	1	3.13%
Gary Lighthouse Charter School	115	98	85.22%	98	85.22%	0	n/a
Gary Middle College	53	7	13.21%	*	*	*	*
Indiana Connections Academy	962	615	63.93%	495	51.46%	120	12.47%
Indiana Connections Career Academy	112	71	63.39%	64	57.14%	7	6.25%
Insight School of Indiana	304	113	37.17%	106	34.87%	7	2.30%
Neighbors' New Vistas High School	74	25	33.78%	24	32.43%	1	1.35%
Options Charter School - Carmel	86	37	43.02%	26	30.23%	11	12.79%
Options Charter School Noblesville	110	50	45.45%	32	29.09%	18	16.36%
Rock Creek Community Academy	18	18	100.00%	18	100.0%	0	n/a
Indiana Statewide	79,397	69,441	87.46%	**63,216**	**79,62%**	6,180	**7.78%**

* Suppressed due to small population.

DIPLOMA TYPES AND DROP OUT DATA

BSU Authorized Charter Schools 2020

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

	Diploma Quality						Drop Out Data	
School Name	**Core %**	**Core #**	**Honors %**	**Honors #**	**General %**	**General #**	**Drop Out %**	**Drop Out #**
21st Century Charter School at Gary	76.5%	39	23.5%	12	0%	0	8.9%	3
Anderson Preparatory Academy	69.1%	38	27.3%	15	3.6%	2	6.6%	4
Community Montessori	40.0%	12	56.7%	17	3.3%	1	0%	0
Gary Lighthouse Charter School	64.3%	63	35.7%	35	0.0%	0	8.7%	10
Gary Middle College	*	*	*	*	*	*	44.4%	23
Indiana Connections Academy*	71.4%	439	9.1%	56	19.5%	120	25.4%	239
Indiana Connections Career Academy	87.3%	62	2.8%	2	9.9%	7	32.1%	36
Insight School of Indiana	92.9%	105	0.9%	1	6.2%	7	48.4%	146
Neighbors' New Vistas High School	92.0%	23	4.0%	1	4.0%	1	37.3%	Not available
Options Charter School - Carmel	70.3%	26	0%	0	29.7%	11	20.9%	Not available
Options Charter School Noblesville	60.0%	30	4.0%	2	36.0%	18	13.6%	Not available
Rock Creek Community Academy	66.7%	12	33.3%	6	0.0%	0	0%	0
State	**50.8%**	35,276	**40.3%**	27,984	**8.9%**	6,180	**7.9%**	

* Suppressed due to small population.

NORTHWEST EVALUATION ASSOCIATION-MAP

Performance Categories

Northwest Evaluation Association (NWEA)

The Northwest Evaluation Association (NWEA), a nonprofit organization, has partnered with school corporations and educational agencies across the nation to provide comprehensive assessment since 1977. More than two million students in the United States participate in NWEA assessments each year; providing an ample body of reference data for achievement norms. With a variety of support services, resource materials, and in-depth training, NWEA is a leader in longitudinal research for student achievement and growth and school improvement. In keeping with the NWEA mission to help all students learn, the organization uses assessment data to provide instructional tools for educators. Test results are made available for immediate use, with detailed reports and interpretation of student performance. Each Ball State-authorized charter school has administered the Measure of Academic Progress (MAP) standardized test in the fall and the spring. Growth rates are determined by the change in scores from fall to spring. Target growth rates are individualized, based upon the average for comparison students in the normal group who received a similar score. The target rate for one student may not be the same as the target rate for another. The percentage of students meeting their target growth rate for each school includes only those students present for both the fall and spring testing. This is the eighth year in which NWEA assessments are part of the requirement for accountability reporting. This data provides another snapshot of student performance that is focused specifically on student growth.



NWEA

Fall 2018 – Spring 2019 **(Due to the COVID pandemic, there was no 2019-20 NWEA testing)**

Note, in the below chart, 50% of students meeting their growth target would be typical growth on NWEA.

School Name	% of Students meeting reading growth target	% of Students meeting language arts growth target	% of Students meeting math growth target
21st Century Charter School at Gary	49.3%	42.5%	57.1%
Anderson Preparatory Academy	36.4%	Not tested	36.1%
Aspire Charter Academy	60.3%	Not tested	54.4%
The Bloomington Project School	Not tested	Not tested	Not tested
Canaan Community Academy	41.7%	Not tested	41.5%
Community Montessori	45.9%	44.0%	27.6%
Discovery Charter School	59.5%	54.7%	56.3%
East Chicago Lighthouse Charter School	54.9%	Not tested	57.8%
East Chicago Urban Enterprise Academy	59.9%	49.9%	50.6%
Gary Lighthouse Charter School	52.3%	Not tested	59.0%
Gary Middle College	Not tested	Not tested	Not tested
Geist Montessori Academy	54.6%	60.0%	61.2%
Hoosier Academy - Indianapolis	Not tested	Not tested	Not tested
Hoosier Academies Virtual Charter School	Not tested	Not tested	Not tested
Indiana Connections Academy	Not tested	Not tested	Not tested
Indiana Connections Career Academy	Not tested	Not tested	Not tested
Insight School of Indiana	Not tested	Not tested	Not tested
Inspire Academy	41.3%	Not tested	43.0%
Mays Community Academy	39.0%	33.4%	37.4%
Neighbors' New Vistas High School	Not tested	Not tested	Not tested
Options Charter School - Carmel	85.0%	50.0%	67.0%
Options Charter School Noblesville	n/a	n/a	n/a
Renaissance Academy Charter School	Not tested	Not tested	Not tested
Rock Creek Community Academy	57.4%	51.2%	60.4%
Rural Community Academy	43.3%	39.2%	18.7%

* The Bloomington Project School, Hoosier Academy-Indianapolis, Indiana Connections Academy, Indiana Connections Career Academy, Insight School of Indiana, Gary Middle College, Neighbors' New Vistas High School and Renaissance Academy Charter School did administer the NWEA Assessment in the Fall and/or Spring Test Windows.

2019-20 Minority Students, Free and Reduced Lunch and Special Ed Services

School Name	% of Minority Students	Received Free Lunch	% Received Free Lunch	Received Reduced Lunch	% Reduced Lunch	% Identified for Special Ed Svcs
21st Century Charter School at Gary	99.8%	875	75.30%	43	3.60%	11.30%
Anderson Preparatory Academy	43.8%	528	68.40%	57	7.40%	25.90%
Aspire Charter Academy	99.2%	566	88.10%	41	6.50%	14.40%
The Bloomington Project School	25.2%	63	22.70%	14	5.00%	26.30%
Canaan Community Academy	12.0%	150	98.10%	2	1.30%	25.30%
Community Montessori	12.1%	56	10.20%	69	12.60%	22.90%
Discovery Charter School	29.5%	76	14.20%	22	4.10%	14.00%
East Chicago Lighthouse Charter School	99.0%	495	100.00%	0	0.00%	15.40%
East Chicago Urban Enterprise Academy	99.8%	408	100.00%	0	0.00%	10.30%
Gary Lighthouse Charter School	99.3%	1370	99.60%	0	0.00%	13.00%
Gary Middle College	98.0%	126	63.30%	5	2.50%	8.50%
Geist Montessori Academy	25.6%	6	1.70%	10	2.80%	17.10%
Hoosier Academy - Indianapolis	62.4%	72	57.60%	8	6.40%	16.00%
Indiana Connections Academy	22.6%	1558	30.70%	643	12.70%	18.20%
Indiana Connections Career Academy	23.3%	99	26.50%	44	11.80%	12.90%
Insight School of Indiana	30.0%	465	49.20%	108	11.40%	20.20%
Inspire Academy	41.1%	119	66.10%	8	4.40%	28.90%
Mays Community Academy	5.0%	129	59.20%	3	1.40%	39.90%
Neighbors' New Vistas High School	47.7%	111	51.90%	18	8.40%	20.60%
Options Charter School - Carmel	29.5%	59	27.20%	10	4.60%	26.30%
Options Charter School Noblesville	22.2%	92	26.50%	5	1.40%	30.50%
Renaissance Academy Charter School	15.2%	52	21.30%	3	1.20%	9.40%
Rock Creek Community Academy	24.2%	173	31.50%	14	2.50%	27.60%
Rural Community Academy	4.2%	95	100.00%	0	0.00%	38.90%

2019-20 School Renewals

During the 2019-20 school year, five schools were scheduled to be up for renewal. All five requested renewal. Two schools, Aspire Charter Academy and East Chicago Lighthouse Charter School, received 5-year contract renewals. One school, Insight School of Indiana received a 1-year contract renewal. Two schools, Discovery Charter School and Rock Creek Community Academy, received 7-year contract renewals.

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.

2019-20 Approved Charter Proposals

On October 23, 2019, the Ball State University Charter School Review Committee unanimously approved the HIM by HER College School Arts charter proposal for establishment of a charter school, which opened in August of 2020 at 4501 East 32nd Street, Indianapolis, Indiana, and is authorized to serve to grades K-8 with a maximum enrollment of 750.

Financial Audits for Each Charter School*

1. 21st Century Charter School at Gary
2. Anderson Preparatory Academy
3. Aspire Charter Academy
4. The Bloomington Project School
5. Canaan Community Academy
6. Community Montessori, Inc.
7. Discovery Charter School
8. Gary Middle College
9. Geist Montessori Academy
10. Hoosier Academy – Inc. (for Hoosier Academy –Indianapolis and Insight School of Indiana)
11. Indiana Online Learning Options, Inc. (for Indiana Connections Academy and Indiana Connections Career Academy)
12. Insight School of Indiana
13. Inspire Academy
14. Lighthouse Academies of Northwest Indiana (for East Chicago Lighthouse Charter School and Gary Lighthouse Charter School)
15. Mays Community Academy
16. Neighbors' New Vistas High School
17. Options Charter School - Carmel
18. Options Charter School - Noblesville
19. Renaissance Academy Charter School
20. Rock Creek Community Academy
21. Rural Community Academy

* See Attached Appendix for copies of audit reports for each charter school for the year ended June 30, 2020.

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
- NWEA meeting reading growth target
- NWEA meeting LA target
- NWEA meeting math target
- Indiana Department of Education Median Growth Student Growth Percentile

Student Achievement

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

State, Federal and Ball State Accountability

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

Post-Secondary Readiness

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

Academic, Financial and Organizational Performance Frameworks

The Financial Performance Framework measures:

Near Term Indicators

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

Sustainability Indicators

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

Academic, Financial and Organizational Performance Frameworks

The Organizational Performance Framework measures:

Education Reform

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

Financial Management and Oversight

- Reporting and Compliance
- Generally Accepted Accounting Principles

Governance and Reporting

- Governance Requirements
- Management Oversight
- Reporting Requirements

Additional Legal Obligations

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

2019-20 Administrative Fees Received

Ball State University receives an administrative fee of three percent (3%)* of the total amount the organizer receives during the state fiscal year from basic tuition support (as defined in IC 20-43-1-8) as permitted pursuant to pursuant to IC 20-24-7-3. The chart below reflect the amounts of those fees collected from each of its charter schools during the 2018-19 fiscal year.

21st Century Charter School at Gary	$275,875.83
Anderson Preparatory Academy	$150,363.82
Aspire Charter Academy	$145,594.47
The Bloomington Project School*	$48,737.28
Canaan Community Academy	$27,649.32
Community Montessori	$91,456.92
Discovery Charter School*	$92,164.18
East Chicago Lighthouse Charter School	$114,455.02
East Chicago Urban Enterprise Academy	$87,096.20
Gary Lighthouse Charter School	$307,906.40
Gary Middle College	$23,054.01
Geist Montessori Academy	$61,533.89
Hoosier Academy - Indianapolis	$23,887.55
Indiana Connections Academy	$819,361.35
Indiana Connections Career Academy	$55,840.56
Insight School of Indiana	$147,389.62
Inspire Academy	$37,574.48
Mays Community Academy	$42,184.82
Neighbors' New Vistas High School	$45,095.36
Options Charter School - Carmel	$41,598.04
Options Charter School Noblesville	$61,210.45
Renaissance Academy Charter School	$43,248.16
Rock Creek Community Academy*	$99,675.45
Rural Community Academy	$18,390.57
Total 2019-20 Administrative Fees	$2,861,343.75

* 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.

2019-20 EXPENDITURES

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

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

The chart below reflect the amounts of those expenditures during the 2019-20 fiscal year:

Expenditure	**Amount**
Salaries (5 full-time, 2 part-time, student workers)	$558,344.39
Other Contract Faculty	$13,413.00
Benefits	$133,525.70
Advertising	$1,067.66
Airfare	$955.00
Association Dues	$2,700.00
Blackbaud Software Solutions (software which will allow Ball State University admissions team to better utilized donor funded scholarships in the recruitment of high school students)	$29,400.00
Computer Purchase/Rental/Repair/Maintenance	$480.00
Conference/Facilities Rentals and Meals	$0.00
Consultants	$301,756.50
Employee Per Diem Expense	$592.50
Fund Lucina Interior Renov	$52,911.14
Ground Transportation	$208.65
In State Lodging Expense	$1,428.75
Legal Fees	$0.00
Meals & Lodging	$1,024.87
Mileage Personal Vehicle	$4,458.12
Minor Computer Equipment	$0.00
Miscellaneous Expenses	$150.00
Northwest Evaluation Association	$30,287.50
Office Supplies	$656.11
Out of State Lodging Expense	$919.84
Postage/FedEx/UPS	$145.56
Print and Dup on Campus	$508.87
Print and Dup off Campus	$16.12
Registration Fees	$1,424.92
Scholarships	$30,096.00
Subscriptions and Publications	$720.00
Telephone/Cellphone/Network Charges	$2,306.40
Overhead and Support Services	$653,365.00
Total 2019-20 Expenses	**$1,822,862.60**

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)

21st Century Charter School at Gary

21st CENTURY CHARTER SCHOOL @ GARY, INC.

FINANCIAL STATEMENTS

June 30, 2020 and 2019

21ST CENTURY CHARTER SCHOOL @ GARY, INC.

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of 21st Century Charter School @ Gary, Inc. (the School), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of 21st Century Charter School @ Gary, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the School has adopted ASU 2016-18 – Statement of Cash Flows (Topic 230): *Restricted Cash* for the year ended June 30, 2020. Our opinion is not modified with respect to this matter.

Other Matter

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated February 19, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
February 19, 2021

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 1,869,935	$ 492,793
Restricted cash	1,508,921	1,528,320
Grants and accounts receivable	143,766	262,443
Prepaid expenses	97,021	67,712
Due from related parties (Note 4)	94,171	74,973
Property and equipment, net (Note 2)	10,734,141	10,395,258
Total assets	$ 14,447,955	$ 12,821,499
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 918,227	$ 969,257
Due to related parties (Note 4)	21,798	16,277
Grant advance liability (Note 9)	188,682	-
Bonds and notes payable, net (Note 3)	12,742,498	12,726,007
Total liabilities	13,871,205	13,711,541
NET ASSETS		
Without donor restrictions	576,750	(890,042)
Total liabilities and net assets	$ 14,447,955	$ 12,821,499

See accompanying notes to financial statements.

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	2020	2019
Public support and revenues		
Federal grants	$ 3,734,830	$ 2,202,102
State and local grants	10,967,763	7,897,546
Supporting services	102,944	38,195
Loss on disposal of equipment	-	(47,861)
Total revenue and support	14,805,537	10,089,982
Expenses		
Education services	12,517,862	10,299,148
Management and general	820,883	798,942
Total expenses	13,338,745	11,098,090
Change in net assets	1,466,792	(1,008,108)
Net assets without donor restrictions, beginning of year	(890,042)	118,066
Net assets without donor restrictions, end of year	$ 576,750	$ (890,042)

See accompanying notes to financial statements.

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 1,466,792	$ (1,008,108)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	586,138	531,583
Loss on disposal of property and equipment	-	47,861
Change in assets and liabilities:		
Grants and accounts receivable	118,677	288,229
Prepaid expenses	(29,309)	420
Due to/from related parties	(13,677)	(17,283)
Accounts payable and accrued other expenses	(51,030)	108,852
Grant advance liability	188,682	-
Net cash from operating activities	2,266,273	(5,016)
Cash flows from investing activities		
Purchases of property and equipment	(882,976)	(274,374)
Net cash from investing activities	(882,976)	(274,374)
Cash flows from financing activities		
Proceeds on issuance of notes payable	368,159	-
Principal payments on bonds and notes payable	(393,713)	(320,000)
Net cash from financing activities	(25,554)	(320,000)
Net change in cash and cash equivalents	1,357,743	599,390
Cash and cash equivalents, beginning of year	2,021,113	2,620,503
Cash and cash equivalents, end of year	$ 3,378,856	$ 2,021,113
Reconciliation of cash to the Statements of Financial Position:		
Cash and cash equivalents	$ 1,869,935	$ 492,793
Restricted cash	1,508,921	1,528,320
Total cash and cash equivalents	$ 3,378,856	$ 2,021,113
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 797,855	$ 788,712

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2020 and 2019.

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

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

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

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

Allowances: No allowance for doubtful accounts is recorded as of June 30, 2020 and 2019. The allowances are based upon prior experience and management’s analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2020 and 2019, management believes that no impairment exists.

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

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

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

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

The net asset with donor restrictions class also includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions as of June 30, 2020 and 2019.

Federal and State Grants: Support funded by grants is recognized as the School performs the contracted services under various grant agreements. Grant revenue is typically recognized as earned as the eligible expenses are incurred. Some of the School's grant agreements are not on a cost reimbursement basis, and support is recognized when earned. This includes the School's basic grant support from the State which is based on per-pupil funding. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional and Allocated Expenses: Expenses have been classified as program services and supporting services based on the actual direct expenditures and estimated cost allocations. Salaries and related expenses are charged based upon time estimates of personnel. Supporting services include management and general activities of the School. The School did not incur any fundraising expenses for the years ended June 30, 2020 and 2019.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising: The School expenses advertising costs as incurred. During 2020 and 2019, expenses totaling $56,908 and $32,938 were incurred for advertising.

Recently Adopted Accounting Guidance: In November 2016, the FASB issued ASU 2016-18 – *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this Update require that a statement of cash flows explain the change during the period of total cash, cash equivalents, and amounts generally described as restricted cash of cash equivalents. Therefore, amounts generally described as restricted cash and cash equivalents should be included with cash and cash equivalents on the statement of cash flows. The School applied the amendments in this ASU for the year ended June 30, 2020, including retrospective adoption to the year ended June 30, 2019.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2020. Management has performed their analysis through February 19, 2021, the date the financial statements were issued.

NOTE 2 - PROPERTY AND EQUIPMENT

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

	2020	2019
Land	$ 296,500	$ 296,500
Building and building improvements	11,699,920	11,523,369
Equipment	2,663,510	1,959,085
	14,659,930	13,778,954
Less: accumulated depreciation	(3,925,789)	(3,383,696)
	$ 10,734,141	$ 10,395,258

Depreciation expense for the years ended June 30, 2020 and 2019 was $544,094 and $488,153, respectively.

NOTE 3 - OPERATING LEASES

The School leases modular space and vehicles under various non-cancelable operating leases which expire at various dates through fiscal year 2022. The future maturities lease payments under operating leases are as follows:

2021	$ 34,100
2022	34,100
	$ 68,200

Operating lease expense for the year ended June 30, 2020 and 2019 was approximately $90,044 and $0, respectively.

(Continued)

NOTE 4 – BONDS AND NOTES PAYABLE

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

	2020	2019
Series 2013A bonds payable, maturing in March 2033, including interest computed at 6%, secured by Real Estate Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, and Trust Accounts and interest in the Project, as defined in the Loan Agreement dated February 1, 2013. Principal payments began on February 28, 2018.	$ 4,885,000	$ 5,130,000
Series 2013A bonds payable, maturing in March 2043, including interest computed at 6.25%, secured by Real Estate Mortgage, Security Agreement, Assignment of Leases and Rents and Fixture Filing, and Trust Accounts and interest in the Project, as defined in the Loan Agreement dated February 1, 2013. Principal payments begin on February 28, 2034.	7,355,000	7,355,000
Note payable to State of Indiana Treasurer to support charter school operations, payable in semi-annual installments of $45,000, plus interest computed at 1.00%, through maturity in July 2026.	585,000	675,000
Note payable for equipment purchase, payable in monthly payments of $7,026, including interest computed at 7.50%, through maturity in July 2024.	295,918	-
Note payable for equipment purchase, payable in monthly payments of $846, including interest computed at 7.50%, through maturity in December 2021.	13,529	-
	13,134,447	13,160,000
Bond issuance cost, net of accumulated amortization	(391,949)	(433,993)
Total bonds and notes payable, net	$ 12,742,498	$ 12,726,007

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

2021	$ 423,031
2022	439,271
2023	454,681
2024	480,481
2025	421,983
Thereafter	10,915,000
	$ 13,134,447

Total interest expense during the years ended June 30, 2020 and 2019 were $792,505 and $783,625, respectively. The School has financial and nonfinancial covenants associated with the bond obligations. At June 30, 2020 and 2019, the School was not in compliance with certain covenants. The bondholder has provided a forbearance agreement through January 30, 2022.

(Continued)

NOTE 5 - RELATED PARTY TRANSACTIONS

The School has a management agreement with the Greater Educational Opportunities Foundation (GEOF). Under the management agreement, GEOF charges administrative and per student fees in exchange for the management, operation, administration, IT support, payroll and accounting services provided. During the years ended June 30, 2020 and 2019, the School paid GEOF administrative fees of $791,475 and $634,947, respectively. As part of the management services provided, GEOF acts as the payor of certain operating expenses including a self-funded insurance plan for employee medical and prescription drug insurance managed by GEOF. GEOF is reimbursed by the School. During the years ended June 30, 2020 and 2019, the School paid GEOF reimbursements of $490,475 and $414,701, respectively, for self-insurance expense and other reimbursements. The School's board retains final authority and responsibility for financial and budgetary commitments. At June 30, 2020 and 2019, the School has a payable to GEOF for $21,798 and $16,277, respectively, for various transactions and a receivable from GEOF in the amount of $94,171 and $74,973, respectively, for overpayment of administrative fees.

In July 2019, the School and GEOF entered into a building lease agreement for a second facility to expand operations for the 2019-2020 school year. The agreement requires monthly rent payments of $30,000 maturing on June 30, 2023. Rent expense for the year ended June 30, 2020 was $360,000. There was no rent expense for the year ending June 30, 2019.

NOTE 6 - CHARTER AGREEMENT

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay Ball State University an annual administrative fee equal to 3% of State tuition support, along with other licensing fees. Payments under this charter agreement were $275,876 and $143,380 for the years ended June 30, 2020 and 2019, respectively.

In June 2020, Ball State University, the School's charter authorizer, placed the School on probation in relation to certain governance conditions of the charter. The School's Board is working closely with Ball State University to address these concerns. The School has continued business operations during this probation period.

NOTE 7 - PENSION PLANS

The School's faculty and certain administrative employees are participants in a 403(b) tax deferred annuity retirement plan. All participants may contribute to the plan. There were no employer matching contributions to the plan for the years ended June 30, 2020 and 2019.

The School participates in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The School employees are required to contribute three percent of their annual covered salary. The School is required to contribute an actuarially determined rate determined annually for PERF and TRF. The School’s expense for the years ended June 30, 2020 and 2019 was $398,642 and $382,210, respectively.

(Continued)

NOTE 8 – FUNCTIONAL EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for education services and management and general activities. The table below presents these functional expenses by their natural classification for the years ended June 30, 2020 and 2019, respectively.

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

	2019		
	Education Services	Management and General	Total
Salaries and benefits	$ 6,410,143	$ -	$ 6,410,143
Student support and supplies	1,213,655	-	1,213,655
Office and operation expense	308,139	-	308,139
Depreciation and amortization	531,583	-	531,583
Building and grounds	1,277,247	-	1,277,247
Service contracts	558,381	798,942	1,357,323
Total expenses	$ 10,299,148	$ 798,942	$ 11,098,090

(Continued)

NOTE 9 - LIQUIDITY AND AVAILABILITY

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

	2020	2019
Cash and cash equivalents	$ 1,869,935	$ 492,793
Restricted cash	1,508,921	1,528,320
Grants and accounts receivable	143,766	262,443
Due from related parties	94,171	74,973
	3,616,793	2,358,529
Less amount not available to be used within one year:		
Restricted cash	1,508,921	1,528,320
Financial assets available to meet general expenditures Within one year	$ 2,107,872	$ 830,209

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

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

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

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

Under the terms of the Paycheck Protection Program, a PPP loan provides for conditional forgiveness if the Organization utilizes the loan proceeds on admissible expenses, including qualifying payroll, rent, and utility expenses, and maintains employment and compensation levels over the covered period. Although the Organization believes the conditions for full forgiveness of the PPP loan will be met, ultimate forgiveness is conditioned upon the SBA concurring with the Organization's good-faith assessment that the current economic uncertainty made the loan request necessary to support ongoing operations and the loan proceeds were used for admissible expenses.

If the Organization is later determined to have violated the provisions of the Payroll Protection Program, the Organization may be required to repay the PPP loan in its entirety and/or be subject to additional penalties. If any portion of the PPP Loan is not forgiven, the remaining amount will have a two-year repayment period and the interest rate on the loan will be 1%.

(Continued)

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

The School is accounting for the PPP Loan as a conditional contribution under ASC 958-605. Under Subtopic 958-605, the PPP loan proceeds are initially recorded as a grant advance liability on the statement of financial position and subsequently recognized as grant revenue when the Organization has substantially met all conditions for forgiveness. While formal forgiveness has not yet been obtained, the School met substantially all of the conditions on a portion of the PPP loan and recorded federal grant revenue of $1,011,318 during the year ended June 30, 2020. The remaining conditional contribution of $188,682 is recorded as a grant advance liability on the June 30, 2020 statement of financial position, and management expects to meet the related conditions for forgiveness during fiscal year 2021.

The School also received an allocation of Elementary and Secondary School Emergency Relief Funding through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) totaling $1,031,278, of which $352,432 was spent on eligible costs and recognized as revenue during the year ended June 30, 2020. The remaining revenue amount will be recognized when allowable expenses are incurred during fiscal year 2021.

OTHER REPORTS AND SUPPLEMENTARY INFORMATION

21ST CENTURY CHARTER SCHOOL @ GARY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2020

Federal Grantor/Pass-Through Grantor/ Program Title	CFDA Number	Pass Through Number	Total Federal Expenditures
U.S. Department of Agriculture			
Pass-Through Indiana Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	9545	$ 144,593
COVID-19 – School Breakfast Program	10.553	9545	24,660
National School Lunch Program	10.555	9545	423,371
COVID-19 - National School Lunch Program	10.555	9545	53,095
Total Child Nutrition Cluster			645,719
U.S. Department or Education			
Passed through the Indiana Department of Education			
Title I, Part A			
Title I Grants to Local Educational Agencies	84.010	S010A160014	86,149
Title I Grants to Local Educational Agencies	84.010	S010A170014	1,429,244
Total for Title I Grants to Local Educational Agencies			1,515,393
Special Education Cluster			
Special Education Grants to States	84.027	17611-532-PN01	32,362
Special Education Grants to States	84.027	18611-532-PN01	156,891
Total Special Education cluster			189,253
Student Support and Academic Enrichment	84.424A	S424A180015	15,715
COVID-19 - Education Stabilization Fund	84.425D	S425D200013	352,432
Maternal and Child Health Services Block Grant to the States	93.994	00039982	5,000
Total expenditures of federal awards			$ 2,723,512

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

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the School under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the School.

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

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

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of 21st Century Charter School @ Gary, Inc. (the School), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated February 19, 2021.

Internal Control Over Financial Reporting

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

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

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
February 19, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited 21st Century Charter School @ Gary, Inc.'s (the School) compliance with the types of compliance requirements described in the *OMB Uniform Guidance* that could have a direct and material effect on the School's major federal program for the year ended June 30, 2020. The School's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
February 19, 2021

Section 1 – Summary of Auditor's Results

Financial Statements

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

Federal Awards

Internal control over major federal programs:		
Material weakness(es) identified?	_____ Yes	__X__ No
Significant deficiency(ies) identified?	_____ Yes	__X__ None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	__X__ No

Identification of major federal programs:

CFDA 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

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.

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

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

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

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

LAKE COUNTY, INDIANA
July 1, 2019 to June 30, 2020

21st CENTURY CHARTER SCHOOL AT GARY, INC.

LAKE COUNTY, INDIANA
July 1, 2019 to June 30, 2020

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Office	Official	Term
Lead Principal	Nicole McIntosh	July 1, 2019 to June 30, 2020
Treasurer	Dana Johnson Teasley	July 1, 2019 to June 30, 2020
President of the Charter Board	Arlene Colvin	July 1, 2019 to June 30, 2020

Crowe LLP
Independent Member Crowe Global

TRANSMITTAL LETTER

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

We have audited the financial statements of 21st Century Charter School at Gary, Inc. (the "School") for the period from July 1, 2019 to June 30, 2020 and have issued our report thereon February 19, 2021. As part of our audit, we performed certain tests of the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual ("Manual") for the audits of Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audited Results and Comments are matters where we believe the School was not in compliance with those provisions. However, providing an opinion on compliance with the Manual was not an objective of our tests, and accordingly, we do not express such an opinion.

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
February 19, 2021

FINDING 2020-001: REVIEW OF TICKET SALE PROCEDURES

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

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

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

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

FINDING 2020-002: CONFLICT OF INTEREST STATEMENTS

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

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

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

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

FINDING 2020-003: **TICKET SALES PROCEDURES**

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

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

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

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

The contents of this report were discussed on January 11, 2021 with Dana Johnson Teasley, Treasurer. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

Anderson Preparatory Academy

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy, which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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

Other Matter

Prior Year Financial Statements

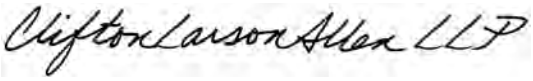
The 2019 financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy were audited by other auditors whose report dated November 6, 2019 expressed an unmodified opinion on those statements.

Other Information – Schedule of Expenditures of Federal Awards

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2020, 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 result 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

Indianapolis, Indiana
December 10, 2020

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 1,577,510	$ 567,608
Grants Receivable	181,168	13,755
Prepaid Expenses	10,340	24,701
Total Current Assets	1,769,018	606,064
PROPERTY AND EQUIPMENT		
Land	320,000	320,000
Buildings and Improvements	3,411,494	3,196,528
Furniture and Equipment	2,532,209	2,351,741
Textbooks	143,962	143,963
Vehicles	57,275	57,279
Less: Accumulated Depreciation	(3,508,987)	(3,040,044)
Property and Equipment, Net	2,955,953	3,029,467
Total Assets	$ 4,724,971	$ 3,635,531
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 273,178	$ 241,441
Current Portion of Capital Lease Obligations	3,655	22,345
Accounts Payable and Accrued Expenses	731,665	394,717
Total Current Liabilities	1,008,498	658,503
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	1,195,515	1,363,624
Payroll Protection Program Loan	982,700	-
Capital Lease Obligations, Net of Current Portion	-	3,913
Total Long-Term Liabilities	2,178,215	1,367,537
Total Liabilities	3,186,713	2,026,040
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	1,452,288	1,529,071
Board Designated	85,970	80,420
Total Net Assets	1,538,258	1,609,491
Total Liabilities and Net Assets	$ 4,724,971	$ 3,635,531

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 5,743,628	$ 5,440,272
Grant Revenue	1,845,611	1,153,922
Student Fees	169,172	222,092
Contributions	25,767	40,662
Fundraising and Other Income	243,318	261,836
Total Revenue and Support	8,027,496	7,118,784
EXPENSES		
Program Services	6,619,149	6,005,029
Management and General	1,479,580	1,372,726
Total Expenses	8,098,729	7,377,755
CHANGE IN NET ASSETS	(71,233)	(258,971)
Net Assets - Beginning of Year	1,609,491	1,868,462
NET ASSETS - END OF YEAR	$ 1,538,258	$ 1,609,491

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 3,642,016	$ 740,230	$ 4,382,246	$ 3,202,116	$ 665,159	$ 3,867,275
Employee Benefits	751,807	136,637	888,444	664,483	140,204	804,687
Classroom, Kitchen, and Office Supplies	1,073,180	39,560	1,112,740	600,099	33,862	633,961
Professional Services	235,207	213,392	448,599	367,699	214,918	582,617
Depreciation	468,943	-	468,943	480,455	-	480,455
Occupancy	189,207	-	189,207	276,809	-	276,809
Property Rental and Maintenance	90,194	-	90,194	242,394	-	242,394
Insurance	-	134,351	134,351	-	135,169	135,169
Authorizer Oversight Fees	-	150,364	150,364	-	120,902	120,902
Interest	89,103	-	89,103	86,178	-	86,178
Staff Development	25,825	11,888	37,713	27,071	5,009	32,080
Transportation	30,267	-	30,267	21,662	-	21,662
Other	23,400	53,158	76,558	36,063	57,503	93,566
Total Functional Expenses	$ 6,619,149	$ 1,479,580	$ 8,098,729	$ 6,005,029	$ 1,372,726	$ 7,377,755

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (71,233)	$ (258,971)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	468,943	480,455
Changes in Operating Assets and Liabilities:		
Grants Receivable	(167,413)	39,966
Prepaid Expenses	14,361	4,427
Accounts Payable and Accrued Expenses	336,948	(69,822)
Refundable Advances	-	(840)
Net Cash Provided by Operating Activities	581,606	195,215
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(395,429)	(138,235)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	1,251,363	-
Principal Repayment of Notes Payable	(405,035)	(203,429)
Principal Reduction of Capital Lease Obligations	(22,603)	(46,302)
Net Cash Provided (Used) by Financing Activities	823,725	(249,731)
NET CHANGE IN CASH	1,009,902	(192,751)
Cash - Beginning of Year	567,608	760,359
CASH - END OF YEAR	$ 1,577,510	$ 567,608
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 89,103	$ 86,178

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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, 2020 and 2019 for purposes related to various School academic and sports programs. Board-designated net assets totaled $85,970 and $80,420, as of June 30, 2020 and 2019, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

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.

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, 2019 and 2018, 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. 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

Impairment of Long-Lived Assets

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

Subsequent Events

The School evaluated subsequent events through December 10, 2020, 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.

On August 27, 2020, the School received federal stimulus support through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Total funds received via the CARES Act totaled approximately $202,200.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019
Loan payable to First Financial Bank, payable in monthly installments of $4,460 including interest at 4.55% per annum through July 2021, secured by a mortgage of School facilities and all business assets	$ 56,462	$ 106,118
Loan payable to First Financial Bank, payable in monthly installments of $3,183 including interest at 4.20% per annum through June 2022, secured by a mortgage on School facilities and all business assets	64,650	99,278
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	274,429	297,302
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	267,704	302,478
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	469,512	531,280
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	237,290	268,609
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	98,646	-
Total	1,468,693	1,605,065
Less: Current Portion	(273,178)	(241,441)
Long-Term Portion	$ 1,195,515	$ 1,363,624

NOTE 2 NOTES PAYABLE (CONTINUED)

The First Financial Bank notes payable require the School to maintain a minimum debt service coverage ratio greater than 1.50-to-1.00. The School was in compliance with this covenant for the year ended June 30, 2020.

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

Year Ending June 30,	Amount
2020	$ 273,178
2021	227,456
2022	204,435
2023	217,247
2024	200,712
Thereafter	345,665
Total	$ 1,468,693

NOTE 3 PAYROLL PROTECTION PROGRAM LOAN

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

NOTE 4 REVOLVING LINE OF CREDIT

The School has a $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 prime plus .75% (5.75% and 6.25% at June 30, 2020 and 2019, respectively). There were no advances outstanding on the line of credit as of June 30, 2020 and 2019.

NOTE 5 LEASES

The School leases various items of equipment under capital leases. At June 30, 2020, the cost and accumulated depreciation relating to these assets were $306,200 and $301,920, respectively ($306,200 and $240,150, respectively, at June 30, 2019).

Minimum future lease payments as of June 30, 2020 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
2021	$ 3,913
Less: Amount Representing Interest	(258)
Total	$ 3,655

The School also leases various items of equipment under operating leases. Total expense under these operating leases was $15,900 and $32,900 for the years ended June 30, 2020 and 2019, respectively. None of the operating leases have terms extending beyond the following fiscal year.

NOTE 6 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2020 and 2019, the School contributed 5.5% and 7.0%, 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, 2019 (the latest year reported), TRF was more than 88% 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 2020 or 2019. Retirement plan expense under both plans was $242,726 and $231,063 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $150,360 and $120,900 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021 and is renewable thereafter by mutual consent.

The School has contracted with a third party to provide network and technology services to the School. Under this contract, the School has committed to make annual payments of approximately $75,000 through August 2020 with the option to purchase additional services for which the School is billed as services are provided. The School has the option to terminate the agreement with 30 days' notice. Payments under this agreement were $87,459 and $73,174 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 RISKS AND UNCERTAINTIES

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

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Any changes in state or federal legislation could significantly impact the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020, 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.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable.

	2020	2019
Financial Assets	$ 1,758,678	$ 581,363
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Board Designated for Specific Purpose	(85,970)	(80,420)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,672,708	$ 500,943

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 $85,970 of board-designated net assets to meet general obligations. In addition, the School has a $75,000 line of credit available as of June 30, 2020.

NOTE 10 FUNCTIONAL EXPENSE REPORTING

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

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
OTHER REPORT
JUNE 30, 2020

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*.

SUPPLEMENTARY INFORMATION



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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 and Management
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, 2020, 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 December 10, 2020.

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 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.

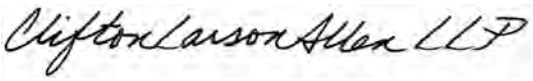
Board of Directors and Management
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy

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 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

Indianapolis, Indiana
December 10, 2020



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 and Management
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Indianapolis, Indiana

Report on Compliance for 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 described 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, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed an 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 item 2020-001. Our opinion on each major federal program is not modified with respect to this matter.

The School's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Anderson Preparatory Academy. 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.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

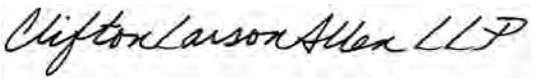
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The School's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2020, and have issued our report thereon dated December 10, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 10, 2020

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA 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	$ -	$ 681,017
Total Department of Agriculture			-	681,017
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	N/A	-	213,433
Special Education Cluster - Special Education Grants to States	84.027	N/A	-	105,220
Charter School Program	84.282	N/A	-	8,899
Title II Improving Teacher Quality State Grants	84.367	N/A	-	35,237
Title IV Student Support and Academic Enrichment Program	84.424	N/A	-	6,260
Total Department of Education			-	369,049
Total Expenditures of Federal Awards			$ -	$ 1,050,066

See accompanying Notes to Schedule of Expenditures of Federal Awards.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards 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, 2020. 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, 2020
(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? ____x____ yes _____ 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
10.555	Child Nutrition Cluster - National School Lunch 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 2CFR 200.516(a).

Section III – Findings and Questioned Costs – Major Federal Programs

2020–001

Federal agency: U.S. Department of Agriculture

Federal program title: Child Nutrition Cluster – National Student Lunch Program

CFDA Number: 10.555

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): N/A

Award Period: July 1, 2019 – June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Management of the School should maintain policies, procedures, and internal controls sufficient to maintain all required documentation for specific program requirements for the National Student Lunch Program as noted in 7 CFR sections 245.2, 245.3, and 245.6; section 9(b)(1) of the NSLA (42 USC 1758 (b)(1)); sections 3(a)(6) and 4(e) of the CNA (42 USC 1772(a)(6) and 1773(e)).

Condition: During our testing, we noted instances in two students tested that did not have their direct certification letter affirming that they could participate in the program. Additionally, three other students did not have their application or direct certification letter.

Question costs: None.

Context: During our testing of eligibility under the program, we noted that the three students did not have the key documentation and approvals documented for their status in the lunch program as other students tested in our sample of 40 students. During our testing of special tests and provisions under the program, we noted that five students did not have the key documentation and approvals documented for their status in the free and reduced lunch program as other students tested in our sample of 40 students

Cause: The School did not obtain and/or retain all documents in the student files.

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

2020–001 (Continued)

Effect: Students could be participating in the program at the inappropriate level based on their eligibility.

Repeat Finding: No.

Recommendation: We recommend that management review processes, procedures, and controls related to document retention and update procedures as necessary to ensure complete student files are maintained to support the students' eligibility for the program.

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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

MADISON COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND
CONSULTING

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, 2019 TO JUNE 30, 2020

Office	Official	Term
Chairman of Board of Directors	Mike Casuscelli	07/01/19 – 06/30/20
Treasurer	Natalie Hall	07/01/19 – 06/30/20
Treasurer of Board of Directors	David Ashby	07/01/19 – 06/30/20

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, 2020 and have issued our report thereon dated December 10, 2020. 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 10, 2020

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020

No findings noted for the period of July 1, 2019 to June 30, 2020.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with management and was presented to the board of directors on December 1, 2020. As there were no findings noted for the period of July 1, 2019 to June 30, 2020, an Official Response has not been included in this report.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

A member of Nexia International

Aspire Charter Academy

ASPIRE CHARTER ACADEMY, INC.



Financial Statements and Supplementary Information

Years Ended June 30, 2020 and 2019

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 Financial Statements

We have audited the accompanying financial statements of Aspire Charter Academy, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit 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), 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.

Prior Year

The 2019 financial statements of Aspire Charter Academy, Inc. were audited by other auditors whose report dated December 13, 2019, expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2021, 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

Indianapolis, Indiana
January 22, 2021

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS:		
Cash	$ 1,536,248	$ 1,306,833
Due from governmental revenue sources	190,845	2,746,211
Less allowance for doubtful accounts	-	(2,544,248)
Total due from governmental revenue sources, net of allowance for doubtful accounts	190,845	201,963
Total current assets	1,727,093	1,508,796
NON-CURRENT ASSETS:		
Capital assets	191,883	191,883
Less accumulated depreciation	(169,635)	(154,235)
Total capital assets, net of accumulated depreciation	22,248	37,648
TOTAL	$ 1,749,341	$ 1,546,444
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ -	$ 4,686
Deferred revenue	7,902	6,316
Contracted service fee payable	1,682,941	1,480,647
Total liabilities	1,690,843	1,491,649
NET ASSETS:		
Net assets without donor restrictions	58,498	54,795
TOTAL	$ 1,749,341	$ 1,546,444

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, 2020 AND 2019

	2020	2019
REVENUES AND SUPPORT:		
State aid	$ 4,853,149	$ 5,238,321
Other state sources	906,108	650,159
Federal sources	1,485,898	1,819,797
Private sources	49,036	52,565
In-kind contribution — NHA	286,368	160,496
Total revenues and support	7,580,559	7,921,338
EXPENSES:		
Contracted service fee	7,545,560	7,886,959
Depreciation	15,400	18,451
Board expenses	15,896	40,404
Total expenses	7,576,856	7,945,814
CHANGE IN NET ASSETS	3,703	(24,476)
NET ASSETS WITHOUT DONOR RESTRICTION:		
Beginning of year	54,795	79,271
End of year	$ 58,498	$ 54,795

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEARS ENDED JUNE 30, 2020, WITH COMPARATIVE INFORMATION FOR THE YEAR ENDED JUNE 30, 2019

	2020			2019
	Program Services	Management and General	Total	Total
Contracted service fee:				
Salaries and wages	$ 2,953,204	$ -	$ 2,953,204	$ 3,150,811
Retirement contributions	42,041	-	42,041	46,166
Other employee benefits	582,480	-	582,480	598,400
Payroll taxes	228,721	-	228,721	247,959
Accounting fees	4,248	65,502	69,750	68,309
Curriculum, textbooks, and supplies	158,668	-	158,668	269,936
Postage and shipping	5,780	-	5,780	4,889
Occupancy	1,535,007	12,074	1,547,081	1,575,348
Food service	420,126	-	420,126	410,247
Equipment rental and maintenance	20,836	-	20,836	15,658
Printing and publications	18,693	-	18,693	19,784
Travel	5,456	-	5,456	15,037
Conferences and meetings	71,302	-	71,302	100,765
Professional fees	505,591	-	505,591	557,388
Instructional support	-	134,053	134,053	127,548
Academic and general support	-	239,810	239,810	203,433
Enrollment and parent relations	-	45,791	45,791	32,964
Board support	-	61,784	61,784	62,594
Human resources	-	117,689	117,689	115,842
Support services	-	28,591	28,591	25,310
Technology	13,012	85,399	98,411	100,347
Marketing and business development	105,283	36,904	142,187	78,377
Insurance	24,606	-	24,606	23,754
Miscellaneous	22,909	-	22,909	36,093
Total contracted service fee	6,717,963	827,597	7,545,560	7,886,959
Depreciation	15,400	-	15,400	18,451
Expenses of Board of Directors	15,896	-	15,896	40,404
Total expenses	$ 6,749,259	$ 827,597	$ 7,576,856	$ 7,945,814

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	2019		
	Program Services	Management and General	Total
Contracted service fee:			
Salaries and wages	$ 3,150,811	$ -	$ 3,150,811
Retirement contributions	46,166	-	46,166
Other employee benefits	598,400	-	598,400
Payroll taxes	247,959	-	247,959
Accounting fees	4,152	64,157	68,309
Curriculum, textbooks, and supplies	269,936	-	269,936
Postage and shipping	4,889	-	4,889
Occupancy	1,563,928	11,420	1,575,348
Food service	410,247	-	410,247
Equipment rental and maintenance	15,658	-	15,658
Printing and publications	19,784	-	19,784
Travel	15,037	-	15,037
Conferences and meetings	100,765	-	100,765
Professional fees	557,388	-	557,388
Instructional support	-	127,548	127,548
Academic and general support	-	203,433	203,433
Enrollment and parent relations	-	32,964	32,964
Board support	-	62,594	62,594
Human resources	-	115,842	115,842
Support services	-	25,310	25,310
Technology	12,440	87,907	100,347
Marketing and business development	50,799	27,578	78,377
Insurance	23,754	-	23,754
Miscellaneous	36,093	-	36,093
Total contracted service fee	7,128,206	758,753	7,886,959
Depreciation	18,451	-	18,451
Expenses of Board of Directors	40,404	-	40,404
Total expenses	$ 7,187,061	$ 758,753	$ 7,945,814

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
State aid	$ 4,860,876	$ 5,199,392
Other state sources	906,108	650,159
Federal sources	1,489,289	1,895,704
Private sources	50,622	56,009
Payments for services rendered	(7,077,480)	(7,277,583)
NET INCREASE IN CASH	229,415	523,681
CASH — Beginning of year	1,306,833	783,152
CASH — End of year	$ 1,536,248	$ 1,306,833
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	$ 3,703	$ (24,476)
Depreciation	15,400	18,451
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	11,118	36,978
Change in accounts payable	(4,686)	4,686
Change in contracted service fee payable	202,294	484,599
Change in deferred revenue	1,586	3,443
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 229,415	$ 523,681
NON CASH ACTIVITY:		
In-kind contribution from NHA	$ 286,368	$ 160,496

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 not-for-profit 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 624 students during the 2019-2020 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 $145,594 and $113,516 for the fiscal year 2020 and 2019, respectively. The charter expires on June 30, 2021 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principle – In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Academy's reported historical revenue. The implementation of the standard did not significantly impact the Academy's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Academy's financial statements.

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued) — 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, 2020 and 2019, the Academy deferred $7,902 and $6,316, 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, 2020 and 2019.

Cash — Cash as of June 30, 2020 represents bank deposits with a carrying amount of $1,536,248 and a bank balance of $1,536,365 of which $1,286,365 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.

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2020 and 2019 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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 internal revenue code. 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 2017 are open to audit for both federal and state purposes.

Recently Issued Accounting Pronouncements — In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases,* which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statements of Activities. Currently, leases are classified as either capital or operating, with only capital leases recognized on the Statements of Financial Position. The reporting of lease-related expenses in the Statements of Activities and Cash Flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Academy's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined but is expected to have minimal impact when adopted.

Subsequent Events – The Academy evaluated subsequent events through January 22, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The Academy's accounts receivable balance consists of amounts due from the State of Indiana for tuition support relating to a) the first six months of the Academy's initial school year and b) enrollment growth occurring in subsequent school years.

Pursuant to IC § 20-49-7, the State Board of Education was authorized to advance funds to charter schools via the State's Common School Fund thereby allowing charter schools to finance operations for periods when adequate tuition support was not received. These cash advances were made to charter schools through executed loan agreements with repayment terms that are defined in the statute.

In April 2013, the Indiana General Assembly repealed IC § 20-49-7 with the passing of House Bill 1001 and established an appropriation to forgive charter schools for cash advances previously made through the Common School Fund. The amounts forgiven under House Bill 1001 were to be applied against the related accounts receivable balance previously recorded by the Academy. The Academy did not receive funds from the Common School Fund and as such, no amount was forgiven by the State.

Members of the Indiana General Assembly have been informed that several charter schools remain with an accounts receivable balance and those charter schools believe that the State remains obligated for amounts not reimbursed through the provisions of House Bill 1001. Legal efforts are being made to resolve any outstanding obligations of the State. As a result, the Academy continues to carry a receivable balance of $2,544,248 that was not reimbursed through the provisions of House Bill 1001, however the Academy has reserved for its potential uncollectibility. The Indiana Supreme Court denied the request during the year ended June 30, 2020 thus the Court of Appeals' decision was upheld. As such, the receivable and associated allowance was removed from the financial statements.

The balances of $190,845 and $201,963 as of June 30, 2020 and 2019, respectively, relates to routine amounts due from other state programs and federal programs.

4. LIQUIDITY

The Academy has $1,727,093 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $1,536,248 and amounts due from governmental revenue sources of $190,845 at June 30, 2020. The Academy had $1,508,796 of financial assets available within one year of the date of the statement of financial position to meet cash needs for general expenditures consisting of cash of $1,306,833 and amounts due from governmental revenue sources of $201,963 at June 30, 2019. 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.

4. LIQUIDITY (CONTINUED)

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 $1,324,302 and $1,271,060 at June 30, 2020 and 2019, 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 for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	$ 191,883	$ -	$ -	$ 191,883
Total capital assets at historical cost	191,883	-	-	191,883
Less accumulated depreciation — equipment	(154,235)	(15,400)	-	(169,635)
Total accumulated depreciation	(154,235)	(15,400)	-	(169,635)
Total capital asset activity, net	$ 37,648	$ (15,400)	$ -	$ 22,248

5. CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Academy for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	$ 191,883	$ -	$ -	$ 191,883
Total capital assets at historical cost	191,883	-	-	191,883
Less accumulated depreciation — equipment	(135,784)	(18,451)	-	(154,235)
Total accumulated depreciation	(135,784)	(18,451)	-	(154,235)
Total capital asset activity, net	$ 56,099	$ (18,451)	$ -	$ 37,648

6. OPERATING LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2019 through June 30, 2020. Annual rental payments required by the lease are $912,800 payable in twelve monthly payments of $76,067.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2020 through June 30, 2021 at the same rental rate.

7. RISKS AND UNCERTAINITIES

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 2020, 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.

7. RISKS AND UNCERTAINITIES (CONTINUED)

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.

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, 2020 and 2019, all of the receivable balance was due from the State of Indiana.

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

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, 2020

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 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 Aspire Charter Academy, Inc. (the Academy), which comprise the statement of financial position as of June 30, 2020 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 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Academy's internal control over financial reporting (internal control) to determine the 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 Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the Academy'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.

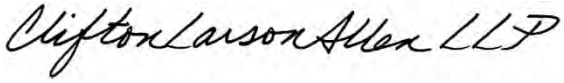
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Academy'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 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 Academy'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 Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 22, 2021



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited Aspire Charter Academy, Inc.'s (the Academy) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2020. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Academy complied, in all material respects, with the types of 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, 2020.

Report on Internal Control over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 22, 2021

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title		Federal CFDA 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	$ -	$ 106,722
National School Lunch Program		10.555	N/A	-	301,475
Total U.S. Department of Agriculture				-	408,197
U.S. DEPARTMENT OF EDUCATION					
Pass-Through Indiana Department of Education					
Title I Grants to Local Educational Agencies	*	84.010	S010A180014	-	6,987
	*	84.010	S010A190014	-	993,297
Total				-	1,000,284
Supporting Effective Instruction State Grants		84.367	S367A180013	-	25,600
		84.367	S367A190013	-	19,418
Total				-	45,018
Student Support and Academic Enrichment Program		84.424	2018-424-332	-	32,399
Total U.S. Department of Education				-	1,077,701
Total Federal Awards Expended				$ -	$ 1,485,898

** 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 FOR THE YEAR ENDED JUNE 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Aspire Charter Academy, Inc. (the Academy) under programs of the federal government for the year ended June 30, 2020. 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 Academy, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Academy.

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.

3. INDIRECT COST RATE

The Academy has elected not to use the 10 percent 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, 2020

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

CFDA 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

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020

Section II – Financial Statements Findings

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

Section III – Federal Award Findings and Questioned Costs

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

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an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT
OF
ASPIRE CHARTER ACADEMY, INC.

LAKE COUNTY INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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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, 2019 TO JUNE 30, 2020

Office	Official	Term
Board President	Denise Dillard	07/01/19 – 06/30/20
Board Treasurer	Rachael Wright	07/01/19 – 06/30/20
School Leader	Ranae Robinson	07/01/19 – 06/30/20



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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, 2020, and have issued our report thereon dated January 22, 2021. 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
January 22, 2021

VENDOR DIBSURSEMENTS TESTING

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. There were twelve (12) instances of the forty (40) selections where the Academy inappropriately paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on January 22, 2021, with school officials Denise Dillard, Rachael Wright, and Ranae Robinson, along with Janet Thatcher and Andrew Gayle from National Heritage Academies. The Official Response has been made part of this report and may be found beginning on page 5.

Response to Audit Results and Comments

Finding: *Vendor Disbursement Testing – Sales tax can be avoided or reimbursed for purchases eligible under the sales tax exemption guidelines.*

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

Response: The Academy respectfully disagrees with this comment. Although Charter schools are eligible from state sales tax on purchases, due to the agreement the Academy has with its management company, the Academy is not making the purchases directly. Any purchases made are made by the management company on the Academy's behalf. The Indiana Department of Revenue has ruled that because the management company is making purchases on behalf of the school, the management company must pay sales tax regardless of who is the end user of the purchase.

Bob Owen, Chief Financial Officer

Corey Balkon, Director of Accounting and Financial Reporting

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The Bloomington Project School

THE BLOOMINGTON PROJECT SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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AUDIT, TAX, AND CONSULTING

THE BLOOMINGTON PROJECT SCHOOL
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bloomington Project School
Anderson, Indiana

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matter

Prior Year Financial Statements

The 2019 financial statements of The Bloomington Project School were audited by other auditors whose report dated November 5, 2019 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2021

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 723,149	$ 279,223
Grants Receivable	39,963	42,893
Prepaid Expenses	12,023	3,577
Total Current Assets	775,135	325,693
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,342,761	2,222,431
Furniture and Equipment	480,380	480,380
Textbooks	77,316	77,316
Less: Accumulated Depreciation	(1,344,250)	(1,269,812)
Property and Equipment, Net	1,556,207	1,510,315
OTHER ASSETS		
Security Deposits	12,500	10,000
Total Assets	$ 2,343,842	$ 1,846,008
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 8,892	$ 18,551
Accrued Expenses	296,583	169,754
Current Portion of Notes Payable	129,744	107,100
Current Portion of Capital Lease Obligations	3,243	-
Deferred Rent	21,018	-
Refundable Advances	44,166	60,760
Total Current Liabilities	503,646	356,165
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	1,293,133	1,417,517
Loan Payable Under Paycheck Protection Program	335,100	-
Capital Lease Obligations, Net of Current Portion	15,455	-
Total Long-Term Liabilities	1,643,688	1,417,517
Total Liabilities	2,147,334	1,773,682
NET ASSETS, WITHOUT DONOR RESTRICTIONS	196,508	72,326
Total Liabilities and Net Assets	$ 2,343,842	$ 1,846,008

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 1,914,639	$ 1,861,292
Grant Revenue	568,820	358,233
Student Fees	30,791	83,521
Contributions	46,848	115,158
Other Income	48,711	27,502
Total Revenue and Support	2,609,809	2,445,706
EXPENSES		
Program Services	1,680,811	1,796,774
Management and General	804,816	674,275
Total Expenses	2,485,627	2,471,049
CHANGE IN NET ASSETS	124,182	(25,343)
Net Assets Without Donor Restrictions - Beginning of Year	72,326	97,669
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 196,508	$ 72,326

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,220,012	$ 187,496	$ 1,407,508	$ 1,270,620	$ 127,231	$ 1,397,851
Employee Benefits	286,124	48,751	334,875	327,084	31,973	359,057
Staff Development	693	-	693	7,366	235	7,601
Professional Services	44,807	124,341	169,148	45,725	98,482	144,207
Repairs and Maintenance	-	680	680	-	9,694	9,694
Authorizer Oversight Fees	48,737	-	48,737	44,741	-	44,741
Food Costs	126	38,010	38,136	42	49,450	49,492
Transportation	70	-	70	3,684	-	3,684
Equipment	-	22,975	22,975	524	8,983	9,507
Classroom, Kitchen, and Office Supplies	26,818	15,038	41,856	34,936	15,102	50,038
Occupancy	-	165,065	165,065	6,233	129,410	135,643
Depreciation	-	74,439	74,439	-	74,439	74,439
Interest	-	93,465	93,465	-	94,303	94,303
Insurance	-	16,773	16,773	-	18,566	18,566
Other	53,424	17,783	71,207	55,819	16,407	72,226
Total Functional Expenses	$ 1,680,811	$ 804,816	$ 2,485,627	$ 1,796,774	$ 674,275	$ 2,471,049

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 124,182	$ (25,343)
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	74,439	74,439
Changes in Operating Assets and Liabilities:		
Grants Receivable	2,930	(23,488)
Prepaid Expenses	(10,946)	(3,577)
Accounts Payable	(9,659)	(14,876)
Accrued Expenses	126,829	24,557
Refundable Advances	(16,594)	(22,817)
Deferred Rent Payable	21,018	(10,125)
Net Cash Provided (Used) by Operating Activities	312,199	(1,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(120,331)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Notes Payable	(101,740)	(75,455)
Proceeds from Capital Lease Activities	18,698	-
Proceeds from Loan Payable Under Paycheck Protection Program	335,100	-
Net Cash Provided (Used) by Financing Activities	252,058	(75,455)
NET CHANGE IN CASH	443,926	(76,685)
Cash - Beginning of Year	279,223	355,908
CASH - END OF YEAR	$ 723,149	$ 279,223
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 93,465	$ 94,303

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 280 students in grades kindergarten through eighth and is sponsored by Ball State University.

Change in Accounting Principle

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020, the School had $32,011 of 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 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, 2020, the School did not have any such deferred revenue.

Contributions

The School receives income from contributions and grants that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The School did not have any net assets with donor restrictions as of June 30, 2020 and 2019.

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, 2020 and 2019.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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	30 Years
Furniture and Equipment	3 to 5 Years
Textbooks	4 Years

Taxes on Income

The Bloomington Project School, Inc. has received a determination from the U.S. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, 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 2015 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.

Subsequent Events

The School evaluated subsequent events through March 31, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 REFUNDABLE ADVANCES

The School was awarded grants from the Lilly Foundation, Inc. of $83,576 during the year ended June 30, 2019. The grants are for the purpose of establishing comprehensive counseling services for students and must be utilized for their intended purpose no later than June 30, 2021, after which any remaining unused portion of each grant is subject to reversion to the grantor organization. The unused portion of each grant is shown as a refundable advance on the statements of financial position.

NOTE 3 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2020	2019
Note Payable to Indiana Finance Authority	$ 338,265	$ 389,065
Note Payable to IFF	1,040,566	1,083,797
Note Payable to Bloomington Urban Enterprise Association	1,666	2,855
Common School Fund Loan	42,380	48,900
Total	1,422,877	1,524,617
Less: Current Portion	(129,744)	(107,100)
Long-Term Portion	$ 1,293,133	$ 1,417,517

Indiana Finance Authority Note Payable

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

IFF Note Payable

The note payable to IFF is payable in monthly installments of $10,028, including interest at 6.875% per annum, with the unpaid balance due on August 1, 2033. The note is secured by a leasehold mortgage, and furniture and equipment. The promissory note with IFF contains several financial and nonfinancial covenants with which the School is required comply annually. The School was in compliance with all covenants as of June 30, 2020 and 2019.

Bloomington Urban Enterprise Association Note Payable

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

Common School Fund Loan

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

NOTE 3 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2021	$ 129,744
2022	131,650
2023	135,478
2024	139,577
2025	126,272
Thereafter	760,156
Total	$ 1,422,877

NOTE 4 LEASES

The School entered into a capital lease financing agreement during the year ended June 30, 2020 for a piece of equipment. At June 30, 2020 and 2019, the cost and accumulated depreciation related to this asset was $18,698 and $-0-, respectively.

Minimum future lease payments as of June 20, 2020 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
2021	$ 3,243
2022	3,474
2023	3,722
2024	3,987
2025	4,272
Total	18,698
Less: Amount Representing Interest	(3,597)
Total	$ 15,101

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. The lease requires the School to pay for certain repairs and maintenance, utilities, and other ongoing expenses required to maintain the facilities. The School also rents certain items of office equipment under operating leases.

NOTE 4 LEASES (CONTINUED)

Expense under operating leases was $148,731 and $98,737 for the years ended June 30, 2020 and 2019, 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
2021	$ 142,681
2022	144,255
2023	148,782
2024	156,352
2025	64,272
Thereafter	354,000
Total	$ 1,010,342

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

On May 1, 2020, the Organization received a loan from CRF Small Business Loan Company, LLC in the amount of $335,100 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 Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum.

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) 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, 2020 and 2019, the School contributed 5.5% and 7.5%, respectively 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, 2019 (the latest year reported), TRF and PERF were approximately 102% and 80% funded, respectively.

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

Retirement plan expense was $109,464 and $105,180 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $48,737 and $44,741 for the years ended June 30, 2020 and 2019, 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
2021	$ 60,000
2022	60,000
2023	60,000
2024	60,000

Expenses under the agreement were $55,770 and $52,920 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 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, 2020, substantially all of the receivable balance was due from the state of Indiana. In addition, deposits maintained at Old National Bank are insured up to the FDIC insurance limit of $250,000. Funds held at this financial institution exceed the FDIC insurance limit. To date, the School has not experienced losses in any of these accounts.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable. Financial assets at June 30, 2020 total $763,112 and $322,116, 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 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, 2020

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*.

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SUPPLEMENTAL AUDIT REPORT

THE BLOOMINGTON PROJECT SCHOOL

MONROE COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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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, 2019 TO JUNE 30, 2020

Office	Official	Term
President of Board of Directors	Rachel McAfee	2018 – Present
School Leader	Catherine Diersing	2018 – Present
Business Manager	Terri Burks	2018 – Present

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, 2020, and have issued our report thereon dated March 31, 2021. As part of our audit, we tested the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2021

CREDIT CARD TESTING

The School was unable to provide documentation to support a portion of one (1) of the five (5) credit card payments tested.

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

THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with Catherine Diersing, Terri Burks, and representatives from the outsourced bookkeepers, CSMC, on March 31, 2021. The officials concurred with our audit findings. The Official Response has been made part of this report and may be found on page 5.

the project school
heart | mind | voice

The Bloomington Project School - SBOA Audit Finding Response:

Our processes and procedures have effectively provided the required and accurate paper-trail since 2009. For multiple years running, we have been able to provide every receipt, along with the appropriate documentation, for every purchase made. The exception to this near perfect record is the receipt for a purchase at the US Post Office on 06/18/2019 in the amount of $46.20.

We know from our anecdotal memory that this receipt exists, was secured from the retailer upon purchase, and that it was in our possession. That said, we do not currently have the ability to lay our hands on the receipt to provide for the purpose of this audit. Over the spring and summer of 2020, we were required to create an isolation space for students with COVID-19 symptoms. Due to the open concept nature of our office area, this was a major task, resulting in the relocation of both student and financial records.

While we are confident that we will come across this receipt eventually, we are unable to provide this one receipt at this time, resulting in this finding. As a school, we most definitely understand that there are rules that must be followed and that by not having this receipt we have broken one of these rules. If this were a repeated issue, we would certainly believe it necessary to change our processes, policies, and/or procedures to ensure fidelity and integrity to our spending processes. However, since this is an issue of one receipt over an extended period of time, a time when every single element of the work we do is impacted by the global pandemic, we do not believe that any changes are necessary. As a result, other than our sincere apology for this minor misstep, we do not believe that any additional action on our part is necessary.

Submitted with respect,

Catherine Diersing
Superintendent

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facebook.com/bloomingtonprojectschool

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Canaan Community Academy

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

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

We have audited the accompanying financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy, which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 9 to the financial statements, certain errors resulting in understatement of amounts previously reported for in-kind rent receivable and net assets with donor restrictions as of June 30, 2018 and of occupancy expense for June 30, 2019, were discovered by management of the entity during the current year. Accordingly, amounts reported for in-kind rent receivable, net assets with donor restrictions, and occupancy expense have been restated in the 2019 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2018, and to occupancy expense for the year ended June 30, 2019 to correct the error. Our opinion is not modified with respect to that matter.

Adjustments to Prior Period Financial Statements

The financial statements of Canaan Community Academy as of June 30, 2020, were audited by other auditors whose opinion dated December 12, 2019 expressed an unmodified opinion on those statements. As discussed in Note 9, the School has restated its 2019 financial statements during the current year to properly report in-kind rent receivable and net asset with donor restrictions as of June 30, 2018 and in-kind rent receivable, occupancy expense, and net assets with donor restrictions for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2019 financial statements before the restatement.

As part of our audit of the 2020 financial statements, we also audited adjustments described in Note 9 that were applied to restate the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the School other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 4, 2021

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	(As Restated) 2019
ASSETS		
CURRENT ASSETS		
Cash	$ 274,771	$ 289,439
Grants Receivable	38,203	14,058
In-Kind Rent Receivable	413,706	557,022
Prepaid Expenses	15,569	78
Total Current Assets	742,249	860,597
PROPERTY AND EQUIPMENT		
Leasehold Improvements	24,274	7,027
Furniture and Equipment	281,364	277,969
Textbooks	87,548	87,548
Vehicles	95,480	95,480
Less: Accumulated Depreciation	(378,893)	(362,379)
Property and Equipment, Net	109,773	105,645
Total Assets	$ 852,022	$ 966,242
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 14,776	$ 13,917
Accounts Payable and Accrued Expenses	128,046	82,245
Deferred Revenue	4,625	-
Refundable Advances	815	815
Total Current Liabilities	148,262	96,977
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	49,884	64,583
Total Long-Term Liabilities	49,884	64,583
Total Liabilities	198,146	161,560
NET ASSETS		
Without Donor Restrictions	240,170	247,660
With Donor Restrictions	413,706	557,022
Total Net Assets	653,876	804,682
Total Liabilities and Net Assets	$ 852,022	$ 966,242

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, 2020 AND 2019

	2020			2019 (As Restated)		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	$ 1,072,848	-	$ 1,072,848	$ 933,988	-	$ 933,988
Grant Revenue	329,719	-	329,719	303,099	-	303,099
Student Fees	2,650	-	2,650	7,968	-	7,968
Contributions	9,580	-	9,580	8,238	-	8,238
Other Income	16,647	-	16,647	50,746	-	50,746
Net Assets Released from Restrictions	143,316	(143,316)	-	139,669	(139,669)	-
Total Revenue and Support	1,574,760	(143,316)	1,431,444	1,443,708	(139,669)	1,304,039
EXPENSES						
Program Services	1,304,636	-	1,304,636	1,082,265	-	1,082,265
Management and General	277,614	-	277,614	281,807	-	281,807
Total Expenses	1,582,250	-	1,582,250	1,364,072	-	1,364,072
CHANGE IN NET ASSETS	(7,490)	(143,316)	(150,806)	79,636	(139,669)	(60,033)
Net Assets - Beginning of Year	247,660	557,022	804,682	168,024	-	168,024
Prior Period Adjustment - See Note 9	-	-	-	-	696,691	696,691
NET ASSETS - END OF YEAR	$ 240,170	$ 413,706	$ 653,876	$ 247,660	$ 557,022	$ 804,682

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019 (As Restated)		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 690,086	$ 136,240	$ 826,326	$ 544,689	$ 133,695	$ 678,384
Employee Benefits	136,587	27,274	163,861	126,740	29,709	156,449
Classroom, Kitchen, and Office Supplies	32,444	10,235	42,679	38,308	22,270	60,578
Professional Services	134,731	41,470	176,201	121,465	41,939	163,404
Food Costs	54,122	-	54,122	29,127	-	29,127
Depreciation	16,514	-	16,514	12,802	-	12,802
Occupancy	167,921	-	167,921	162,336	-	162,336
Property Rental and Maintenance	22,446	-	22,446	20,635	-	20,635
Equipment	34,421	-	34,421	9,682	-	9,682
Insurance	-	17,473	17,473	-	18,897	18,897
Authorizer Oversight Fees	-	27,649	27,649	-	19,909	19,909
Contracted Transportation Services	-	-	-	980	-	980
Interest	-	4,409	4,409	-	44	44
Staff Development	1,758	-	1,758	6,934	-	6,934
Other	13,606	12,864	26,470	8,567	15,344	23,911
Total Functional Expenses	$ 1,304,636	$ 277,614	$ 1,582,250	$ 1,082,265	$ 281,807	$ 1,364,072

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	(As Restated) 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (150,806)	$ (60,033)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,514	12,802
In-Kind Rent Receivable	143,316	139,669
Changes in Operating Assets and Liabilities:		
Grants Receivable	(24,145)	204
Prepaid Expenses	(15,491)	18,327
Accounts Payable and Accrued Expenses	45,801	29,182
Deferred Revenue	4,625	-
Refundable Advances	-	(14,783)
Net Cash Provided by Operating Activities	19,814	125,368
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(20,642)	(11,879)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Note Payable	(13,840)	(4,459)
NET CHANGE IN CASH	(14,668)	109,030
Cash - Beginning of Year	289,439	180,409
CASH - END OF YEAR	$ 274,771	$ 289,439
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 4,409	$ 980
Buses Financed with a Long-Term Note Payable	$ 78,500	$ 78,500

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 120 students in grades kindergarten through six 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 principals generally accepted in the United States of America (U.S. 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.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

The School has $815 as of June 30, 2020 and 2019 of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, 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 $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	40 Years
Furniture and Equipment	3 to 4 Years
Textbooks	4 Years
Vehicles	5 to 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019.

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.

Subsequent Events

The School evaluated subsequent events through March 4, 2021, the date these financial statements were available to be issued.

On January 12, 2021, the School received federal stimulus support through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Total funds received via the CARES Act totaled approximately $31,616.

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 at approximately $145,000. 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	2020	2019
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.	$ 64,660	$ 78,500
Less: Current Portion	(14,776)	(13,917)
Long-Term Portion	$ 49,884	$ 64,583

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

Year Ending June 30,	Amount
2021	14,776
2022	15,687
2023	16,655
2024	17,542
Total	$ 64,660

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 $43,281 and $37,015 for the years ended June 30, 2020 and 2019, 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 $27,649 and $19,909 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

NOTE 6 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, 2020, 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.

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

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable. Financial assets at June 30, 2020 and 2019 total $726,680 and $303,497, 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 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 PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2020, the School discovered that the in-kind rent receivable had not been reflected in the financial statements for the undervalued lease as described in Note 2. The School should have been reporting a receivable for the term of the lease for the fair market value of the lease and recognizing the in-kind rent expense annually.

The following statement of financial position line items for the fiscal year 2019 were affect by the restatement:

	June 30, 2019		
	As Reported	Restatement	As Restated
In-Kind Rent Receivable	$ -	$ 557,022	$ 557,022
Total Assets	409,220	557,022	966,242
Net Assets With Donor Restrictions	-	557,022	557,022
Total Net Assets	247,660	557,022	804,682
Total Liabilities and Net Assets	409,220	557,022	966,242

The following statement of activities and changes in net assets line items for fiscal year 2019 were affected by the restatement:

	June 30, 2019		
	As Reported	Restatement	As Restated
Revenue and Support, Without Donor Restrictions	$ 1,304,039	$ 139,669	$ 1,443,708
Revenue and Support, With Donor Restrictions	-	(139,669)	(139,669)
Program Services	942,596	139,669	1,082,265
Total Expenses	1,224,403	139,669	1,364,072
Change in Net Assets, With Donor Restrictions	-	(139,669)	(139,669)
Total Change in Net Assets	79,636	(139,669)	(60,033)
Net Assets, With Donor Restrictions, Beginning of Year	-	696,691	696,691
Total Net Assets, Beginning of Year	168,024	696,691	864,715
Net Assets, With Donor Restrictions, End of Year	-	557,022	557,022
Total Net Assets, End of Year	247,660	557,022	804,682

NOTE 9 PRIOR PERIOD ADJUSTMENT (CONTINUED)

The following statement of functional expense line items for fiscal year 2019 were affected by the restatement:

	June 30, 2019		
	As Reported	Restatement	As Restated
Occupancy	$ 22,667	$ 139,669	$ 162,336
Total Program Services	942,596	139,669	1,082,265
Total Expenses	1,224,403	139,669	1,364,072

The following statement of cash flow line items for fiscal year 2019 were affected by the restatement:

	June 30, 2019		
	As Reported	Restatement	As Restated
Change in Net Assets	$ 79,636	$ (139,669)	$ (60,033)
In-Kind Rent Receivable	-	139,669	139,669

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
OTHER REPORT
JUNE 30, 2020

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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT
OF
FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY

JEFFERSON COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
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FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
President of Board of Directors	David Herring	07/01/19 – 06/30/20
Chief Administrator Officer	Rhonda Pennington	07/01/19 – 06/30/20
Chief Operations Officer	Megan Ritz	07/01/19 – 06/30/20

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School) as of and for the year ended June 30, 2020, and have issued our report thereon dated March 4, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 4, 2021

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020

GENERAL RECEIPTS TESTING

During testing, it was noted that the bank deposit was not completed timely for seventeen (17) out of the forty (40) cash receipts tested.

All charter school money must be deposited in the designated depository no later than the business day following the receipt of funds in the same form in which the funds were received. Timely deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

GENERAL DISBURSEMENTS TESTING

During testing, it was noted that there were five (5) instances out of the forty (40) general disbursements tested where sales tax was paid by the School.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT DOCUMENTATION

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School did not maintain consistent and complete enrollment records for fourteen (14) students of the thirty (30) students tested for enrollment.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 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 for Indiana Charter Schools, Part 9).

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on March 4, 2021 with Rhonda Pennington (Chief Administrative Officer) and Terry Kenny (Board Treasurer) The Official Response has been made a part of this report and may be found on page 5.



8775 N. Canaan Main St. (P. O. Box 20) Canaan, IN 47224 812-839-0003

To whom it may concern:
Canaan Community Academy is a small rural school located thirty minutes from a bank. The banking hours make it difficult for the Chief Operations Officer to make daily deposits.

Due to the small school population there are days that there are no monies to deposit and sometimes the monies received are for an amount less than $50.00. Monies are secured in a safe until a deposit can be made.

Please direct questions to the Chief Administrative Officer.

Sincerely,

Rhonda Pennington
Chief Administrative Officer

CANAAN COMMUNITY Academy

8775 N Canaan Main St. (P. O. Box 20) Canaan, IN 47224 812-839-0003

To whom it may concern:
The payment of sales tax is due to employees purchasing items (with approval from CAO) and turning in receipts for reimbursement.

This also applies to orders placed through Amazon, the sales tax is less than the cost of time/fuel to pick up items and with Primes free shipping it is a more efficient way to receive materials.

Please direct any questions to the Chief Administrative Officer (CAO).

Sincerely,

Rhonda Pennington
Chief Administrative Officer



8775 N Canaan Main St. (P. O. Box 20) Canaan, IN 47224 812-839-0003

To whom it may concern:

This is a response to clarify the procedure used when submitting the spring/fall ADM. The student enrollment information is entered by the administrative assistant into the student management system (Harmony). The Chief Operations Officer is responsible for preparing the ADM report. Once the ADM report is prepared it is reviewed for accuracy by the Chief Administrative Officer. Then after it is approved it is submitted by the Chief Operations Officer. The ADM report is printed; it did not display signature lines. Going forward the ADM report will be signed at the bottom of the document.

Canaan Community Academy has recently had staffing changes for the Administrative Assistant, Chief Operations Officer and the Chief Administrative Officer recently returned after a medical leave.

Please direct additional questions to the Chief Administrative Officer.

Sincerely,

Rhonda Pennington

Rhonda Pennington
Chief Administrative Officer

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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Community Montessori, Inc.

COMMUNITY MONTESSORI, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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COMMUNITY MONTESSORI, INC.
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Community Montessori, Inc.

Opinion

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

Other Matter

The 2019 financial statements of Community Montessori, Inc. were audited by other auditors whose report dated October 15, 2019 expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 23, 2021

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,946,022	$ 3,311,231
Investments	1,087,069	1,051,890
Accounts Receivable, Net of Allowance	10,272	13,466
Prepaid Expenses	33,122	61,301
Total Current Assets	5,076,485	4,437,888
PROPERTY AND EQUIPMENT		
Land	150,296	150,296
Buildings and Improvements	11,469,533	11,390,788
Furniture and Equipment	115,540	115,540
Construction in Process	782,901	-
Less: Accumulated Depreciation	(3,854,233)	(3,563,529)
Property and Equipment, Net	8,664,037	8,093,095
Total Assets	$ 13,740,522	$ 12,530,983
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 268,795	$ 260,178
Accounts Payable and Accrued Expenses	375,757	364,722
Deferred Revenue	152,153	161,670
Total Current Liabilities	796,705	786,570
LONG-TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program	536,200	-
Notes Payable, Net of Current Portion	5,028,677	5,297,465
Less: Unamortized Debt Issuance Costs	(44,029)	(46,631)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	4,984,648	5,250,834
Total Liabilities	6,317,553	6,037,404
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Without Donor Restrictions:		
Undesignated	7,390,578	5,862,498
Board Designated	-	500,000
Total Without Donor Restrictions	7,390,578	6,362,498
With Donor Restrictions	32,391	131,081
Total Net Assets	7,422,969	6,493,579
Total Liabilities and Net Assets	$ 13,740,522	$ 12,530,983

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	$ 3,696,654	$ -	$ 3,696,654	$ 3,535,509	$ -	$ 3,535,509
Program Fees	565,565	-	565,565	606,835	-	606,835
Grant Revenue	504,800	-	504,800	434,196	-	434,196
Student Fees	149,193	-	149,193	155,355	-	155,355
Contributions	13,231	32,453	45,684	8,215	31,892	40,107
Fundraising	26,043	-	26,043	54,401	-	54,401
Investment Gain, Net	35,179	-	35,179	48,110	-	48,110
Interest Income	9,462	-	9,462	853	-	853
Other	52,011	-	52,011	48,341	-	48,341
Net Assets Released from Restrictions	131,143	(131,143)	-	5,990	(5,990)	-
Total Revenue and Support	5,183,281	(98,690)	5,084,591	4,897,805	25,902	4,923,707
EXPENSES						
Program Services	3,520,617	-	3,520,617	3,591,364	-	3,591,364
Management and General	593,998	-	593,998	599,170	-	599,170
Fundraising	40,586	-	40,586	38,296	-	38,296
Total Expenses	4,155,201	-	4,155,201	4,228,830	-	4,228,830
CHANGE IN NET ASSETS	1,028,080	(98,690)	929,390	668,975	25,902	694,877
Net Assets - Beginning of Year	6,362,498	131,081	6,493,579	5,693,523	105,179	5,798,702
NET ASSETS - END OF YEAR	$ 7,390,578	$ 32,391	$ 7,422,969	$ 6,362,498	$ 131,081	$ 6,493,579

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020				2019			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 2,181,402	$ 356,871	$ -	$ 2,538,273	$ 2,102,973	$ 379,395	$ -	$ 2,482,368
Employee Benefits	425,961	56,723	-	482,684	454,118	47,573	-	501,691
Staff Development and Recruitment	13,521	-	-	13,521	52,877	-	-	52,877
Professional Services	116,952	6,020	-	122,972	128,991	4,067	-	133,058
Program Expenses	42,207	-	-	42,207	74,891	-	-	74,891
Authorizer Oversight Fees	-	91,457	-	91,457	-	87,024	-	87,024
Dues, Licenses, and Subscriptions	-	15,391	-	15,391	-	18,723	-	18,723
Advertising	-	961	-	961	-	1,256	-	1,256
Travel	-	3,308	-	3,308	-	2,225	-	2,225
Information Technology	36,352	-	-	36,352	52,340	-	-	52,340
Minor Equipment	11,212	-	-	11,212	7,882	-	-	7,882
Supplies	72,106	3,287	19,155	94,548	92,175	4,988	-	97,163
Occupancy	160,495	-	-	160,495	158,640	-	-	158,640
Depreciation	290,704	-	-	290,704	289,300	-	-	289,300
Interest	169,705	-	-	169,705	177,177	-	-	177,177
Insurance	-	40,168	-	40,168	-	30,931	-	30,931
Fundraising	-	-	21,431	21,431	-	-	38,296	38,296
Other	-	19,812	-	19,812	-	22,988	-	22,988
Total Functional Expenses	$ 3,520,617	$ 593,998	$ 40,586	$ 4,155,201	$ 3,591,364	$ 599,170	$ 38,296	$ 4,228,830

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 929,390	$ 694,877
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	290,704	289,300
Amortization	2,602	2,603
Gain on Investments, Net	(35,179)	(48,110)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	3,194	119
Prepaid Expenses	28,179	933
Accounts Payable and Accrued Expenses	11,035	2,304
Deferred Revenue	(9,517)	10,007
Net Cash Provided by Operating Activities	1,220,408	952,033
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(500,000)
Purchase of Property and Equipment	(78,745)	-
Construction in Process	(782,901)	-
Net Cash Used by Investing Activities	(861,646)	(500,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	536,200	-
Principal Repayment of Notes Payable	(260,171)	(252,699)
Net Cash Provided (Used) by Financing Activities	276,029	(252,699)
NET CHANGE IN CASH AND CASH EQUIVALENTS	634,791	199,334
Cash and Cash Equivalents - Beginning of Year	3,311,231	3,111,897
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,946,022	$ 3,311,231
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 167,103	$ 174,574

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 2019-2020 school year, the School served approximately 600 students in preschool through high school.

Change in Accounting Principle

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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 $500,000 of net assets at June 30, 2019 for purposes related to the expansion of the School.

NOTE 1 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 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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant, Contribution, and Fundraising Revenue

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

Cash and Cash Equivalents

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

Grants and Accounts Receivable

Grants receivable relate primarily to activities funded under grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful account is deemed necessary with regard to grant receivables. Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. The accompanying financial statements reflect an allowance for doubtful accounts of $25,031 and $21,345 as of June 30, 2020 and 2019, respectively, relating to program fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Property and Equipment

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

Depreciation is provided over the estimated useful lives of the respective assets using the straight- line method. The estimated useful lives generally are as follows:

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

Impairment of Long-Lived Assets

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

Deferred Revenue

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

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 $8,012 and $5,410 as of June 30, 2020 and 2019, respectively. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Recently Issued Accounting Pronouncements

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

Reclassifications

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

Subsequent Events

The School evaluated subsequent events through February 23, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 LEGISLATIVE FUNDING CHANGES

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

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

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

The School believes that it has been adversely affected by the legislative changes relating to the elimination of funding and is pursuing relief through its elected representatives and the Indiana Department of Education. The prospect for success is unknown as of June 30, 2020. The School continues to carry a receivable of $1,477,941 relating to the funding reduction, offset by a collectability allowance in the same amount.

NOTE 3 INVESTMENTS

The School held the following investments as of June 30:

	2020	2019
Mutual Funds:		
MFS Corporate Bond A	$ 151,484	$ 137,585
MFS Diversified Income A	138,617	140,451
MFS limited Maturity A	135,768	131,106
MFS Total Return Bond A	145,149	134,868
Certificate of Deposit	516,051	507,880
Total	$ 1,087,069	$ 1,051,890

NOTE 4 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2020	2019
Note payable to German American Bancorp, payable $33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	$ 5,112,065	$ 5,354,623
Note payable to German American Bancorp. payable $2,108 monthly, including interest at 3.88% per annum, maturing in July 2036.	185,407	203,020
Total	5,297,472	5,557,643
Less: Current Portion	(268,795)	(260,178)
Long-Term Portion	$ 5,028,677	$ 5,297,465

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

Year Ending June 30,	Amount
2021	$ 268,795
2022	279,489
2023	288,134
2024	297,047
2025	306,238
Thereafter	3,857,769
Total	$ 5,297,472

NOTE 5 LOAN PAYABLE UNDER THE PAYCHECK PROTECTION PROGRAM

In April 2020, the School received a loan from German American Bancorp in the amount of $536,200, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over eighteen months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the School will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. Subsequent to year-end, the full amount was forgiven.

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:

	2020	2019
Casa dei Curiosities Capital Projects	$ 27,818	$ 128,614
Community Activities	-	240
Scholarships	3,575	1,000
Teen Support Group	998	1,227
Total	$ 32,391	$ 131,081

During 2020 and 2019, net assets of $131,143 and $5,990, respectively, 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 3% of state tuition support received. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent. Expense under this agreement was $91,457 and $87,024 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 RELATED PARTY TRANSACTIONS

The School purchased various supplies from a company whose owner is related to a management employee of the School. Total purchases for the years ended June 30, 2020 and 2019 were $18,730 and $16,779, respectively.

NOTE 9 LEASES

The School leases equipment under operating lease agreements that expire in 2021. Expense under these operating leases was $4,289 and $3,602 for the years ended June 30, 2020 and 2019, respectively.

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

Year Ending June 30,	Amount
2021	$ 2,292

NOTE 10 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is part of a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2020 and 2019, the School contributed 5.5% and 7.5%, respectively, 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, 2019 (the latest year reported), TRF was approximately 102% 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 $34,391 and $113,315 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 RISKS AND UNCERTAINTIES

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

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Any changes in state or federal legislation could significantly impact the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

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

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

NOTE 12 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and cash equivalents, investments, and accounts receivable.

	2020	2019
Financial Assets	$ 5,043,363	$ 4,376,587
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Board Designated for Specific Expansion	-	(500,000)
Restrictions by Donor with Time or Purpose	(32,391)	(131,081)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 5,010,972	$ 3,745,506

NOTE 12 LIQUIDITY (CONTINUED)

The School receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board exercised the option to un-designate the $500,000 of board designated net assets to meet general obligations during the year ended June 30, 2020.

NOTE 13 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 I or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2020 and 2019.

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

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

NOTE 13 FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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

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

	June 30, 2019			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	$ 137,585	$ 137,585	$ -	$ -
MFS Diversified Income A	140,451	140,451	-	-
MFS limited Maturity A	131,106	131,106	-	-
MFS Total Return Bond A	134,868	134,868	-	-
Total Held at Fair Value	544,010	544,010	-	-
Certificates of Deposit	507,880	-	-	-
Total Investment	$ 1,051,890	$ 544,010	$ -	$ -

NOTE 14 FUNCTIONAL EXPENSE REPORTING

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

COMMUNITY MONTESSORI, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT
OF
COMMUNITY MONTESSORI, INC.

FLOYD COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

COMMUNITY MONTESSORI, INC.
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COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
Board President	Melissa Merida	07/01/19 – 06/30/20
Executive Director	Barbara Burke Fondren	07/01/19 – 06/30/20
Administrative Finance	Melissa Cole	07/01/19 – 06/30/20

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, 2020 and have issued our report thereon dated February 23, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 23, 2021

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020

No findings noted for the period of July 1, 2019 to June 30, 2020.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on February 12, 2021, with school officials.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2019 TO JUNE 30, 2020

No findings noted for the period of July 1, 2019 to June 30, 2020.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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Discovery Charter School

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

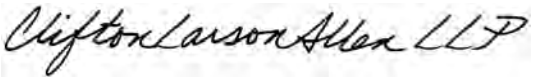
Board of Directors
Duneland Charter School, Inc.
dba: Discovery Charter School

Opinion

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

Other Matter

The 2019 financial statements of Duneland Charter School, Inc. dba: Discovery Charter School were audited by other auditors whose report dated November 7, 2019 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 9, 2020

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 549,252	$ 480,143
Grants Receivable	132,865	11,587
Student Fees Receivable	8,582	12,329
Prepaid Expenses	49,014	42,266
Total Current Assets	739,713	546,325
PROPERTY AND EQUIPMENT		
Land	408,188	408,188
Buildings and Improvements	5,974,416	5,925,278
Furniture and Equipment	1,372,157	1,215,055
Textbooks	94,956	94,956
Less: Accumulated Depreciation	(1,775,314)	(1,490,665)
Property and Equipment, Net	6,074,403	6,152,812
OTHER ASSETS		
Cash and Equivalents - Restricted for Debt Service	639,057	633,158
Cash and Equivalents - Restricted for Prepaid Interest	5,760	5,656
Security Deposits	12,990	12,990
Total Other Assets	657,807	651,804
Total Assets	$ 7,471,923	$ 7,350,941
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Debt	$ 117,500	$ 117,500
Accounts Payable and Accrued Expenses	259,875	248,044
Total Current Liabilities	377,375	365,544
LONG-TERM LIABILITIES		
Debt, Net of Current Portion	7,116,250	7,233,750
Less: Unamortized Debt Issuance Cost	(307,752)	(319,821)
Total Long-Term Liabilities	6,808,498	6,913,929
Total Liabilities	7,185,873	7,279,473
NET ASSETS		
Without Donor Restrictions	286,050	71,468
Total Liabilities and Net Assets	$ 7,471,923	$ 7,350,941

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 3,302,566	$ 3,230,658
Grant Revenue	882,207	576,100
Student Fees	187,707	227,758
Contributions	61,297	52,316
Interest Income	1,713	4,901
Other Income	42,149	17,711
Total Revenue and Support	4,477,639	4,109,444
EXPENSES		
Program Services	3,078,214	3,146,964
Management and General	1,184,843	1,107,454
Total Expenses	4,263,057	4,254,418
CHANGE IN NET ASSETS	214,582	(144,974)
Net Assets - Beginning of Year	71,468	216,442
NET ASSETS - END OF YEAR	$ 286,050	$ 71,468

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,701,325	$ 350,101	$ 2,051,426	$ 1,666,305	$ 302,465	$ 1,968,770
Employee Benefits	409,016	76,823	485,839	434,411	75,102	509,513
Staff Development	8,682	-	8,682	5,720	-	5,720
Professional Services	179,548	25,550	205,098	180,563	11,629	192,192
Repairs and Maintenance	49,406	-	49,406	49,358	-	49,358
Authorizer Oversight Fees	-	92,164	92,164	-	85,739	85,739
Academic Services	-	75,000	75,000	-	75,000	75,000
Food Services	112,888	-	112,888	127,590	-	127,590
Transportation Services	77,178	-	77,178	111,734	-	111,734
Travel	4,838	-	4,838	12,490	-	12,490
Equipment	4,335	8,452	12,787	3,918	8,369	12,287
Classroom, Kitchen, and Office Supplies	123,617	8,225	131,842	113,198	9,004	122,202
Occupancy	79,548	-	79,548	94,741	-	94,741
Information Technology	23,427	21,165	44,592	42,530	17,715	60,245
Depreciation	284,649	-	284,649	290,039	-	290,039
Interest	12,881	477,594	490,475	12,922	478,769	491,691
Insurance	-	28,307	28,307	-	19,616	19,616
Other	6,876	21,462	28,338	1,445	24,046	25,491
Total Expenses by Function	$ 3,078,214	$ 1,184,843	$ 4,263,057	$ 3,146,964	$ 1,107,454	$ 4,254,418

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 214,582	$ (144,974)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	284,649	290,039
Amortization	12,069	12,069
Changes in Operating Assets and Liabilities:		
Grants Receivable	(121,278)	(6,422)
Student Fees Receivable	3,747	(12,329)
Prepaid Expenses	(6,748)	(10,677)
Accounts Payable and Accrued Expenses	11,831	3,192
Net Cash Provided by Operating Activities	398,852	130,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(206,240)	(86,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(117,500)	(117,500)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	75,112	(73,002)
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	1,118,957	1,191,959
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 1,194,069	$ 1,118,957
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	$ 549,252	$ 480,143
Cash and Equivalents - Restricted for Debt Service	639,057	633,158
Cash and Equivalents - Restricted for Prepaid Interest	5,760	5,656
Total	$ 1,194,069	$ 1,118,957
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 478,406	$ 479,622

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 535 students in grades kindergarten through 12 and is sponsored by Ball State University.

Change in Accounting Principle

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant and Contribution Revenue

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

Cash and Cash Equivalents

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

Accounts Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the State of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable relate to unpaid student fees from the 2019-2020 school year. The School believes that all balances will be collected.

Prepaid Expenses

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

Security Deposits

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

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 $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 39 Years
Furniture and Equipment	3 to 7 Years
Textbooks	5 Years

Impairment of Long-Lived Assets

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

Debt Issuance Costs

The School incurred costs totaling $362,062 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bond. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization as of June 30, 2020 and 2019 was $54,310 and $42,241, respectively. Amortization expense was $12,069 for both years ended June 30, 2020 and 2019. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, 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. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

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

Reclassifications

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

Subsequent Events

The School evaluated subsequent events through December 9, 2020, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

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

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

NOTE 3 DEBT

Debt was comprised of the following at June 30:

Description	2020	2019
Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015A with an original amount of $7,230,000. The principal amount was reduced by $760,000 using financing from the state of Indiana. The loan principal is payable in annual installments that increase from $155,000 to $580,000 from December 2026 to December 2045. Interest payments are made semi-annually at a rate of 7.25% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	$ 6,470,000	$ 6,470,000
Note payable to the Indiana Common School Fund with an original amount of $1,175,000. The note requires semi-annual payments of $58,750 plus interest at 1% per annum from January 2017 to July 2026.	763,750	881,250
Total	7,233,750	7,351,250
Less: Current Portion	(117,500)	(117,500)
Long-Term Portion	$ 7,116,250	$ 7,233,750

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, 2020 and 2019.

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

Year Ending June 30,	Amount
2021	$ 117,500
2022	117,500
2023	117,500
2024	117,500
2025	117,500
Thereafter	6,646,250
Total	$ 7,233,750

NOTE 4 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are a cost-sharing 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, 2020 and 2019, 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, 2019 (the latest year reported), TRF and PERF were approximately 102% and 80% 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 $126,779 and $154,784 during the years ended June 30, 2020 and 2019, 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 $92,164 and $85,739 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

NOTE 6 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 6 RISKS AND UNCERTAINITIES (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, 2020 and 2019, 94% and 48% of the receivable balance was due from the state of Indiana, respectively.

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

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

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash, grants, and student fees receivable.

	2020	2019
Financial Assets	$ 1,335,516	$ 1,142,873
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Cash and Cash Equivalents Restricted for Debt Service	(639,057)	(633,158)
Cash and Cash Equivalents Restricted for Construction	(5,760)	(5,656)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 690,699	$ 504,059

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 change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories is required.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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

PORTER COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: DISCOVERY CHARTER SCHOOL
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DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 – JUNE 30, 2020

Office	Official	Term
President	Julie Tegt	07/01/19 – 06/30/20
Treasurer	Suzanne Radzik	07/01/19 – 06/30/20

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, 2020 and have issued our report thereon dated December 9, 2020. 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 9, 2020

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 – JUNE 30, 2020

No findings noted for the period of July 1, 2019 to June 30, 2020.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 – JUNE 30, 2020

The contents of this report were discussed with management and was presented to the board of directors on November 23, 2020.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2019 – JUNE 30, 2020

No findings noted for the period of July 1, 2019 to June 30, 2020 requiring a response.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

A member of Nexia International

East Chicago Urban Enterprise Academy

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

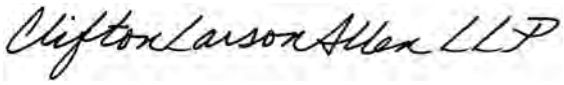
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of East Chicago Urban Enterprise Academy, Inc. as of June 30, 2020, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance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

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 10 to the financial statements, certain errors resulting in understatement of amounts previously reported for notes payable as of June 30, 2018, were discovered by management of the entity during the current year. Accordingly, amounts reported for notes payable have been restated in the 2019 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2018, to correct the error. Our opinion is not modified with respect to that matter.

Other Matter

The 2019 financial statements of East Chicago Urban Enterprise Academy, Inc. were audited by other auditors whose report dated October 3, 2019 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 11, 2021

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
ASSETS		
CURRENT ASSETS		
Cash	$ 17,553	$ 13,829
Grants Receivable	173,518	94,030
Prepaid Expenses	8,755	20,672
Total Current Assets	199,826	128,531
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,408,538	2,408,538
Furniture and Equipment	369,617	316,076
Less: Accumulated Depreciation	(1,173,302)	(1,047,959)
Property and Equipment, Net	1,604,853	1,676,655
OTHER ASSETS		
Security Deposit	8,881	7,828
Total Assets	$ 1,813,560	$ 1,813,014
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 169,587	$ 233,761
Accounts Payable and Accrued Expenses	326,349	413,768
Refundable Advance	-	17,806
Total Current Liabilities	495,936	665,335
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	535,827	690,696
Total Liabilities	1,031,763	1,356,031
NET ASSETS WITHOUT DONOR RESTRICTIONS	781,797	456,983
Total Liabilities and Net Assets	$ 1,813,560	$ 1,813,014

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
REVENUE AND SUPPORT		
State Education Support	$ 3,013,231	$ 2,986,286
Grant Revenue	1,178,834	1,028,666
Student Fees	28,881	34,524
Contributions	2,884	332
Other Income	48,918	38,285
Total Revenue and Support	4,272,748	4,088,093
EXPENSES		
Program Services	3,128,827	3,215,997
Management and General	819,107	896,804
Total Expenses	3,947,934	4,112,801
CHANGE IN NET ASSETS	324,814	(24,708)
Net Assets - Beginning of Year, As Restated	456,983	481,691
NET ASSETS - END OF YEAR	$ 781,797	$ 456,983

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,543,745	$ 193,253	$ 1,736,998	$ 1,556,558	$ 210,625	$ 1,767,183
Employee Benefits	453,777	56,728	510,505	498,562	60,378	558,940
Professional Services	70,977	19,637	90,614	139,227	17,305	156,532
Depreciation	125,342	-	125,342	110,646	-	110,646
Classroom, Kitchen, and Office Supplies	108,441	-	108,441	129,441	25,842	155,283
Food Costs	313,605	-	313,605	233,193	-	233,193
Insurance	-	23,289	23,289	-	27,617	27,617
Occupancy	358,975	-	358,975	364,249	15,336	379,585
Authorizer Oversight Fees	-	87,096	87,096	-	66,632	66,632
Management Services	-	386,479	386,479	-	404,700	404,700
Equipment	-	-	-	61,714	5,163	66,877
Property Rental and Maintenance	26,831	-	26,831	45,049	-	45,049
Instruction Services	4,363	-	4,363	18,167	-	18,167
Interest	-	34,954	34,954	-	39,974	39,974
Advertising	-	17,119	17,119	-	2,475	2,475
Travel	10,269	-	10,269	20,614	887	21,501
Information Technology	86,257	-	86,257	15,031	4,107	19,138
Other	26,245	552	26,797	23,546	15,763	39,309
Total Functional Expenses	$ 3,128,827	$ 819,107	$ 3,947,934	$ 3,215,997	$ 896,804	$ 4,112,801

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 324,814	$ (24,708)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	125,342	110,646
Changes in Operating Assets and Liabilities:		
Grants Receivable	(79,488)	(61,124)
Prepaid Expenses	11,917	(683)
Security Deposit	(1,053)	(25)
Accounts Payable and Accrued Expenses	(87,419)	123,228
Refundable Advances	(17,806)	17,806
Net Cash Provided by Operating Activities	276,307	165,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(53,540)	(121,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(219,043)	(224,990)
Proceeds from Notes Payable	-	9,663
Net Cash Used by Financing Activities	(219,043)	(215,327)
NET CHANGE IN CASH	3,724	(171,897)
Cash - Beginning of Year	13,829	185,726
CASH - END OF YEAR	$ 17,553	$ 13,829
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 34,491	$ 39,974
NONCASH TRANSACTIONS		
Prior period adjustment - loan amortization	$ -	$ 50,282

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

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.

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, 2020 and 2019, 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.

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. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

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

Impairment of Long-Lived Assets

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

Subsequent Events

The School evaluated subsequent events through January 11, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation.

NOTE 2 GOING CONCERN CONSIDERATIONS

The accompanying financial statements have been prepared assuming the School will continue as a going concern. Accounts payable and accrued expenses as of June 30, 2020 decreased approximately $103,000 compared to June 30, 2019. However, as of June 30, 2020, the School's current liabilities remain greater than current assets by approximately $293,000. A majority of the balance in accounts payable and accrued expenses represents current payroll and future payroll to fulfill school year teaching contracts, totaling approximately $225,030. If this trend continues, these factors could threaten the School's ability to continue as a going concern.

NOTE 2 GOING CONCERN CONSIDERATIONS (CONTINUED)

The School's management is aware of the negative financial results presented in the previous paragraph and has taken the following measures to improve its finances. The School has focused its efforts on enrollment, which resulted in a slight increase during the fall fiscal year 2021 semester compared to the spring 2020 semester. The School has also worked with its management company to develop a budget for fiscal year 2021 that will allow the School to meet its current and upcoming obligations and strengthen its net asset position. This budget includes revenue from additional funding sources as a result of the School's focused efforts on identifying and securing additional grant opportunities. The school was able to generate positive cash flows and had a positive change in net assets in the year ending June 20, 2020.

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019 (Restated)
Line of credit, refinanced to a term note, payable to a related party in monthly installments of $11,267 including interest at 1.0% per annum through December 2020 secured by all School assets (See Note 10).	$ 67,401	$ 190,107
Finance agreement, payable in monthly installments of $301, including interest at 8.0% per annum through July 2021, secured by equipment.	3,733	6,905
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.	634,280	727,445
Total	705,414	924,457
Less: Current Portion	(169,587)	(233,761)
Long-Term Portion	$ 535,827	$ 690,696

NOTE 3 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2021	$ 169,587
2022	102,930
2023	107,098
2024	112,297
2025	117,749
Thereafter	95,753
Total	$ 705,414

NOTE 4 LEASES

The School leases its building from a party related through a common board of directors, and modular classrooms and equipment from unrelated parties, all under operating leases. Total expense under these operating leases was $265,368 and $251,554 for the years ended June 30, 2020 and 2019, respectively.

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

Year Ending June 30,	Amount
2021	$ 12,068
2022	1,437

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. 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, 2019 (the latest year reported), TRF was approximately 88% funded.

Retirement plan expense was $106,061 and $146,860 for the years ended June 30, 2020 and 2019, 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 $87,096 and $66,632 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021 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, 2021. Payments under this agreement were $370,883 and $404,700 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 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, 2020, 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.

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

NOTE 8 RELATED PARTY

The School is related to the East Chicago Urban Enterprise Association, Inc. through common board members. The School borrowed money from the Association that is reflected in the notes payable at Note 3. Amounts due under the loan are due December 2020.

NOTE 9 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 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 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, 2020 total $191,071, all of which are available to meet cash needs for general expenditures within one year.

While the School has $191,071 and $107,859 in financial assets available to meet cash needs for general expenditures within one year, it also has $495,936 and $665,335 in current liabilities as of June 30, 2020 and 2019, respectively, which must be paid using these available financial assets, future year state tuition support, or some combination of the two. This deficit in financial assets net of financial liabilities may result in a significant strain on the School's financial resources (see Note 2).

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 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2020, the School conducted discussions with its bank regarding the outstanding balance of its line of credit to verify the outstanding balance. The School's financial institution experienced a fire in which many records, including the original paperwork for the line of credit and conversion to a term loan, were destroyed. In 2020, management discovered that the loan had been amortized on its books at a faster rate than was appropriate. This resulted in the following restatement.

	June 30, 2019		
	As Reported	Restatement	As Restated
Notes Payable, Net of Current Portion	$ 640,414	$ 50,282	$ 690,696
Net Assets Without Donor Restrictions	507,265	(50,282)	456,983
Total Liabilities and Net Assets	$ 1,147,679	$ -	$ 1,147,679

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
OTHER REPORT
JUNE 30, 2020

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*.

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

LAKE COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

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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, 2019 TO JUNE 30, 2020

Office	Official	Term
Chairman of Board of Directors	John Artis	07/01/19 – 06/30/20
School Leader	Veronica Eskew	07/01/19 – 06/30/20
School Treasurer	Melinda Benkovsky	07/01/19 – 06/30/20

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of East Chicago Urban Enterprise Academy, Inc., Inc. (the School) as of and for the year ended June 30, 2020 and have issued our report thereon dated January 11, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 11, 2021

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020

CASH DEPOSITS

The bank deposit was not completed timely for 13 of the 40 cash receipts tested.

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

ADM TESTING

Enrollment documents required to be maintained by the Indiana Department of Education (IDOE) include, at a minimum, birth certificates, enrollment application, and proof of residency for each student. In addition to the IDOE required documents, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School uses a third party to assist with enrollment and attendance records. The process used did not result in maintaining consistent and complete enrollment records for 4 students of the 75 tested for enrollment. The 4 selections were missing at least one of the enrollment documents required by the school's policy for enrollment.

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)

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on January 14, 2020 with Ms. Veronica Eskew (School Leader), Mr. John Artis (Chairman of Board of Directors), Ms. Kimberly Edwards (Board Treasurer), Melinda Benkovsky and Renee Lindemann (Leona Group). The Official Response has been made a part of this report and may be found on page 5.

The following letter is in response to the Supplemental Audit Report for East Chicago Urban Enterprise Academy for the 2019-2020 audit.

CASH DEPOSITS

Finding:

The bank deposit was not completed timely for 13 of the 40 cash receipts tested.

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

Response:

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

ADM TESTING

Finding:

Enrollment documents required to be maintained by the Indiana Department of Education (IDOE) include, at a minimum, birth certificates, enrollment application, and proof of residency for each student. In addition to the IDOE required documents, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School uses a third party to assist with enrollment and attendance records. The process used did not result in maintaining consistent and complete enrollment records for 4 students of the 75 tested for enrollment. The 4 selections were missing at least one of the enrollment documents required by the school's policy for enrollment.

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

Response:

East Chicago Urban Enterprise Academy will abide by the Accounting and Uniform Compliance Guideline Manual for Indiana Charter Schools, Part 9, and shall ensure that all required documents are obtained when enrolling a student, and shall ensure that such documentation is stored in paper or electronic form by the school.

Sincerely,

Melinda Benkovsky

Melinda Benkovsky, VP of Finance, The Leona Group

12/28/2020

Date

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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

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

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 10 to the financial statements, certain errors resulting in understatement of amounts previously reported for notes payable as of June 30, 2018, were discovered by management of the entity during the current year. Accordingly, amounts reported for notes payable have been restated in the 2019 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2018, to correct the error. Our opinion is not modified with respect to that matter.

Other Matter

The 2019 financial statements of East Chicago Urban Enterprise Academy, Inc. were audited by other auditors whose report dated October 3, 2019 expressed an unmodified opinion on those statements.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2021, on our consideration of East Chicago Urban Enterprise 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 East Chicago Urban Enterprise 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 East Chicago Urban Enterprise Academy, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 11, 2021

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
ASSETS		
CURRENT ASSETS		
Cash	$ 17,553	$ 13,829
Grants Receivable	173,518	94,030
Prepaid Expenses	8,755	20,672
Total Current Assets	199,826	128,531
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,408,538	2,408,538
Furniture and Equipment	369,617	316,076
Less: Accumulated Depreciation	(1,173,302)	(1,047,959)
Property and Equipment, Net	1,604,853	1,676,655
OTHER ASSETS		
Security Deposit	8,881	7,828
Total Assets	$ 1,813,560	$ 1,813,014
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 169,587	$ 233,761
Accounts Payable and Accrued Expenses	326,349	413,768
Refundable Advance	-	17,806
Total Current Liabilities	495,936	665,335
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	535,827	690,696
Total Liabilities	1,031,763	1,356,031
NET ASSETS WITHOUT DONOR RESTRICTIONS	781,797	456,983
Total Liabilities and Net Assets	$ 1,813,560	$ 1,813,014

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
REVENUE AND SUPPORT		
State Education Support	$ 3,013,231	$ 2,986,286
Grant Revenue	1,178,834	1,028,666
Student Fees	28,881	34,524
Contributions	2,884	332
Other Income	48,918	38,285
Total Revenue and Support	4,272,748	4,088,093
EXPENSES		
Program Services	3,128,827	3,215,997
Management and General	819,107	896,804
Total Expenses	3,947,934	4,112,801
CHANGE IN NET ASSETS	324,814	(24,708)
Net Assets - Beginning of Year, As Restated	456,983	481,691
NET ASSETS - END OF YEAR	$ 781,797	$ 456,983

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,543,745	$ 193,253	$ 1,736,998	$ 1,556,558	$ 210,625	$ 1,767,183
Employee Benefits	453,777	56,728	510,505	498,562	60,378	558,940
Professional Services	70,977	19,637	90,614	139,227	17,305	156,532
Depreciation	125,342	-	125,342	110,646	-	110,646
Classroom, Kitchen, and Office Supplies	108,441	-	108,441	129,441	25,842	155,283
Food Costs	313,605	-	313,605	233,193	-	233,193
Insurance	-	23,289	23,289	-	27,617	27,617
Occupancy	358,975	-	358,975	364,249	15,336	379,585
Authorizer Oversight Fees	-	87,096	87,096	-	66,632	66,632
Management Services	-	386,479	386,479	-	404,700	404,700
Equipment	-	-	-	61,714	5,163	66,877
Property Rental and Maintenance	26,831	-	26,831	45,049	-	45,049
Instruction Services	4,363	-	4,363	18,167	-	18,167
Interest	-	34,954	34,954	-	39,974	39,974
Advertising	-	17,119	17,119	-	2,475	2,475
Travel	10,269	-	10,269	20,614	887	21,501
Information Technology	86,257	-	86,257	15,031	4,107	19,138
Other	26,245	552	26,797	23,546	15,763	39,309
Total Functional Expenses	$ 3,128,827	$ 819,107	$ 3,947,934	$ 3,215,997	$ 896,804	$ 4,112,801

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 324,814	$ (24,708)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	125,342	110,646
Changes in Operating Assets and Liabilities:		
Grants Receivable	(79,488)	(61,124)
Prepaid Expenses	11,917	(683)
Security Deposit	(1,053)	(25)
Accounts Payable and Accrued Expenses	(87,419)	123,228
Refundable Advances	(17,806)	17,806
Net Cash Provided by Operating Activities	276,307	165,140
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(53,540)	(121,710)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(219,043)	(224,990)
Proceeds from Notes Payable	-	9,663
Net Cash Used by Financing Activities	(219,043)	(215,327)
NET CHANGE IN CASH	3,724	(171,897)
Cash - Beginning of Year	13,829	185,726
CASH - END OF YEAR	$ 17,553	$ 13,829
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 34,491	$ 39,974
NONCASH TRANSACTIONS		
Prior period adjustment - loan amortization	$ -	$ 50,282

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

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.

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, 2020 and 2019, 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.

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. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

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

Impairment of Long-Lived Assets

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

Subsequent Events

The School evaluated subsequent events through January 11, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation.

NOTE 2 GOING CONCERN CONSIDERATIONS

The accompanying financial statements have been prepared assuming the School will continue as a going concern. Accounts payable and accrued expenses as of June 30, 2020 decreased approximately $103,000 compared to June 30, 2019. However, as of June 30, 2020, the School's current liabilities remain greater than current assets by approximately $293,000. A majority of the balance in accounts payable and accrued expenses represents current payroll and future payroll to fulfill school year teaching contracts, totaling approximately $225,030. If this trend continues, these factors could threaten the School's ability to continue as a going concern.

NOTE 2 GOING CONCERN CONSIDERATIONS (CONTINUED)

The School's management is aware of the negative financial results presented in the previous paragraph and has taken the following measures to improve its finances. The School has focused its efforts on enrollment, which resulted in a slight increase during the fall fiscal year 2021 semester compared to the spring 2020 semester. The School has also worked with its management company to develop a budget for fiscal year 2021 that will allow the School to meet its current and upcoming obligations and strengthen its net asset position. This budget includes revenue from additional funding sources as a result of the School's focused efforts on identifying and securing additional grant opportunities. The school was able to generate positive cash flows and had a positive change in net assets in the year ending June 20, 2020.

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019 (Restated)
Line of credit, refinanced to a term note, payable to a related party in monthly installments of $11,267 including interest at 1.0% per annum through December 2020 secured by all School assets (See Note 10).	$ 67,401	$ 190,107
Finance agreement, payable in monthly installments of $301, including interest at 8.0% per annum through July 2021, secured by equipment.	3,733	6,905
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.	634,280	727,445
Total	705,414	924,457
Less: Current Portion	(169,587)	(233,761)
Long-Term Portion	$ 535,827	$ 690,696

NOTE 3 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2021	$ 169,587
2022	102,930
2023	107,098
2024	112,297
2025	117,749
Thereafter	95,753
Total	$ 705,414

NOTE 4 LEASES

The School leases its building from a party related through a common board of directors, and modular classrooms and equipment from unrelated parties, all under operating leases. Total expense under these operating leases was $265,368 and $251,554 for the years ended June 30, 2020 and 2019, respectively.

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

Year Ending June 30,	Amount
2021	$ 12,068
2022	1,437

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. 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, 2019 (the latest year reported), TRF was approximately 88% funded.

Retirement plan expense was $106,061 and $146,860 for the years ended June 30, 2020 and 2019, 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 $87,096 and $66,632 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021, 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, 2021. Payments under this agreement were $370,883 and $404,700 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 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, 2020, 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.

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

NOTE 8 RELATED PARTY

The School is related to the East Chicago Urban Enterprise Association, Inc. through common board members. The School borrowed money from the Association that is reflected in the notes payable at Note 3. Amounts due under the loan are due December 2020.

NOTE 9 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 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 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, 2020 total $191,071, all of which are available to meet cash needs for general expenditures within one year.

While the School has $191,071 and $107,859 in financial assets available to meet cash needs for general expenditures within one year, it also has $495,936 and $665,335 in current liabilities as of June 30, 2020 and 2019, respectively, which must be paid using these available financial assets, future year state tuition support, or some combination of the two. This deficit in financial assets net of financial liabilities may result in a significant strain on the School's financial resources (see Note 2).

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 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2020, the School conducted discussions with its bank regarding the outstanding balance of its line of credit to verify the outstanding balance. The School's financial institution experienced a fire in which many records, including the original paperwork for the line of credit and conversion to a term loan, were destroyed. In 2020, management discovered that the loan had been amortized on its books at a faster rate than was appropriate. This resulted in the following restatement.

	June 30, 2019		
	As Reported	Restatement	As Restated
Notes Payable, Net of Current Portion	$ 640,414	$ 50,282	$ 690,696
Net Assets Without Donor Restrictions	507,265	(50,282)	456,983
Total Liabilities and Net Assets	$ 1,147,679	$ -	$ 1,147,679

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
OTHER REPORT
JUNE 30, 2020 AND 2019

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*.



CliftonLarsonAllen LLP
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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 and Management
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, Inc. (the School), which comprise the statement of financial position at June 30, 2020, 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 11, 2021.

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 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.

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 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

Indianapolis, Indiana
January 11, 2021



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 and Management
East Chicago Urban Enterprise Academy, Inc.
East Chicago, Indiana

Report on Compliance for Each Major Federal Program

We have audited East Chicago Urban Enterprise Academy, Inc.'s (the School) compliance with the types of compliance requirements described 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, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2020, and have issued our report thereon dated January 11, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 8, 2021

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title		Federal CFDA 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	N/A	$ -	$ 87,318
National School Lunch Program		10.555	N/A	-	247,320
Summer Food Service Program for Children		10.559	N/A	-	1,984
Total Child Nutrition Cluster				-	336,622
Fresh Fruit and Vegetable Program		10.582	N/A	-	14,280
Total Department of Agriculture				-	350,902
Department of Education					
Passed through Indiana Department of Education:					
Title I Grants to Local Educational Agencies		84.010	191530	-	31,584
		84.010	201530	-	242,846
Total				-	274,430
Supporting Effective Instruction State Grants		84.367	180520	-	20,106
		84.367	190520	-	29,916
Total				-	50,022
Special Education Cluster					
Special Education Grants to States		84.027	20611-560-PN01	-	72,913
Special Education Preschool Grants		84.173	190460	-	1,040
		84.173	200460	-	1,194
Total Special Education Cluster				-	75,147

See accompanying Notes to Schedule of Expenditures of Federal Awards.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education (Continued)				
Passed through Indiana Department of Education:				
English Language Acquisition Grants	84.365	01119-098-PN01	$ -	$ 1,896
Title IV Student Support and Academic Enrichment Program	84.424	180750	-	18,912
COVID-19 Elementary and Secondary School Emergency Relief Program	84.425D	7000-S425D200013	-	225
Total Department of Education			-	420,632
Total Expenditures of Federal Awards			$ -	$ 771,534

* Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of East Chicago Urban Enterprise Academy, Inc. (the School) under programs of the federal government for the year ended June 30, 2020. 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.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020
(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

CFDA Number(s)	**Name of Federal Program or Cluster**
10.555	Child Nutrition Cluster – National School Lunch 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

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

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Gary Middle College

GARY MIDDLE COLLEGE, INC.

FINANCIAL STATEMENTS

June 30, 2020 and 2019

GARY MIDDLE COLLEGE, INC.

FINANCIAL STATEMENTS
June 30, 2020 and 2019

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Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Gary Middle College, Inc. (the School), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gary Middle College, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the School has adopted, ASU 2018-08 – *Not-for Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

Crowe LLP

Crowe LLP

Indianapolis, Indiana
January 11, 2021

GARY MIDDLE COLLEGE, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 823,757	$ 632,019
Grants receivable	36,937	31,987
Prepaid expenses	19,338	44,450
Due from management company (Note 5)	-	1,171
Property and equipment, net (Note 2)	553,136	576,061
Total assets	$ 1,433,168	$ 1,285,688
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ 85,618	$ 100,588
Deferred revenue	6,976	10,069
Due to management company (Note 5)	4,019	16,205
Note payable (Note 4)	130,000	150,000
Total liabilities	226,613	276,862
NET ASSETS		
Without donor restrictions	1,206,555	1,008,826
Total liabilities and net assets	$ 1,433,168	$ 1,285,688

See accompanying notes to financial statements.

GARY MIDDLE COLLEGE, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2020 and 2019

	2020	2019
Public support and revenues		
Federal grants	$ 196,626	$ 145,210
State and local grants	1,627,919	1,770,037
Supporting services	165,058	5,728
Rental income	75,000	73,703
Total revenue and support	2,064,603	1,994,678
Expenses		
Education services	1,678,756	1,522,173
Management and general	188,118	207,162
Total expenses	1,866,874	1,729,335
Change in net assets	197,729	265,343
Net assets, beginning of year	1,008,826	743,483
Net assets, end of year	$ 1,206,555	$ 1,008,826

See accompanying notes to financial statements.

GARY MIDDLE COLLEGE, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities		
Change in net assets	$ 197,729	$ 265,343
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	124,473	129,085
Change in assets and liabilities		
Grants receivable	(4,950)	6,754
Prepaid expenses	25,112	(23,825)
Due to/from management company	(11,015)	55,011
Accounts payable and other accrued expenses	(14,970)	16,993
Deferred revenue	(3,093)	10,069
Net cash from operating activities	313,286	459,430
Cash flows from investing activities		
Purchases of property and equipment	(101,548)	(158,427)
Net cash from investing activities	(101,548)	(158,427)
Cash flows from financing activities		
Payments on note payable	(20,000)	(20,000)
Net cash from financing activities	(20,000)	(20,000)
Net change in cash and cash equivalents	191,738	281,003
Cash and cash equivalents, beginning of year	632,019	351,016
Cash and cash equivalents, end of year	$ 823,757	$ 632,019
Supplemental disclosure of cash flow information		
Cash paid during the year for interest	$ 1,450	$ 1,651

See accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

The School does not expect the total amount of unrecorded tax benefits to significantly change in the next 12 months. The School recognizes interest and/or penalties related to income tax matters in income tax expense. The School did not have any amounts accrued for interest and penalties at June 30, 2020 and 2019.

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

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

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

Allowances: No allowance for doubtful accounts is recorded as of June, 30, 2020 and 2019. The allowances are based upon prior experience and management's analysis of specific receivables and promises to give. Losses are charged off to the reserve when management deems further collection efforts will no longer produce additional recoveries. The School currently considers all receivables to be fully collectible.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Property and equipment	3-7 years

Impairment of Long-Lived Assets: In accordance with GAAP, the School reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of June 30, 2020 and 2019, management believes that no impairment exists.

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

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

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

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

The net asset with donor restrictions class also includes assets of the School related to contributions and other inflows of assets whose use by the School is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the School. The School had no net assets with donor restrictions as of June 30, 2020 and 2019.

Federal and State Grants: Support funded by grants is recognized as the School performs the contracted services under various grant agreements. Grant revenue is typically recognized as earned as the eligible expenses are incurred. Some of the School's grant agreements are not on a cost reimbursement basis, and support is recognized when earned. This includes the School's basic grant support from the State which is based on per-pupil funding. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional and Allocated Expenses: Expenses have been classified as program services and supporting services based on the actual direct expenditures and estimated cost allocations. Supporting services include management and general activities of the School. The School did not incur any fundraising expenses for the years ended June 30, 2020 and 2019.

Advertising: The School expenses advertising costs as incurred. During 2020 and 2019, expenses totaling $8,514 and $14,809, were incurred for advertising.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance: In June 2018, the FASB issued ASU 2018-08 - *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made.* The amendments in this Update provide a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance (for example, Topic 606). The amendments also provide additional guidance about how to determine whether a contribution is conditional. The School applied the amendments in this ASU for the year ended June 30, 2020 using a full retrospective method of application. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to June 30, 2020, to determine the need for any adjustments or disclosures to the financial statements for the year ended June 30, 2020. Management has performed their analysis through January 11, 2021, the date the financial statements were available to be issued.

NOTE 2 - PROPERTY AND EQUIPMENT

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

	2020	2019
Property and equipment	$ 1,324,814	$ 1,223,266
Less: accumulated depreciation and amortization	(771,678)	(647,205)
	$ 553,136	$ 576,061

Depreciation expense for the years ended June 30, 2020 and 2019 was $124,473 and $129,085, respectively.

NOTE 3 - LEASES

In 2016, the School entered into a five-year building lease agreement with a third party through 2022. The original five-year lease term includes subsequent renewal options. Rent expense totaled $52,821 and $52,757 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease payments under operating leases at June 30, 2020, are as follows:

2021	$ 61,690
2022	21,120
	$ 82,810

(Continued)

NOTE 4 - NOTE PAYABLE

Note payable consisted of the following at June 30:

	2020	2019
Note payable to State of Indiana Treasurer to support school operations, payable semi-annually beginning January 2017, plus interest computed at 1.00%, through maturity in August 2026.	$ 130,000	$ 150,000

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

2021	$ 20,000
2022	20,000
2023	20,000
2024	20,000
2025	20,000
Thereafter	30,000
	$ 130,000

Interest expense during the years ending June 30, 2020 and 2019 was $1,350 and $1,542, respectively.

NOTE 5 – MANAGEMENT AGREEMENT

The School has a management agreement with the Greater Education Opportunities Foundation, Inc., (GEOF). Under the management agreement, GEOF charges administrative and per student fees in exchange for the management, operation, administration, payroll and accounting services provided. During the years ended June 30, 2020 and 2019, the School paid GEOF fees of $185,636 and $174,111, respectively. As part of the management services provided, GEOF acts as the payor of certain operating expenses, which are reimbursed to GEOF by the School. The School's Board retains final authority and responsibility for financial and budgetary commitments. At June 30, 2020 and 2019, the School had a payable to GEOF for $4,019 and $16,205, respectively. At June 30, 2020 and 2019, the School had a receivable from GEOF in the amount of $0 and $424, respectively.

The School periodically has receivables and payables with other charter schools managed by GEOF for shared costs. At June 30, 2020 and 2019, the School had a receivable balance in the amount of $0 and $747 due from 21st Century Charter School @ Gary, Inc. for various payroll transactions between these entities.

The School also has a select number of employees that work for multiple charter schools managed by GEOF. As opposed to an employee receiving multiple checks from different locations these employees are paid by the School and then reimbursed by Gary Middle College West (GMC West), a separate charter school managed by GEOF, for their portion of the employee salary expense. As of June 30, 2020 and 2019 the School received reimbursements of $165,058 and $5,728, respectively.

On July 1, 2018, the School entered into a six-year building lease agreement with GMC West maturing on June 30, 2024. The lease requires monthly rent payments of $6,142 and includes a purchase option for GMC West to purchase the facility from the School at fair market value. The School recognized rental income of $75,000 and $73,703 for the years ended June 30, 2020 and 2019, respectively.

(Continued)

NOTE 6 - CHARTER AGREEMENT

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay Ball State University an annual administrative fee equal to 3% of State tuition support, along with other licensing fees. Payments under this charter agreement were $23,054 and $23,442 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 - PENSION PLANS

The School's faculty and certain administrative employees are participants in a 403(b) tax deferred annuity retirement plan. All participants may contribute to the plan. There were no employer matching contributions to the plan for the years ended June 30, 2020 and 2019.

The School participates in the Indiana Public Retirement System (INPRS). INPRS includes both the Public Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF). PERF is a defined benefit pension plan. PERF is a cost sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. TRF is a defined benefit pension plan. TRF is a cost-sharing multi-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The School employees are required to contribute three percent of their annual covered salary. The School is required to contribute an actuarially determined rate determined annually for PERF and TRF. The School's expense for the years ended June 30, 2020 and 2019 were $40,318 and $58,562, respectively.

NOTE 8 - FUNCTIONAL EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the program and supporting functions of the School. Functions include program expense for education services and management and general activities. The table below presents these functional expenses by their natural classification for the years ended June 30, 2020 and 2019, respectively.

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

(Continued)

NOTE 8 - FUNCTIONAL EXPENSES BY NATURE (Continued)

	2019		
	Education Services	Management and General	Total
Salaries and benefits	$ 927,159	$ -	$ 927,159
Student support and supplies	142,463	-	142,463
Office and operation expense	85,680	-	85,680
Depreciation expense	129,085	-	129,085
Building and grounds	75,140	-	75,140
Service contracts	162,646	207,162	369,808
Total expenses	$ 1,522,173	$ 207,162	$ 1,729,335

NOTE 9 - LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 823,757	$ 632,019
Grants receivable	36,937	31,987
Due from management company	-	1,171
Total financial assets	$ 860,694	$ 665,177

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

NOTE 10 – COVID-19 IMPACT

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

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

The School was awarded an allocation of the Education Stabilization Relief Fund through the CARES Act totaling $10,000. As of June 30, 2020, the School had incurred expenditures of $10,000. This balance has yet to be received by the School and is currently being shown as a grant receivable and federal grant revenue as of June 30, 2020.

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

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

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

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

LAKE COUNTY, INDIANA
July 1, 2019 to June 30, 2020

GARY MIDDLE COLLEGE, INC.

LAKE COUNTY, INDIANA
July 1, 2019 to June 30, 2020

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Office	Official	Term
Lead Principal	Joseph Arredondo	July 1, 2019 to June 30, 2020
Treasurer	Dana Johnson Teasley	July 1, 2019 to June 30, 2020
President of the Charter Board	Arlene Colvin	July 1, 2019 to June 30, 2020

Crowe LLP
Independent Member Crowe Global

TRANSMITTAL LETTER

Board of Directors and Management
Gary Middle College
Indianapolis, Indiana

We have audited the financial statements of Gary Middle College, Inc. (the "School") for the period from July 1, 2019 to June 30, 2020 and have issued our report thereon dated January 11, 2021. As part of our audit, we performed certain tests of the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual ("Manual") for the audits of Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions. However, providing an opinion on compliance with the Manual was not an objective of our tests, and accordingly, we do not express such an opinion.

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

Crowe LLP

Crowe LLP

Indianapolis, Indiana
January 11, 2021

FINDING 2019-001: CONFLICT OF INTEREST STATEMENTS

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

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

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

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

The contents of this report were discussed on January 11, 2021 with Dana Johnson Teasley, Treasurer. The Official Response has been made a part of this report and may be found immediately following the findings on the previous page.

Geist Montessori Academy

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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND
CONSULTING

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, which comprise the consolidated statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinion

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

Other Matter

The 2019 consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC were audited by other auditors whose report dated January 30, 2020 expressed an unmodified opinion on those statements.

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

Indianapolis, Indiana
February 25, 2021

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 891,615	$ 403,725
Accounts Receivable:		
Grants	13,120	24,000
Other	19,439	19,419
Due from Affiliated Entity	50,265	-
Prepaid Expenses	18,389	12,000
Total Current Assets	992,828	459,144
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Construction in Progress	580,336	2,659,465
Building	5,843,916	-
Leasehold Improvements	193,435	184,893
Furniture and Equipment	305,404	293,031
Textbooks	12,505	26,602
Less: Accumulated Depreciation	(479,871)	(380,132)
Property and Equipment, Net	7,001,973	3,330,107
OTHER ASSETS		
Security Deposit	-	11,000
Total Assets	$ 7,994,801	$ 3,800,251
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 354,899	$ 218,137
Accounts Payable and Accrued Expenses	141,661	102,500
Construction Costs Payable	-	511,121
Deferred Revenue	-	54,965
Due to Affiliated Entity	18,379	845
Total Current Liabilities	514,939	887,568
LONG-TERM LIABILITIES		
Payroll Protection Program Loan	300,000	-
Notes Payable, Net of Current Portion	5,518,446	1,417,889
Less: Unamortized Debt Issuance Costs	(64,756)	(83,257)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	5,753,690	1,334,632
Total Liabilities	6,268,629	2,222,200
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,726,172	1,578,051
Total Liabilities and Net Assets	$ 7,994,801	$ 3,800,251

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, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 2,262,845	$ 2,431,022
Grant Revenue	408,265	335,998
Student Fees	71,587	95,170
Investment Income	-	16,519
Contribution Income	6,309	-
Other Income	100,109	92,257
Total Revenue and Support	2,849,115	2,970,966
EXPENSES		
Program Services	1,943,600	2,060,964
Management and General	757,394	555,522
Total Expenses	2,700,994	2,616,486
CHANGE IN NET ASSETS	148,121	354,480
Net Assets - Beginning of Year	1,578,051	1,223,571
NET ASSETS - END OF YEAR	$ 1,726,172	$ 1,578,051

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, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,157,149	$ 221,045	$ 1,378,194	$ 1,181,980	$ 331,518	$ 1,513,498
Employee Benefits	132,301	23,271	155,572	151,116	61,530	212,646
Professional Services	211,895	115,297	327,192	140,350	31,388	171,738
Authorizer Oversight Fees	-	66,317	66,317	-	65,769	65,769
Staff Development and Recruitment	-	-	-	2,329	-	2,329
Food Costs	1,225	-	1,225	2,719	-	2,719
Property Rental and Equipment	28,053	-	28,053	17,395	-	17,395
Classroom, Kitchen, and Office Supplies	50,753	39,922	90,675	64,412	-	64,412
Occupancy	293,953	-	293,953	453,101	-	453,101
Depreciation	26,690	73,049	99,739	21,722	-	21,722
Insurance	-	26,853	26,853	-	36,376	36,376
Interest	-	165,035	165,035	-	15,814	15,814
Repairs and Maintenance	8,886	-	8,886	10,455	-	10,455
Information Technology	595	-	595	-	-	-
Student Transportation	6,745	-	6,745	-	-	-
Advertising	-	429	429	-	-	-
Other	25,355	26,176	51,531	15,385	13,127	28,512
Total Functional Expenses	$ 1,943,600	$ 757,394	$ 2,700,994	$ 2,060,964	$ 555,522	$ 2,616,486

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, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 148,121	$ 354,480
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	99,739	21,722
Amortization	18,501	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	10,880	(24,000)
Other Receivable	(20)	(7,962)
Due from/to Affiliated Entity	(32,731)	5,948
Prepaid Expenses	(6,389)	26,126
Security Deposit	11,000	-
Accounts Payable and Accrued Expenses	39,161	(9,416)
Deferred Revenue	(54,965)	5,120
Refundable Advances	-	(10,375)
Net Cash Provided by Operating Activities	233,297	361,643
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in Progress Payments	(511,121)	(2,058,467)
Purchases of Property and Equipment	(3,771,605)	(15,430)
Net Cash Used by Investing Activities	(4,282,726)	(2,073,897)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(262,681)	(218,137)
Issuance of Notes Payable	4,800,000	-
Debt Issuance Costs	-	(92,508)
Net Cash Provided (Used) by Financing Activities	4,537,319	(310,645)
NET CHANGE IN CASH	487,890	(2,022,899)
Cash - Beginning of Year	403,725	2,426,624
CASH - END OF YEAR	$ 891,615	$ 403,725
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 165,035	$ 16,905
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Construction in Progress in Payables	$ -	$ 511,121

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 not-for-profit 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 2018-2019 school year, GMA served approximately 375 students in grades kindergarten to eight by providing an alternative to the traditional public schools.

Effective December 26, 2018, GMA formed GMA Holding, LLC, a wholly-owned subsidiary of the School. GMA Holding, LLC was established to own land and construct a school building for use by the School. During the year ended June 30, 2019, GMA Holding, LLC began construction of the new school facility. As of June 30, 2020 and 2019, construction in progress totaled $580,336 and $2,659,465, respectively. Total project cost, including land, was approximately $7,000,000. The School moved into the building in November and December 2019.

Principles of Consolidation

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

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

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, 2020 and 2019.

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.

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.

Due from (to) Affiliated Entity

The School pays expenses and salaries for the Geist Montessori Pre- Kindergarten (Pre-K) program, which is a separate entity from the School. Several times during the year, Pre-K pays the School the balance of the account. In addition, Pre-K's annual net revenues in excess of expenses is contributed to the School and reported in other income ($-0- and $60,000 for 2020 and 2019, respectively). As of June 30, 2020, Pre-K owed the School $50,265. As of June 30, 2020 and 2019, the School owed Pre-K $18,379 and $845, respectively.

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, 2020 and 2019 was $27,752 and $9,251, respectively, and is 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, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely- than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2015 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, 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	20 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.

Deferred Revenue

Deferred revenue consists of student fee deposits received as part of the enrollment process that apply to the subsequent academic school year.

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 previous reported net assets.

Subsequent Events

The School evaluated subsequent events through February 25, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 PAYROLL PROTECTION PROGRAM LOAN

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

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019
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.	$ 4,455,456	$ -
Note payable to State Board of Education, payable $109,068 semi-annually (January 1 and July 1) plus interest at 1% per annum. Due July 2026.	1,417,889	1,636,026
Total	5,873,345	1,636,026
Less: Current Portion	(354,899)	(218,137)
Long-Term Portion	$ 5,518,446	$ 1,417,889

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.

NOTE 3 NOTES PAYABLE (CONTINUED)

As discussed in Note 1, during January 2019, GMA Holding, LLC entered into an agreement with First Financial Bank for a construction loan of $4,500,000. Borrowings accrue interest at 2.00% above LIBOR (a total of 4.95% and 4.44% at June 30, 2020 and 2019, respectively). On February 1, 2020, the construction loan converts to a 48-month term note, using a 240-month amortization period. The loan is subject to certain covenants of which management believes it was in compliance or were waived at June 30, 2020.

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

Year Ending June 30,	Amount
2021	$ 354,899
2022	362,300
2023	369,713
2024	4,132,710
2025	218,137
Thereafter	327,205
Total	$ 5,764,964

NOTE 4 LEASES

The School leases its education facilities and certain items of office equipment under operating leases for terms from three to seven years. The facility leases include options to renew and provisions for rate escalation based on the Consumer Price Index. Under one facility lease, the School is responsible for insurance, taxes, repairs, and utilities. Another facility lease provides for early termination by the School subject to a buyout provision. Due to the completion of the new school facility, both of the facility lease agreements were terminated in December 2019. The School paid a buyout fee of $68,442. Expense under operating leases for the years ended June 30, 2020 and 2019 were $229,850 and $416,998, respectively.

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

Year Ending June 30,	Amount
2021	$ 13,996
2022	13,996
2023	13,996
2024	13,996
2025	4,665
Total	$ 60,649

NOTE 5 RETIREMENT PLAN

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2020 and 2019, 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, 2019 (the latest year reported), TRF was approximately 102% funded.

Retirement benefits for School employees are provided under a Section 403(b) defined contribution retirement plan. Under the plan, the School matches 100% of each participant's contributions not to exceed 7% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2020 and 2019.

Retirement plan expense for the years ended June 30, 2020 and 2019 was $26,140 and $31,671, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was $66,317 and $65,769 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

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. Cash deposits are maintained at First Financial Bank and are insured up to the FDIC insurance limit. From time to time during the year the School's deposit accounts exceed this limit.

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

NOTE 8 LIQUIDITY

Under ASU 2016-14 the School is required to disclose the assets it has available at June 30, 2019 to meet its cash needs for general expenditures within one year of the date of the consolidated statement of financial position. Financial assets for the School include cash, grants receivables, and accounts receivables.

	2020	2019
Financial Assets	$ 974,439	$ 447,144
Less: Those Unavailable for General Expenditures Within One Year	-	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 974,439	$ 447,144

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

NOTE 10 CONTINGENT LIABILITIES

The School is involved in various disputes in the normal course of business. Management believes these disputes are without substantial merit and should not result in settlements which would have a material adverse effect on the School's financial position and that any significant potential settlement against the school would be covered under the insurance policy.

SUPPLEMENTARY INFORMATION

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.	GMA Holding, LLC	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 608,787	$ 282,828	$ -	$ 891,615
Accounts Receivable:				
Grants	13,120	-	-	13,120
Other	19,439	-	-	19,439
Due from Affiliated Entity	2,892,346	-	(2,842,081)	50,265
Prepaid Expenses	18,389	-	-	18,389
Total Current Assets	3,552,081	282,828	(2,842,081)	992,828
PROPERTY AND EQUIPMENT				
Land	-	546,248	-	546,248
Construction in Progress	-	580,336	-	580,336
Building	-	5,843,916	-	5,843,916
Leasehold Improvements	193,435	-	-	193,435
Furniture and Equipment	305,404	-	-	305,404
Textbooks	12,505	-	-	12,505
Less: Accumulated Depreciation	(406,822)	(73,049)	-	(479,871)
Property and Equipment, Net	104,522	6,897,451	-	7,001,973
Total Assets	$ 3,656,603	$ 7,180,279	$ (2,842,081)	$ 7,994,801
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 218,137	$ 136,762	$ -	$ 354,899
Accounts Payable and Accrued Expenses	140,611	1,050	-	141,661
Due to Affiliated Entity	-	2,860,460	(2,842,081)	18,379
Total Current Liabilities	358,748	2,998,272	(2,842,081)	514,939
LONG-TERM LIABILITIES				
Payroll Protection Program Loan	300,000	-	-	300,000
Notes Payable, Net of Current Portion	1,199,752	4,318,694	-	5,518,446
Less: Unamortized Debt Issuance Costs	-	(64,756)	-	(64,756)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	1,499,752	4,253,938	-	5,753,690
Total Liabilities	1,858,500	7,252,210	(2,842,081)	6,268,629
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,798,103	(71,931)	-	1,726,172
Total Liabilities and Net Assets	$ 3,656,603	$ 7,180,279	$ (2,842,081)	$ 7,994,801

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.	GMA Holding, LLC	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 2,262,845	$ -	$ -	$ 2,262,845
Grant Revenue	408,265	-	-	408,265
Student Fees	71,587	-	-	71,587
Contributions	6,309	-	-	6,309
Other Income	100,109	155,000	(155,000)	100,109
Total Revenue and Support	2,849,115	155,000	(155,000)	2,849,115
EXPENSES				
Program Services	2,098,600	-	(155,000)	1,943,600
Management and General	532,558	224,836	-	757,394
Total Expenses	2,631,158	224,836	(155,000)	2,700,994
CHANGE IN NET ASSETS	217,957	(69,836)	-	148,121
Net Assets - Beginning of Year	1,580,146	(2,095)	-	1,578,051
NET ASSETS - END OF YEAR	$ 1,798,103	$ (71,931)	$ -	$ 1,726,172

MONTESSORI ACADEMY AT GEIST, INC.
OTHER REPORT
JUNE 30, 2020

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*.

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SUPPLEMENTAL AUDIT REPORT
OF
MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

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AUDIT, TAX, AND CONSULTING

MONTESSORI ACADEMY AT GEIST, INC.
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MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
Board President	Nick Wright	07/01/19 – 06/30/20
Board Treasurer	Uriah Ellis	07/01/19 – 06/30/20
Executive Director	Cindy Schuler	07/01/19 – 06/30/20

INDEPENDENT AUDITORS' REPORT

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

We have audited the consolidated financial statements of Montessori Academy at Geist, Inc. (the School) as of and for the year ended June 30, 2020, and have issued our report thereon dated February 25, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 25, 2021

GENERAL DISBURSEMENTS TESTING

We selected forty (40) general disbursements for testing. Of the 40 disbursements selected, the School was unable to provide invoices and AP vouchers for thirteen (13) of the disbursements. We were therefore unable to review the disbursements for any of the compliance attributes.

Of the remaining 26 disbursements tested, we were either unable to observe or determined the following exception occurred:

- If invoices were certified by employees (9 occurrences)
- If the board approved invoices (9 occurrences)
- If written contracts for vendors were retained (11 occurrences)
- Sales tax was improperly paid (16 occurrences)
- If expense was attributable to the School (9 occurrences)
- If cash payments were made (9 occurrences)
- If disbursement was a payment for an expenditure or a donation (10 occurrences)

Of the forty (40) disbursements selected for testing, we noted one (1) invoice where a late fee of $39 was incurred and paid. We also noted one (1) invoice that included penalties and /or interest of $48.79.

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

CREDIT CARD TESTING

One (1) of the five (5) credit card payments selected for testing included payment for a late fee.

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

ADM TESTING

The following issues were noted in completing ADM testing of seventy-five (75) students:

- Enrollment documents required to be maintained by the Indiana Department of Education (IDOE) include, at a minimum, birth certificates, enrollment application, and proof of residency for each student.
    - The process used did not result in maintaining consistent and complete enrollment records for four (4) of the seventy-five (75) students tested for enrollment. The 4 selections were missing all forms required by the IDOE.

ADM TESTING (CONTINUED)

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. The IDOE has not defined what constitutes sufficient engagement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

PAYROLL POLICIES AND PROCEDURES

Twenty-five (25) employees were selected for testing. Of the 25 employees selected, sixteen (16) were found to not have any type of written employment agreement or contract. As such, we were unable to determine if they were being paid their correct rates. Of the 25 employees selected, five (5) were not paid the correct rate based on the contract provided.

The charter school shall maintain adequate supporting documentation for payroll to ensure that payments are made only for services rendered. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

All compensation and benefits paid to employees must be included in the labor contract or salary schedule unless otherwise authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

GENERAL RECEIPTS TESTING

We selected forty (40) general receipts for testing. Of the 40 disbursements selected, the School was unable to provide deposit slips for twenty (20) of the receipts. We were therefore unable to review and determine if they were deposited in a timely manner and if they were deposited in the same form in which they were received.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 2)

FORM 9

The Form 9 reports filed for December 31, 2019 was not filed until March 30, 2020, but was due February 26, 2020. We recommend that policies and procedures be reviewed and strengthened to ensure the report is able to be filed and certified within the required timeframe.

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, Part 9)

MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on February 16, 2021 with Uriah Ellis (Board President), Cindy Schuler (Executive Director), Jennifer Gosch (Assistant Executive Director), and Tina Spencer (Outsourced Accountant). The Official Response has been made a part of this report and may be found on pages 6 and 7.

GEIST
MONTESSORI ACADEMY

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February 12, 2021

In response to the audit findings, we are implementing new policies and procedures to effectively manage our internal controls to ensure compliance with SBOA regulations. The following describe our planned policies and procedures in detail.

I. General Disbursements

Vouchers will be created for all invoices and signed off on by the Business Office (or designee) and Registrar. Vouchers and invoices will be sent to Bookkeeping Plus for disbursement to vendors. The Board has created a process of oversight to govern approval for any payments over $3000. Completed vouchers, invoices, and check stubs will be kept on file in the Business Office in vendor files.

II. Credit card

With the addition of new staff members in recent months to cover responsibilities in our Business Office we will be able to ensure timely payments. We will have an internal calendar to track due dates of payments. A system of checks and balances will be implemented so that an individual separate from the cardholder will be responsible for reconciling receipts and credit card statements. Additionally, we will implement a process of printing and filing all credit card receipts by month.

III. ADM Testing

With expanded use of the Student Information System, PowerSchool, we will be better equipped to manage student enrollment. The documents required for enrollment are: birth certificate, proof of residency, student information/health form, and a student services history. Our school registrar will be responsible for providing families with appropriate enrollment information and processing enrollment applications. Before a student begins classes at GMA, an administrator will review and verify that all enrollment forms have been received.

IV. Payroll Policies and Procedures

All GMA employee contracts will be reviewed by HR and Administration in July to ensure accuracy of pay rates and benefits packages. New hire onboarding to include review of contract and benefits, rate of pay, receipt of staff handbook, as well as distribution of keys, building fob, and technology agreement will be completed prior to the first day of employment by HR or a representative of the Administration. Additionally, all contracts will be presented to the Board for approval prior to employee onboarding.

V. General Receipts

A new policy regarding cash transactions will guide protocols for handling such matters at GMA. All staff members will be required to use an established Google Sheets tracking system to document receipt of cash or check payments for various student activities in the classroom setting. This includes, but is not limited to, collection of funds for field trips, class parties, and other special events. Staff will record the date of the transaction, name of the student, amount received, and check numbers (if applicable) on a Google Sheet shared between the staff member and the Business Office. All money collected by staff members will be turned into the Business Office the same day it is collected. No money will be kept overnight in classrooms. Before the funds are accepted by the Business Office, all amounts will be verified by both the staff member collecting the funds and either the Business Office or Registrar. Each will retain a copy of the receipt verifying the amount collected. All monies received by the Business Office will be deposited within 24 hours of receipt.

VI. Form 9

We believe that our third-party partnership with Bookkeeping Plus will provide ample support and accountability to ensure timely completion of Form 9. This is already evidenced by the on-time submission of Form 9 for January 2021.

Jennifer Gosch, Interim Director, jgosch@gma.k12.in.us
Jamie Rahmany, Operations Coordinator, jrahmany@gma.k12.in.us

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Insight School of Indiana)

HOOSIER ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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AUDIT, TAX, AND CONSULTING

HOOSIER ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
Indianapolis, Indiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matter

The 2019 financial statements of Hoosier Academy, Inc. were audited by other auditors whose report dated December 16, 2019, on those statements was qualified because of the departure from accounting principles generally accepted in the United States of America for the recognition of the state support receivable in the amount of $4,996,296 for the year ended June 30, 2019 as more fully discussed in Note 2.

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

Indianapolis, Indiana
February 3, 2021

HOOSIER ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 866,593	$ 861,137
Accounts Receivable:		
State Education Support	-	4,996,296
Grants	161,053	277,576
Prepaid Expenses	56,179	51,562
Total Current Assets	1,083,825	6,186,571
PROPERTY AND EQUIPMENT		
Leasehold Improvements	777,312	777,312
Furniture and Equipment	1,363,994	1,363,994
Less: Accumulated Depreciation	(1,973,904)	(1,903,779)
Property and Equipment, Net	167,402	237,527
Total Assets	$ 1,251,227	$ 6,424,098
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
K12 Classroom, LLC	$ 618,464	$ 5,608,037
Other	547,811	790,427
Refundable Advance	84,952	25,634
Total Current Liabilities	1,251,227	6,424,098
NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-
Total Liabilities and Net Assets	$ 1,251,227	$ 6,424,098

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 6,484,843	$ 6,490,952
Grant Revenue	694,451	963,197
Interest Income	10	882
Other	2,315	53,937
Total Revenue and Support	7,181,619	7,508,968
EXPENSES		
Program Services	6,244,543	6,689,619
Management and General	937,076	819,349
Total Expenses	7,181,619	7,508,968
CHANGE IN NET ASSETS	-	-
Net Assets - Beginning of Year	-	-
NET ASSETS - END OF YEAR	$ -	$ -

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 3,414,878	$ 83,247	$ 3,498,125	$ 3,182,890	$ 55,862	$ 3,238,752
Employee Benefits	722,344	12,616	734,960	672,603	8,704	681,307
Staff Development and Recruitment	20,092	-	20,092	59,966	-	59,966
Professional Services	246,909	493,187	740,096	318,133	427,726	745,859
Management Services	-	49,654	49,654	-	41,481	41,481
Food Costs	22,801	-	22,801	25,199	-	25,199
Authorizer Oversight Fees	-	176,318	176,318	-	146,897	146,897
Equipment Rental and Maintenance	90,863	1,220	92,083	798,478	940	799,418
Classroom and Office Supplies and Fees	1,264,843	4,307	1,269,150	1,079,804	19,638	1,099,442
Occupancy	150,732	-	150,732	403,563	-	403,563
Depreciation	70,125	-	70,125	117,467	-	117,467
Bad Debt	153,823	-	153,823	-	-	-
Other	87,133	116,527	203,660	31,516	118,101	149,617
Total Functional Expenses	$ 6,244,543	$ 937,076	$ 7,181,619	$ 6,689,619	$ 819,349	$ 7,508,968

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ -	$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	70,125	117,467
Provision for Uncollectible Receivables	153,823	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(37,300)	94,260
Prepaid Expenses	(4,617)	(3,264)
Accounts Payable and Accrued Expenses	(235,893)	(1,020,471)
Refundable Advances	59,318	820
Net Cash Provided (Used) by Operating Activities	5,456	(811,188)
NET CHANGE IN CASH	5,456	(811,188)
Cash - Beginning of Year	861,137	1,672,325
CASH - END OF YEAR	$ 866,593	$ 861,137
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Write Off of State Education Support Receivable, Reducing Amount Owed to K12 Classroom, LLC	$ 4,996,296	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

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

Enrollment during the 2019-2020 school year ranged between approximately 947 and 1,018 students in total for the two schools. Each of the schools is a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. *Hoosier Academies Virtual School*, a third charter school organized and governed by Hoosier Academy, Inc., ceased operations as a charter school effective June 30, 2018.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact Hoosier Academy's reported historical revenue. The implementation of the standard did not significantly impact Hoosier Academy's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact Hoosier Academy's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, Hoosier Academy has $84,952 and $25,634, respectively, of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Grants Revenue

Hoosier Academy receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2020 and 2019.

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, 2020 and 2019.

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. See Note 2 for additional information.

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 $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, 2020 and 2019, 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 be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. Hoosier Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of Hoosier Academy are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Hoosier Academy evaluated subsequent events through February 3, 2021, 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 ACCOUNTS RECEIVABLE

Hoosier Academy's state tuition support receivable balance at June 30, 2019, consisted primarily of amounts due from the state of Indiana for the operating periods in which state funding had not been received. As of June 30, 2013, the state forgave the remaining balance of Hoosier Academy's operating loan made through the Common School Fund. As the loan was provided to finance Hoosier Academy's operations when revenue was not received, Hoosier Academy had established an allowance against the accounts receivable balance in the amount forgiven.

Accounts receivable from the State of Indiana for education support reflect the following amounts as of June 30:

	2020	2019
Tuition Support	$ -	$ 8,993,977
Special Education Grant	-	1,190,101
Prime Time Grant	-	10,804
Honors Grant	-	1,350
Total	-	10,196,232
Less: Allowance for Common School Loan Forgiveness	-	(5,199,936)
Total	$ -	$ 4,996,296

Hoosier Academy's accounts receivable balance for education support consists of amounts due from the State of Indiana for tuition support relating to (a) the first six months of Hoosier Academy's initial school year and (b) enrollment growth occurring in subsequent school years.

Pursuant to IC §20-49-7, the State Board of Education was authorized to advance funds to charter schools via the State's Common School Fund thereby allowing charter schools to finance operations for periods when adequate tuition support was not received. These cash advances were made to charter schools through executed loan agreements with repayment terms that were defined in the statute.

In April 2013, the Indiana General Assembly repealed IC §20-49-7 with the passing of House Bill 1001 and established an appropriation to forgive charter schools for cash advances previously made through the Common School Fund. Hoosier Academy applied for and was forgiven from repaying the balance of its indebtedness plus accrued interest of $5,199,936 as of June 30, 2013. The receivable for education support had been reduced by the amount of the loan forgiven.

NOTE 2 ACCOUNTS RECEIVABLE (CONTINUED)

Members of the Indiana General Assembly and the executive branch were informed that a number of charter schools remained with an accounts receivable balance and those charter schools believed that the State remained obligated for amounts not reimbursed through the provisions of House Bill 1001. Legislative and administrative efforts were made to resolve any outstanding obligations of the State.

On June 10, 2016, a group of charter schools sued the state of Indiana, its Governor, its Superintendent of Schools, and its Department of Education for the remaining tuition support. On November 14, 2018, the trial court entered a final order in favor of the charter schools The state of Indiana appealed the trial court's judgment, and on September 24, 2019, the Indiana Court of Appeals reversed and ordered that judgement be entered in favor of the state of Indiana. On November 8, 2019, the charter schools filed a request with the Indiana Supreme Court asking that it assume jurisdiction of the case, vacate the Court of Appeals' order, and reinstate the trial court's judgement. The Indiana Supreme Court denied the request during the year ended June 30, 2020 thus the Court of Appeals' decision was upheld. As such, the remaining full balance as of June 30, 2019 was written off as uncollectible through the contribution/issued credits from K12, Inc. as described in Note 4.

NOTE 3 LEASES

Hoosier Academy leases its school facility under an operating lease. The lease provides for monthly lease payments through August 2022. Hoosier Academy also leases certain items of office equipment under an operating lease, which provides for monthly payments through August 2020. The lease was renewed in September 2020 through August 2025. Rent expense for the years ended June 30, 2020 and 2019 under these operating leases was $150,734 and $403,563, respectively. The expense for the year ended June 30, 2020 was reduced by $80,790 due to the deficit credits received by K12 Classroom, LLC (Note 4).

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
2021	$ 200,694
2022	37,399
2023	4,932
2024	4,932
2025	4,932
Thereafter	822
Total	$ 253,711

NOTE 4 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 $176,318 and $146,897 for the years ended June 30, 2020 and 2019, respectively. The charters remain in effect for Hoosier Academies Indianapolis and Insight School of Indiana until June 30, 2021 and June 30, 2020, respectively, and are renewable thereafter by mutual consent. The charter for Insight school of Indiana is currently in the renewal process with Ball State University.

Hoosier Academy has contracted with K12 Classroom, LLC to provide administrative and technology services. Under the terms of the agreement, Hoosier Academy has agreed to pay an amount equal to 22% of revenues, as defined, for such services. Such fees for the years ended June 30, 2020 and 2019 were $1,595,686 and $1,623,237, 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 $2,927,321 and $3,710,130 for the years ended June 30, 2020 and 2019, respectively. This agreement remains in effect until June 30, 2021.

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, 2020 and 2019, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
Year Ended June 30, 2020:		
Charges per Contract	$ 1,595,686	$ 2,927,321
Credit Issued by K12 Classroom LLC	(1,593,305)	(2,441,708)
Net Charges	$ 2,381	$ 485,613
Year Ended June 30, 2019:		
Charges per Contract	$ 1,623,237	$ 3,710,130
Credit Issued by K12 Classroom LLC	(1,623,237)	(1,926,840)
Net Charges	$ -	$ 1,783,290

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 5 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 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, 2020 and 2019, 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, 2019 (the latest year reported), TRF was approximately 102% 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 2020 or 2019. Retirement plan expense under both plans was $183,273 and $224,359 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 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, 2020 and 2019, 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 RISKS AND UNCERTAINTIES (CONTINUED)

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

NOTE 7 LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The Hoosier Academy's financial assets include cash and grants receivable. Financial assets at June 30, 2020 total $1,027,646, all of which are available to meet cash needs for general expenditures within one year. Financial assets at June 30, 2019 total $1,138,713, all of which are available to meet cash needs for general expenditures within one year. The state education support receivable has been excluded from financial assets as the date of payment, if any, could not be determined as of June 30, 2019.

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 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 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.

SUPPLEMENTAL AUDIT REPORT
OF
HOOSIER ACADEMY, INC.

MARION COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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HOOSIER ACADEMY, INC.
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HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
Board President	Michelle Study	07/01/19 – Present
Head of School	Janice Silver	10/9/2019 –11/9/2020
Head of School	Tina Walker	1/4/2021 – Present
Principal Indy School	Miranda Tolentino	10/21/2019 – Present
Principal Insight School	Amelia Torres	7/1/2019 – 2/12/2020
Principal Insight School	Vicky Creasy	5/18/2020 – 7/31/2020
Principal Insight School	Susan Fries	9/23/2020 – Present
Board Treasurer	Gary Meyer	07/01/19 – Present

INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
Indianapolis, Indiana

We have audited the financial statements of Hoosier Academy, Inc. (Hoosier Academy) as of and for the year ended June 30, 2020, and have issued our report thereon dated February 3, 2021. As part of our audit, we tested Hoosier Academy's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe Hoosier Academy was not in compliance with those provisions

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 3, 2021

VENDOR DIBSURSEMENTS TESTING – SALES TAX

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. There were six instances in which sales tax was paid of the 40 selections where Hoosier Academy Indianapolis inappropriately paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT DOCUMENTATION

Enrollment documents required to be maintained by the Indiana Department of Education (IDOE). Hoosier Academy Indianapolis and Insight School of Indiana have 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 nine (9) students of the 36 tested for enrollment at Hoosier Academy Indianapolis and 19 students of the 90 tested for enrollment at Insight School of Indiana. The nine (9) students at Hoosier Academy Indianapolis and 21 students at Hoosier Academy Insight School were missing the enrollment applications and/or birth certificates.

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

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

HOOSIER ACADEMY, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on January 26, 2021 with Michelle Study (Board President), Gary Meyer (Board Treasurer), Tina Walker (Head of School), and representatives from K12, Inc. The Official Response has been made a part of this report and may be found on page 5.

Vendor Disbursements Testing and Sales Tax – Response

Management has taken action to correct the findings and to avoid future instances of paying sales tax and ensure the compliance with Uniform Guidelines for Charter Schools. Future invoices will now be double checked by Head of School and Finance Manager to ensure the timely and correct payment of invoices without sales tax.

ADM Testing and Enrollment Documentation - Response

Management has taken action to correct the findings for the ADM testing and enrollment documentation. To comply with the Indiana Department of Education management will ensure for the future enrollment process, that all required enrollment documents will be available before school start.

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SUPPLEMENTARY INFORMATION

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

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

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Eliminating Entries	Total
ASSETS					
CURRENT ASSETS					
Cash	$ 367,106	$ 117	$ 493,914	$ -	$ 861,137
Accounts Receivable:					
State Education Support	163,940	4,832,356	-	-	4,996,296
Grants	100,423	-	177,153	-	277,576
Intercompany	-	-	328,991	(328,991)	-
Prepaid Expenses	36,396	-	15,166	-	51,562
Total Current Assets	667,865	4,832,473	1,015,224	(328,991)	$ 6,186,571
PROPERTY AND EQUIPMENT					
Leasehold Improvements	777,312	-	-	-	777,312
Furniture and Equipment	975,217	359,726	29,051	-	1,363,994
Less: Accumulated Depreciation	(1,521,811)	(356,600)	(25,368)	-	(1,903,779)
Property and Equipment, Net	230,718	3,126	3,683	-	237,527
Total Assets	$ 898,583	$ 4,835,599	$ 1,018,907	$ (328,991)	$ 6,424,098
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses:					
K12 Classroom, LLC	$ 375,636	$ 4,773,957	$ 458,444	$ -	$ 5,608,037
Intercompany	328,991	-	-	(328,991)	-
Other	229,964	-	560,463	-	790,427
Refundable Advance	20,950	4,684	-	-	25,634
Total Current Liabilities	955,541	4,778,641	1,018,907	(328,991)	6,424,098
NET ASSETS WITHOUT DONOR RESTRICTIONS	(56,958)	56,958	-	-	-
Total Liabilities and Net Assets	$ 898,583	$ 4,835,599	$ 1,018,907	$ (328,991)	$ 6,424,098

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

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

HOOSIER ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
REVENUE AND SUPPORT				
State Education Support	$ 1,245,566	$ -	$ 5,245,386	$ 6,490,952
Grant Revenue	318,697	42,899	601,601	963,197
Interest Income	-	882	-	882
Other	31,985	21,786	166	53,937
Total Revenue and Support	1,596,248	65,567	5,847,153	7,508,968
EXPENSES				
Program Services	1,416,506	8,609	5,264,504	6,689,619
Management and General	236,700	-	582,649	819,349
Total Expenses	1,653,206	8,609	5,847,153	7,508,968
CHANGE IN NET ASSETS	(56,958)	56,958	-	-
Net Assets - Beginning of Year	-	-	-	-
NET ASSETS - END OF YEAR	$ (56,958)	$ 56,958	$ -	$ -

HOOSIER ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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

Supplemental Audit Report of Hoosier Academy, Inc.

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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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, 2020 AND 2019



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AUDIT, TAX, AND CONSULTING

INDIANA ONLINE LEARNING OPTIONS, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Online Learning Options, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Other Matters

Other Information

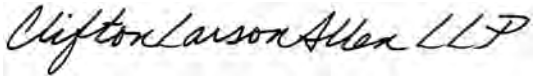
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Likewise, the schedule of financial position by school on pages 15 and 16 and the schedule of activities and change in net assets by school on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Prior Year

The 2019 financial statements of Indiana Online Learning Options, Inc. were audited by other auditors whose report dated February 5, 2020 on those statements was qualified because of the departure from accounting principles generally accepted in the United States of America for the recognition of the state support receivable in the amount of $3,848,885 for the year ended June 30, 2019 as more fully discussed in Notes 2 and 3.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2021, on our consideration of Indiana Online Learning Options, 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 Indiana Online Learning Options, 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 Indiana Online Learning Options, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 3, 2021

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 6,677,067	$ 6,233,510
State Tuition Support Receivable	74,076	3,848,885
Grants Receivable	1,775,391	1,208,657
Total Current Assets	8,526,534	11,291,052
PROPERTY AND EQUIPMENT		
Leasehold Improvements	4,568	4,568
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(86,146)	(73,250)
Property and Equipment, Net	13,366	26,262
Total Assets	$ 8,539,900	$ 11,317,314
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to Connections Academy of Indiana, LLC	$ 7,427,954	$ 10,410,885
Accounts Payable and Accrued Expenses	1,002,171	877,164
Deferred Revenue	23,820	-
Total Current Liabilities	8,453,945	11,288,049
NET ASSETS WITHOUT DONOR RESTRICTIONS	85,955	29,265
Total Liabilities and Net Assets	$ 8,539,900	$ 11,317,314

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 33,506,904	$ 32,038,449
Grant Revenue	2,264,751	2,094,215
Contributions	-	208,573
Total Revenue and Support	35,771,655	34,341,237
EXPENSES		
Program Services	31,112,089	30,475,163
Management and General	4,602,876	3,872,599
Total Expenses	35,714,965	34,347,762
CHANGES IN NET ASSETS	56,690	(6,525)
Net Assets - Beginning of Year	29,265	35,790
NET ASSETS - END OF YEAR	$ 85,955	$ 29,265

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 9,465,587	$ -	$ 9,465,587	$ 8,978,774	$ -	$ 8,978,774
Employee Benefits	2,762,950	-	2,762,950	2,618,474	-	2,618,474
Staff Development and Recruitment	567,617	1,945	569,562	503,162	2,820	505,982
Authorizer Fees	-	875,202	875,202	-	736,248	736,248
Professional Services	977,629	361,823	1,339,452	588,150	403,706	991,856
School Administration and Support Services	5,108,840	2,971,304	8,080,144	4,991,040	2,458,310	7,449,350
Classroom and Office Supplies	6,484,005	-	6,484,005	7,531,654	-	7,531,654
Technology	4,859,643	-	4,859,643	4,010,839	-	4,010,839
Testing	553,780	-	553,780	977,435	-	977,435
Occupancy	163,727	-	163,727	158,486	-	158,486
Travel	98,242	-	98,242	25,802	-	25,802
Depreciation	12,896	-	12,896	11,358	-	11,358
Equipment	9,593	-	9,593	14,427	-	14,427
Repairs and Maintenance	2,922	-	2,922	2,770	-	2,770
Insurance	-	5,816	5,816	-	8,400	8,400
Other	44,658	386,786	431,444	62,792	263,115	325,907
Total Functional Expenses	$ 31,112,089	$ 4,602,876	$ 35,714,965	$ 30,475,163	$ 3,872,599	$ 34,347,762

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 56,690	$ (6,525)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	12,896	11,358
Provision for Uncollectible Receivables	3,848,885	-
Changes in Operating Assets and Liabilities:		
State Tuition Receivable	(74,076)	-
Grants Receivable	(566,734)	(511,283)
Other Receivables	-	12,270
Prepaid Expenses	-	1,229
Due to Connections Academy of Indiana, LLC	(2,982,931)	(1,078,965)
Accounts Payable and Accrued Expenses	125,007	(135,780)
Deferred Revenue	23,820	-
Net Cash Provided (Used) by Operating Activities	443,557	(1,707,696)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(15,994)
NET CHANGE IN CASH	443,557	(1,723,690)
Cash - Beginning of Year	6,233,510	7,957,200
CASH - END OF YEAR	$ 6,677,067	$ 6,233,510

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 5,100 students in grades kindergarten through 12.

Change in Accounting Principle

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact IOL's reported historical revenue. The early implementation of the standard did not significantly impact IOL's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact IOL's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, 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, 2020 and 2019.

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, 2020 and 2019.

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. See Note 2 and 3 for further details on the State Tuition Support Receivable as of June 30, 2019.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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, 2020 and 2019, 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 be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. IOL has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of IOL are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

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

Subsequent to year-end, IOL received approximately $672,000 in CARES Act funding.

NOTE 2 LEGISLATIVE CHANGES

Pursuant to IC §20-49-7, the State Board of Education was authorized to advance funds to charter schools via the state's Common School Fund thereby allowing charter schools to finance operations for periods when adequate tuition support was not received. These cash advances were made to charter schools through executed loan agreements with repayment terms that were defined in the statute.

In April 2013, the Indiana General Assembly repealed IC §20-49-7 with the passing of House Bill 1001 and established an appropriation to forgive charter schools for cash advances previously made through the Common School Fund. IOL obtained a loan in the amount of $3,594,503 in 2013, and subsequently repaid $599,084. IOL applied for and was forgiven from repaying the balance of the remaining indebtedness plus accrued interest of $3,010,396 as of June 30, 2013. An allowance has been established against IOL's related accounts receivable balance in the amount of the loan forgiven (see Note 3).

In the same session, the Indiana legislature passed amendments to the Indiana Charter Schools Act that altered the manner in which charter schools are funded. Prior to enactment, charter schools received funding in the calendar year following the start of the academic school year. As such, IOL followed the practice of recognizing at June 30 a receivable for payments to be made to IOL in the subsequent July through December time period, which represented amounts due for services rendered. As of June 30, 2013, total funding remaining due to IOL was $6,859,281. Effective July 1, 2013, school funding is paid following the State of Indiana fiscal year of July to June, which is similar to IOL's academic year.

NOTE 3 STATE TUITION SUPPORT RECEIVABLE

IOL's state tuition support receivable balance consists primarily of amounts due from the state of Indiana for the operating periods in which state funding has not been received. As of June 30, 2013, the state forgave the remaining balance of IOL's operating loan made through the Common School Fund. As the loan was provided to finance IOL's operations when revenue was not received, IOL has established an allowance against the accounts receivable balance in the amount forgiven.

NOTE 3 STATE TUITION SUPPORT RECEIVABLE (CONTINUED)

On June 10, 2016, IOL sued the state of Indiana, its Governor, its Superintendent of Schools, and its Department of Education for the remaining tuition support. On November 14, 2018, the trial court entered a final order awarding IOL a judgement of $3,848,885. The state appealed the trial court's judgment, and on September 24, 2019, the Indiana Court of Appeals reversed and ordered that judgement be entered in favor of the state. On November 8, 2019, INCA filed a request with the Indiana Supreme Court asking that it assume jurisdiction of the case, vacate the Court of Appeals' order, and reinstate the trial court's judgement. The Indiana Supreme Court denied the request during the year ended June 30, 2020 thus the Court of Appeals' decision was upheld. As such, the remaining full balance as of June 30, 2019 was written off as uncollectible through the contribution/issued credits from Connections Academy of Indiana, LLC as described in Note 6.

Accounts receivable from the state of Indiana for education support reflect the following amounts as of June 30, 2020 and 2019:

	2020	2019
Tuition Support	$ 74,076	$ 6,267,272
Special Education Grant	-	592,009
Subtotal	74,076	6,859,281
Less: Common School Loan Forgiven	-	(3,010,396)
Total	$ 74,076	$ 3,848,885

NOTE 4 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 2020 and 2019. Retirement plan expense for the years ended June 30, 2020 and 2019 was $189,254 and $176,137, respectively.

NOTE 5 LEASE

IOL leases its facilities under an operating lease through June 30, 2021. Expense under the lease for the years ended June 30, 2020 and 2019 was $163,727 and $158,486, respectively. Future minimum lease obligations under this lease are as follows for the years ending June 30:

Years Ending June 30,	Amount
2021	$ 161,749

NOTE 6 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 $875,202 and $736,248 for the years ended June 30, 2020 and 2019, respectively. The charters remain in effect until June 30, 2021 and are renewable thereafter by mutual consent.

IOL has contracted with Connections Academy of Indiana, LLC to provide instructional materials and services as well as administrative and technology services to IOL. As compensation for these services, IOL negotiates a schedule of fees for services for each year of the term of agreement, which remains in effect until June 30, 2021.

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 $294,604 and $208,573 for the years ended June 30, 2020 and 2019, respectively, and the credits issued to IOL were $3,016,936 and $1,609,427 for the years ended June 30, 2020 and 2019, respectively.

Such fees were as follows for the years ended June 30:

	2020	2019
Enrollment/Unit-Based Fees	$ 15,937,181	$ 13,504,265
Revenue-Based Fees	8,635,063	8,365,137
Total	24,572,244	21,869,402
Less: Total Contribution and Credits Issues	(3,311,540)	(1,818,000)
Net Fees	$ 21,260,704	$ 20,051,402

NOTE 7 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, 2020 and 2019, substantially all of the receivable balance was due from the state of Indiana.

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

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.

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, IOL is required to disclose the assets it has available at June 30, 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. IOL's financial assets include cash and grants receivable. Financial assets at June 30, 2020 and 2019 totaling $8,526,534 and $7,442,167, respectively, all of which are available to meet cash needs for general expenditures within the next year. The state education support receivable as of June 30, 2019 has been excluded from financial assets as the date of payment, if any, cannot be determined.

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 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 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, 2020

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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 6,320,053	$ 357,014	$ 6,677,067
State Tuition Support Receivable	74,076	-	74,076
Grants Receivable	1,674,292	101,099	1,775,391
Due from (to) Intercompany	5,605	(5,605)	-
Total Current Assets	8,074,026	452,508	8,526,534
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	4,568	-	4,568
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(86,146)	-	(86,146)
Property and Equipment, Net	13,366	-	13,366
Total Assets	$ 8,087,392	$ 452,508	$ 8,539,900
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 7,130,102	$ 297,852	$ 7,427,954
Accounts Payable and Accrued Expenses	914,626	87,545	1,002,171
Deferred Revenue	23,820	-	23,820
Total Current Liabilities	8,068,548	385,397	8,453,945
NET ASSETS WITHOUT DONOR RESTRICTIONS	18,844	67,111	85,955
Total Liabilities and Net Assets	$ 8,087,392	$ 452,508	$ 8,539,900

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 5,857,000	$ 376,510	$ 6,233,510
State Tuition Support Receivable	3,848,885	-	3,848,885
Grants Receivable	1,174,304	34,353	1,208,657
Total Current Assets	10,880,189	410,863	11,291,052
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	4,568	-	4,568
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(73,250)	-	(73,250)
Property and Equipment, Net	26,262	-	26,262
Total Assets	$ 10,906,451	$ 410,863	$ 11,317,314
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 10,073,483	$ 337,402	$ 10,410,885
Accounts Payable and Accrued Expenses	815,812	61,352	877,164
Deferred Revenue	-	-	-
Total Current Liabilities	10,889,295	398,754	11,288,049
NET ASSETS WITHOUT DONOR RESTRICTIONS	17,156	12,109	29,265
Total Liabilities and Net Assets	$ 10,906,451	$ 410,863	$ 11,317,314

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 31,421,362	$ 2,085,542	$ 33,506,904
Grant Revenue	2,128,426	136,325	2,264,751
Total Revenue and Support	33,549,788	2,221,867	35,771,655
EXPENSES			
Program Services	29,108,699	2,003,390	31,112,089
Management and General	4,439,401	163,475	4,602,876
Total Expenses	33,548,100	2,166,865	35,714,965
CHANGES IN NET ASSETS	1,688	55,002	56,690
Net Assets - Beginning of Year	17,156	12,109	29,265
NET ASSETS - END OF YEAR	$ 18,844	$ 67,111	$ 85,955

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET POSITION BY SCHOOL
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 30,050,026	$ 1,988,423	$ 32,038,449
Grant Revenue	2,039,318	54,897	2,094,215
Contribution Revenue	-	208,573	208,573
Total Revenue and Support	32,089,344	2,251,893	34,341,237
EXPENSES			
Program Services	28,336,049	2,139,114	30,475,163
Management and General	3,760,280	112,319	3,872,599
Total Expenses	32,096,329	2,251,433	34,347,762
CHANGES IN NET ASSETS	(6,985)	460	(6,525)
Net Assets - Beginning of Year	24,141	11,649	35,790
NET ASSETS - END OF YEAR	$ 17,156	$ 12,109	$ 29,265



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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. (IOL), which comprise the statement of financial position as of June 30, 2020 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 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered IOL's internal control over financial reporting (internal control) to determine the 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 IOL's internal control. Accordingly, we do not express an opinion on the effectiveness of IOL'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.

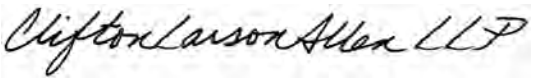
Board of Directors
Indiana Online Learning Options, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether IOL'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 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 IOL'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 3, 2021



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Indiana Online Learning Options, Inc.'s (IOL) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of IOL's major federal programs for the year ended June 30, 2020. IOL's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Indiana Online Learning Options, Inc. complied, in all material respects, with the types of 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, 2020.

Board of Directors
Indiana Online Learning Options, Inc.

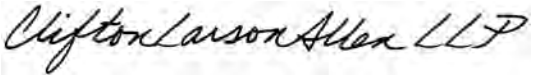
Report on Internal Control over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 3, 2021

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Pass-Through Indiana Department of Education			
Title I Grants to Local Educational Agencies	84.010	20-9905, 20-9035	$ 815,762
Special Education Cluster			
Special Education - Grants to States	84.027	20611-546-PN01, 20611-608-PN01	803,640
Special Education - Grants to States (Pre-K)	84.173	20619-546-PN01	12,312
			815,952
Supporting Effective Instruction State Grants	84.367	S367A190013	148,895
Student Support and Academic Enrichment	84.424	S424A190015	34,086
Total Federal Awards Expended			$ 1,814,695

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

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. (IOL) under programs of the federal government for the year ended June 30, 2020. 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 IOL, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of IOL.

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

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

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

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

CFDA 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 Statements Findings

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

Section III – Federal Award Findings and Questioned Costs

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT
OF
INDIANA ONLINE LEARNING OPTIONS, INC.

MARION COUNTY INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND
CONSULTING

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
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INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
President of Board of Directors	Stacy Taylor	07/01/19 – 06/30/20
Executive Director	Chandre Sanchez Reyes	07/01/19 – 06/30/20
Board Treasurer	Andrew Norris	07/01/19 – 06/30/20



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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, 2020 and have issued our report thereon dated February 3, 2021. As part of our audit, we tested IOL's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe IOL was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 3, 2021

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020

AVERAGE DAILY MEMBERSHIP (ADM) – REQUIRED REPORTING

Indiana Online Learning Options, Inc. (IOL) is required to file two biannual ADM Summary Reports that accurately reflect the enrollment as of the count dates. During our testing of the ADM Summary Reports, it was noted that for the fall 2019 ADM Summary Reports did not include all required signatures for both Indiana Connections Academy (INCA) and Indiana Connections Career Academy (INCC). The reports included the school official's signature but did not include the trustee/corporate treasurer's signature.

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 I DOE 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 10)

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were 9 instances of the 40 disbursement selections where INCA paid sales tax and noted there were 7 instances of the 40 disbursement selections where INCC paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on February 3, 2021 with the School's Executive Director, School's Board Treasurer, and representatives from Pearson Education. The Official Response has been made a part of this report and may be found on page 5.

DocuSign Envelope ID: 92DD9512-05EE-47E5-8595-87772E404D1D

February 5, 2021

The Board of Directors
Indiana Online Learning Options, Inc.

As part of the financial statement audit of Indiana Online Learning Options, Inc. ("IOL") as of and for the year ended June 30, 2020, CliftonLarsonAllen LLP tested IOL's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, and grant agreements, and has communicated Audit Results and Comments. Included herein is the Office Response to the Comments provided by CliftonLarsonAllen LLP in their report presented on February 3, 2021:

IOL Response to Comment on Required Reporting for Average Daily Membership (ADM) – The School has implemented procedures to ensure that both the School Leader and the Board Treasurer sign the ADM Summary Report submitted to the Indiana Department of Education (IDOE) for Indiana Career Connections Academy (INCC) and Indiana Connections Academy (INCA). This was immediately remediated as evidenced in the Spring 2020 ADM Summary Reports that contained both the School Leader and Board Treasurer signatures.

IOL Response to Comment on Sales Tax Exemption – The vendor disbursements selected for testing for INCA and INCC for sales tax exemption guidelines which included sales tax related to invoices that were not directly paid by the School. The selections primarily relate to invoices paid by Connections Academy of Indiana LLC on behalf of IOL as a pay agent and then submitted for reimbursement to IOL. As Connections Academy of Indiana LLC is not a tax-exempt entity and is acting as a pay agent for the School, the related sales tax cost is also invoiced to the School with the associated service and/or product by Connections Academy of Indiana LLC. The remaining selections related to disbursements for employee reimbursements, for which the employee reimbursement request included sales tax. As the employee is not tax exempt, sales tax was incurred on the employee's transaction and therefore sales tax was included in the reimbursement to the employee.

For invoices paid directly by the School, prior to invoice payment, IOL will continue to implement its review procedure to ensure sales tax is not remitted with invoice payment. Upon receipt of invoices from vendors, IOL will review invoices to verify sales tax has not been captured on the invoice prior to payment of the invoice and will provide Sales Tax Exemption certificate to vendors where sales tax has been captured on the invoice.

IOL will ensure the responses to the above Comments are incorporated immediately into the School's financial procedures.

Sincerely,

DocuSigned by:
Chandre Sanchez Reyes
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Chandre Sanchez Reyes
Executive Director, Indiana Online Learning Options, Inc.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

A member of Nexia International

Inspire Academy

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy
Muncie, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy, which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy

Opinion

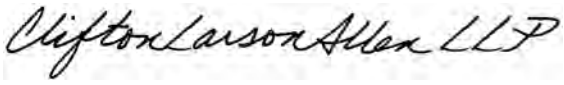
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy as of June 30, 2020, and the changes in its net assets, functional expenses, and cash flows for the year then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

Other Matter

The 2019 financial statements of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy were audited by other auditors whose report dated October 3, 2019 expressed an unmodified opinion on those statements.

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

Indianapolis, Indiana
January 19, 2021

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 485,704	$ 345,784
Accounts Receivable	27,627	5,864
Prepaid Expenses	50,570	68,709
Total Current Assets	563,901	420,357
PROPERTY AND EQUIPMENT		
Land	76,880	76,880
Buildings and Improvements	277,244	203,254
Furniture and Equipment	303,405	286,098
Textbooks	13,092	13,092
Less: Accumulated Depreciation	(305,869)	(275,878)
Property and Equipment, Net	364,752	303,446
Total Assets	$ 928,653	$ 723,803
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 75,000	$ 75,000
Current Portion of Capital Lease Obligations	5,424	1,182
Accounts Payable and Accrued Expenses	106,224	59,083
Refundable Advances	45,169	71,613
Total Current Liabilities	231,817	206,878
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	75,000	150,000
Capital Lease Obligations, Net of Current Portion	3,354	735
Loan Payable Under Paycheck Protection Program	209,200	-
Total Long-Term Liabilities	287,554	150,735
Total Liabilities	519,371	357,613
NET ASSETS WITHOUT DONOR RESTRICTIONS	409,282	366,190
Total Liabilities and Net Assets	$ 928,653	$ 723,803

See accompanying Notes to Financial Statements.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 1,521,414	$ 1,478,323
Grant Revenue	414,064	347,190
Student Fees	8,671	16,353
Contributions	56,894	39,049
Fundraising and Other Income	16,480	20,003
Total Revenue and Support	2,017,523	1,900,918
EXPENSES		
Program Services	1,410,854	1,417,561
Management and General	563,577	467,690
Total Expenses	1,974,431	1,885,251
CHANGE IN NET ASSETS	43,092	15,667
Net Assets - Beginning of Year	366,190	350,523
NET ASSETS - END OF YEAR	$ 409,282	$ 366,190

See accompanying Notes to Financial Statements.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 687,728	$ 299,792	$ 987,520	$ 724,620	$ 257,601	$ 982,221
Employee Benefits	149,886	73,207	223,093	176,730	63,145	239,875
Staff Development	22,371	-	22,371	57,728	-	57,728
Professional Services	98,978	71,770	170,748	124,119	72,237	196,356
Connectivity	39,858	-	39,858	31,325	-	31,325
Authorizer Oversight Fees	-	37,574	37,574	-	27,937	27,937
Food Costs	125,140	-	125,140	65,107	-	65,107
Equipment	6,631	-	6,631	13,931	-	13,931
Classroom, Kitchen, and Office Supplies	54,279	8,389	62,668	31,716	2,400	34,116
Occupancy	156,242	-	156,242	143,396	-	143,396
Depreciation	29,992	-	29,992	37,299	-	37,299
Interest	-	316	316	-	145	145
Property Rental and Maintenance	-	23,494	23,494	-	-	-
Insurance	-	22,168	22,168	-	16,829	16,829
Other	39,749	26,867	66,616	11,590	27,396	38,986
Total Functional Expenses	$ 1,410,854	$ 563,577	$ 1,974,431	$ 1,417,561	$ 467,690	$ 1,885,251

See accompanying Notes to Financial Statements.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 43,092	$ 15,667
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	29,992	37,299
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(21,763)	2,000
Prepaid Expenses	18,139	(2,135)
Accounts Payable and Accrued Expenses	47,141	(32,590)
Refundable Advances	(26,444)	71,613
Net Cash Provided by Operating Activities	90,157	91,854
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(81,024)	(25,080)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Notes Payable	(75,000)	-
Principal Reduction of Capital Lease Obligations	(3,413)	(1,123)
Proceeds from Loan Payable Under Paycheck Protection Program	209,200	-
Net Cash Provided (Used) by Financing Activities	130,787	(1,123)
NET CHANGE IN CASH	139,920	65,651
Cash - Beginning of Year	345,784	280,133
CASH - END OF YEAR	$ 485,704	$ 345,784
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 316	$ 145
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Capital Assets Acquired With Capital Lease	$ 10,274	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Muncie Public Charter School of Inquiry, Inc. dba: Inspire 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 and sponsored by Ball State University. In 2019, the School served approximately 175 students in grades prekindergarten to eighth by providing an alternative to the traditional elementary school program.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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.

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, 2020 and 2019.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts 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.

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, 2020, the School has one conditional grant that has not been recognized as revenue in the statement of activities because conditions have not been met. See Note 5.

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 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

The School has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, 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 2015 are open to audit for both federal and state purposes.

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

Subsequent Events

The School evaluated subsequent events through January 19, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Subsequent to year end, the School was awarded approximately $97,000 in Coronavirus Aid, Relieve and Economic Security (CARES) Act funding.

On December 30, 2020, the School closed on a loan for $555,000. The loan bears an interest rate of 5.25% and matures on July 1, 2036.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019
Mortgage loan payable to Roman Catholic Diocese of Lafayette-in-Indiana, Inc., payable in equal annual installments of $75,000 including interest at 0% through July 2021, secured by a mortgage of School facilities and all business assets	$ 150,000	$ 225,000
Total	150,000	225,000
Less: Current Portion	(75,000)	(75,000)
Long-Term Portion	$ 75,000	$ 150,000

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

Year Ending June 30,	Amount
2021	$ 75,000
2022	75,000
Total	$ 150,000

NOTE 3 PAYROLL PROTECTION PROGRAM LOAN

On April 21, 2020, the Organization received a loan from Star Financial Bank in the amount of $209,200 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 Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022.

NOTE 4 LEASES

The School leases various items of equipment under capital leases. At June 30, 2020, the cost and accumulated depreciation relating to these assets were $14,582 and $6,620, respectively ($5,495 and $4,453, respectively, at June 30, 2019).

Minimum future lease payments as of June 30, 2020 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
2021	$ 3,277
2022	2,542
2023	2,330
2024	1,272
2025	212
Less: Amount Representing Interest	(855)
Total	$ 8,778

NOTE 5 REFUNDABLE ADVANCE

During the year ended June 30, 2019, the School received a $100,000 comprehensive counseling initiative implementation grant from the Lilly Endowment. The grant must be spent in accordance with the submitted budget and any funds not expended before June 30, 2022 must be returned. Accordingly, the revenue is recognized as approved expenditures are incurred. As of June 30, 2020 and 2019, $45,169 and $71,613, respectively, remained to be expended.

NOTE 6 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2020 and 2019, the School contributed 5.5% and 7.0%, 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, 2019 (the latest year reported), TRF was more than 88% funded.

NOTE 6 RETIREMENT PLANS (CONTINUED)

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 2020 or 2019. Retirement plan expense under both plans was $45,928 and $58,440 for the years ended June 30, 2020 and 2019, respectively.

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 3% of state tuition support. Payments under this charter agreement were $37,574 and $27,937 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

The School terminated its lease on its facility at 1620 S. Madison Street, Muncie, Indiana effective June 30, 2016, citing landlord nonperformance. The lease was through June 30, 2018 and, as such, the School may be liable for remaining payments. On April 4, 2019, the School received an offer letter from the lessor, The Housing Authority of the City of Muncie, Indiana, to settle for payment in the amount of $300,000. The School responded, via its attorney, on August 4, 2019, stating its opinion and offering to settle based on the following terms: (1) The Housing Authority of the City of Muncie, Indiana, would retain the original security deposit, and (2) the School tenders an additional lump sum payment of $22,000. The Housing Authority of the City of Muncie, Indiana responded in January 2020 to settle in the amount of $200,000. In April 2020, the School responded, via its attorney, that it would settle for $35,000 plus the $15,000 security deposit retention. As of the date of this audit report, no response had been received from The Housing Authority of the City of Muncie, Indiana based on the latest communication from the School. The accompanying financial statements do not reflect any liability related to this situation.

NOTE 8 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families 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. 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 8 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 and federal funding sources. At June 30, 2020, substantially all of the receivable balance was due from these sources. In addition, bank deposits are maintained primarily at First Financial Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable. Financial assets at June 30, 2020 and 2019, totaled $513,331 and $351,648, 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 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.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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

Supplemental Audit Report of Muncie Public Charter School of Inquiry, Inc.
dba: Inspire 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*.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Inspire Academy Charter	Inspire Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 485,704	$ -	$ -	$ 485,704
Accounts Receivable	26,741	886	-	27,627
Prepaid Expenses	50,570	-	-	50,570
Due from Pre-K	182,662		(182,662)	-
Total Current Assets	745,677	886	(182,662)	563,901
PROPERTY AND EQUIPMENT, NET				
Land	76,880	-		76,880
Buildings and Improvements	277,244	-		277,244
Furniture and Equipment	303,405	-		303,405
Textbooks	13,092	-		13,092
Less: Accumulated Depreciation	(305,869)	-		(305,869)
Property and Equipment, Net	364,752	-	-	364,752
Total Assets	$ 1,110,429	$ 886	$ (182,662)	$ 928,653
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 75,000	$ -	$ -	$ 75,000
Current Portion of Capital Lease Obligations	5,424	-	-	5,424
Accounts Payable and Accrued Expenses	103,972	2,252	-	106,224
Refundable Advances	45,169	-	-	45,169
Due to Charter School	-	182,662	(182,662)	-
Total Current Liabilities	229,565	184,914	(182,662)	231,817
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	75,000	-		75,000
Capital Lease Obligations, Net of Current Portion	3,354	-		3,354
Loan Payable Under Paycheck Protection Program	209,200	-		209,200
Total Long-Term Liabilities	287,554	-	-	287,554
Total Liabilities	517,119	184,914	(182,662)	519,371
NET ASSETS WITHOUT DONOR RESTRICTIONS	593,310	(184,028)	-	409,282
Total Liabilities and Net Assets	$ 1,110,429	$ 886	$ (182,662)	$ 928,653

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Inspire Academy Charter	Inspire Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,521,414	$ -	$ 1,521,414
Grant Revenue	414,064	-	414,064
Student Fees	5,151	3,520	8,671
Contributions	56,894	-	56,894
Fundraising and Other Income	15,480	1,000	16,480
Total Revenue and Support	2,013,003	4,520	2,017,523
EXPENSES			
Program Services	1,359,740	51,114	1,410,854
Management and General	561,394	2,183	563,577
Total Expenses	1,921,134	53,297	1,974,431
CHANGES IN NET ASSETS	91,869	(48,777)	43,092
Net Assets - Beginning of Year	501,441	(135,251)	366,190
NET ASSETS - END OF YEAR	$ 593,310	$ (184,028)	$ 409,282

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an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY

DELAWARE COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
DELAWARE COUNTY, INDIANA
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MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
DELAWARE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
Executive Director	Leslie Draper	2012 – June 2018, October 2018 – Present
Financial Manager	Brittany Pickett	August 2019 – Present
Board President	Thomas Schroeder	July 2019 – Present
Board Treasurer	David Wentland	July 2020 – Present



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
DBA: Inspire Academy
Muncie, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Inspire Academy, as of and for the year ended June 30, 2020, and have issued our report thereon dated January 19, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 19, 2021

LATE PAYMENT FEES

During testing, it was noted that there was one (1) out of the forty (40) disbursements tested in which the invoices were paid late and late fees were incurred.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

TRAVEL CLAIMS REIMBURSEMENT SUPPORT

The charter school was unable to provide documentation to support that travel expense for one (1) of the five (5) travel reimbursements tested.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. The claims must be in writing, itemized, and supported with original receipts, and documentation that the trip was for charter school business. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School did not maintain consistent and complete enrollment records for ten (10) students of the sixty-nine (69) tested for enrollment.

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.

In addition, it was noted there was one (1) student of the sixty-nine (69) tested for attendance was included on the attendance register and ADM submitted to the state but was marked as withdrawn from the school in August 2019 prior to the count date.

Attendance information maintained by the school should be complete and accurate as enrollment figures are reported to the IDOE twice a year to determine school funding.

AVERAGE DAILY MAINTENANCE (ADM) TESTING (CONTINUED)

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)

School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment to the school because of incorrect reporting.

CREDIT CARD TESTING

The charter school was unable to provide documentation to support a portion of all five (5) credit card payments tested.

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
DELAWARE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with Brittany Pickett, Financial Manager, Leslie Draper, Executive Director, and Thomas Schroeder, Board President on January 5, 2021. The officials concurred with our audit findings.

January 19, 2021

CliftonLarsonAllen LLP
9365 Counselors Row, Suite 200
Indianapolis, IN 46240

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.

LATE PAYMENT FEES

Audit Results and Comment: During testing, it was noted that there was one (1) out of the forty (40) disbursements tested in which the invoices were paid late and late fees were incurred.
Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

Response: The School strives to ensure that no late fees are paid on any expenses; nevertheless, the School will continue to track payment due dates and to provide payments in a timely manner. The School has noted that due to the COVID-19 pandemic, both invoices and payments are being received later than expected via postal mail.

TRAVEL CLAIMS REIMBURSEMENT SUPPORT

Audit Results and Comment: The charter school was unable to provide documentation to support that travel expense for one (1) of the five (5) travel reimbursements tested.

The charter school shall only reimburse employees for travel expenses when appropriate claims are submitted. The claims must be in writing, itemized, and supported with original receipts, and documentation that the trip was for charter school business. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

Response: The School will ensure that reimbursements are not issued prior to collecting

proper documentation. The School will also identify ways to preserve receipts and documentation that are provided by staff.

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Audit Results and Comment: Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School did not maintain consistent and complete enrollment records for ten (10) students of the sixty-nine (69) tested for enrollment.

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.

In addition, it was noted there was one (1) student of the sixty-nine (69) tested for attendance was included on the attendance register and ADM submitted to the state but was marked as withdrawn from the school in August 2019 prior to the count date.

Attendance information maintained by the school should be complete and accurate as enrollment figures are reported to the IDOE twice a year to determine school funding.

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). School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment to the school because of incorrect reporting.

Response: While there is a process in place for new student enrollment, the School is faced with the challenge of accepting all students with or without proper documentation in accordance with the McKinney-Vento Act. The School will continue to implement the enrollment process and collect as much information and documentation as possible.

In regards to the student attendance on count days, all staff involved in capturing student attendance will be trained and reminded of the procedures to do so accurately as to avoid any discrepancies. The data that the student in question was included on the attendance register and ADM submitted to the state was indeed correct. The error was that the student was listed as withdrawn in August prior to the count day in our SIS system. Additionally, the School did identify and provide appropriate documentation to the auditors documenting that the student in question was in fact in attendance, enrolled, and actively participating in programming at the School on count day, September 13, 2020, and will provide the same documentation to the IDOE Division of School Finance.

CREDIT CARD TESTING

Audit Results and Comment: The charter school was unable to provide documentation to support for a portion of all five (5) credit card payments tested.

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

Response: The School has created a log system for all staff that have approval to use a school-issued credit card. The logs will allow the school to track school credit card usage and approval to ensure that receipts are collected. The School is also working on a way for staff to securely upload all receipts to support purchases immediately to reduce the risk of losing or misplacing them.

Muncie Public Charter School of Inquiry, Inc. DBA Inspire Academy acknowledges the SBOA findings on the audit for 7/1/19 - 6/30/20. There are procedures in place at Inspire Academy regarding the correction of late fees, receipt documentation, and ADM documentation.

The procedures will be reviewed again with all employees so that we can prevent these findings in the future.

Leslie Draper
Executive Director
Inspire Academy- A School of Inquiry
2801 E. 16th St.
Muncie, IN 47302

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an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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Lighthouse Academies of Northwest Indiana
(for East Chicago Lighthouse Charter School
and
Gary Lighthouse Charter School)

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Lighthouse Academies of Northwest Indiana, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

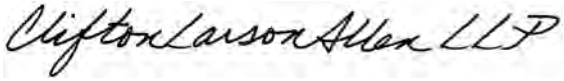
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Academies of Northwest Indiana, Inc. as of June 30, 2020, and the changes in its net assets (deficit), functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The 2019 financial statements of Lighthouse Academies of Northwest Indiana, Inc. were audited by other auditors whose report dated January 30, 2020, expressed an unmodified opinion on those statements.

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

Indianapolis, Indiana
January 21, 2021

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 3,838,799	$ 1,795,573
Cash - Restricted for Bond Interest	298,099	329,526
Accounts Receivable:		
Grants	515,818	745,665
Other	64,474	5,844
Prepaid Expenses	3,184	12,498
Total Current Assets	4,720,374	2,889,106
PROPERTY AND EQUIPMENT, NET	16,538,851	17,277,330
OTHER ASSETS		
Cash - Restricted for Debt Service	1,726,644	1,706,179
Cash - Restricted for Property Repairs and Replacement	150,857	205,411
Total Other Assets	1,877,501	1,911,590
Total Assets	$ 23,136,726	$ 22,078,026
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	$ 315,000	$ 295,000
Accounts Payable and Accrued Expenses	1,490,548	2,908,698
Total Current Liabilities	1,805,548	3,203,698
LONG-TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program	1,805,215	-
Bonds Payable	19,060,000	19,375,000
Less: Unamortized Debt Issuance Costs	(225,790)	(235,006)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	20,639,425	19,139,994
Total Liabilities	22,444,973	22,343,692
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	691,753	(265,666)
Total Liabilities and Net Assets (Deficit)	$ 23,136,726	$ 22,078,026

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 14,781,363	$ 15,000,429
Grant Revenue	6,611,829	6,072,234
Student Fees	17,406	66,156
Contributions	355,681	-
Fundraising	-	59,977
Interest	29,264	44,383
Other	138,993	185,780
Total Revenue and Support	21,934,536	21,428,959
EXPENSES		
Program Services	17,523,850	19,531,443
Management and General	3,453,267	3,472,942
Fundraising	-	32,507
Total Expenses	20,977,117	23,036,892
CHANGES IN NET ASSETS	957,419	(1,607,933)
Net Assets (Deficit) - Beginning of Year	(265,666)	1,342,267
NET ASSETS (DEFICIT) - END OF YEAR	$ 691,753	$ (265,666)

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 8,086,685	$ 1,166,031	$ -	$ 9,252,716
Employee Benefits	2,079,254	239,515	-	2,318,769
Staff Development and Recruitment	63,280	-	-	63,280
Academic Services - Lighthouse Academics	-	1,517,070	-	1,517,070
Authorizer Oversight Fee	-	412,823	-	412,823
Food Service	832,224	-	-	832,224
Transportation Service	877,727	-	-	877,727
Information Technology	155,737	-	-	155,737
Other Professional Services	1,158,823	20,943	-	1,179,766
Equipment Rental	182,413	-	-	182,413
Classroom, Kitchen, and Office Supplies	911,998	56,616	-	968,614
Occupancy	868,509	-	-	868,509
Depreciation	777,199	-	-	777,199
Interest	1,389,086	-	-	1,389,086
Other	140,915	40,269	-	181,184
Total Functional Expenses	$ 17,523,850	$ 3,453,267	$ -	$ 20,977,117

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 8,977,206	$ 1,034,269	$ -	$ 10,011,475
Employee Benefits	2,255,039	202,258	-	2,457,297
Staff Development and Recruitment	295,535	-	-	295,535
Academic Services - Lighthouse Academics	-	1,629,802	-	1,629,802
Authorizer Oversight Fee	-	307,793	-	307,793
Food Service	1,026,193	-	-	1,026,193
Transportation Service	1,258,500	-	-	1,258,500
Other Professional Services	813,111	160,369	-	973,480
Equipment Rental	464,526	-	-	464,526
Classroom, Kitchen, and Office Supplies	552,180	94,096	-	646,276
Occupancy	1,534,325	-	-	1,534,325
Depreciation	823,474	-	-	823,474
Interest	1,407,132	-	-	1,407,132
Other	124,222	44,355	32,507	201,084
Total Functional Expenses	$ 19,531,443	$ 3,472,942	$ 32,507	$ 23,036,892

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 957,419	$ (1,607,933)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	777,199	823,474
Amortization	9,216	9,216
Changes in Certain Assets and Liabilities:		
Grants Receivable	229,847	72,786
Other Receivables	(58,630)	7,688
Prepaid Expenses	9,314	23,612
Accounts Payable and Accrued Expenses	(1,418,150)	539,278
Net Cash Provided (Used) by Operating Activities	506,215	(131,879)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(38,720)	(208,214)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	1,805,215	-
Principal Repayment of Bonds Payable	(295,000)	(277,454)
Net Cash Provided (Used) by Financing Activities	1,510,215	(277,454)
NET CHANGE IN CASH	1,977,710	(617,547)
Cash - Beginning of Year	4,036,689	4,654,236
CASH - END OF YEAR	$ 6,014,399	$ 4,036,689
CASH - END OF YEAR		
Cash - Unrestricted	$ 3,838,799	$ 1,795,573
Cash - Restricted for Bond Interest	298,099	329,526
Cash - Restricted for Debt Service	1,726,644	1,706,179
Cash - Restricted for Property Repairs and Replacement	150,857	205,411
Total Cash - End of Year	$ 6,014,399	$ 4,036,689
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 1,381,406	$ 1,397,916

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Lighthouse Academies of Northwest Indiana, Inc. (LANWI), a public benefit nonprofit organization incorporated under the laws of the state of Indiana, is the organizer and governing body of two charter schools located in Indiana. Both schools are public charter schools established under Indiana Code 20-24 and are sponsored by Ball State University. Gary Lighthouse Charter School served approximately 1,400 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 500 students in grades kindergarten through eight during the 2019 - 2020 school year.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact LANWI's reported historical revenue. The early implementation of the standard did not significantly impact the LANWI's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact LANWI's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

A portion of LANWI's revenue is the product of cost reimbursement grants. Accordingly, LANWI recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

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

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, 2020 and 2019.

Grants Receivable

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

Property and Equipment

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

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Building and Improvements	30 Years
Furniture and Equipment	3 to 5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

Debt Issuance Costs

LANWI incurred debt issuance costs totaling $258,046 associated with securing financing under Indiana Finance Authority Education Facilities Revenue Bonds. Amortization of the debt issuance costs is provided on a straight-line basis over the term of the bonds (27 years). Accumulated amortization was $32,256 and $23,040 as of June 30, 2020 and 2019, respectively. Amortization expense was $9,216 for the years ended June 30, 2020 and 2019. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* debt issuance costs are presented on the statements of financial position as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

LANWI has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, LANWI would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Recently Issued Accounting Pronouncements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

Subsequent Events

LANWI evaluated subsequent events through January 21, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

Cash

Restricted for bond interest is reserved for the payment of interest on the bond semi-annually. Funds are placed in the account monthly to cover one-sixth of the semi-annual interest payment.

Restricted for debt service is reserved for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements.

Restricted for property repairs and replacement was established with the bond proceeds and represents resources available for repairing and replacing facilities.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following as of June 30:

	2020	2019
Land	$ 1,245,200	$ 1,245,200
Buildings and Improvements	17,209,664	17,170,944
Furniture and Equipment	1,901,521	1,901,520
Subtotal	20,356,385	20,317,664
Less: Accumulated Depreciation	(3,817,534)	(3,040,334)
Total	$ 16,538,851	$ 17,277,330

NOTE 4 BONDS PAYABLE

LANWI purchased its facilities with Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2016 with original amounts totaling $19,950,000. Principal is payable in annual installments that increase from $280,000 to $1,575,000, beginning in December 2018 and maturing in December 2044. Interest payments are made semi-annually at rates ranging from 6.25% to 7.25% in accordance with the bond agreements. The bonds are secured by land, buildings, and improvements.

The Indiana Finance Authority Educational Facilities Revenue Bond agreements contain certain covenants requiring:

- submission of audited financial statements within 150 days after the end of the fiscal year or, if audited financial statements are not available at that time, unaudited financial statements, and audited financial statements within 10 business days after availability;
- a minimum 45 days cash on hand as of June 30, 2019 and each annual reporting period thereafter (35 days cash on hand as of June 30, 2018); and
- meeting a minimum debt service coverage ratio of 1.15 to 1.00, measured annually.

LANWI was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2020.

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

Year Ending June 30,	Amount
2021	$ 315,000
2022	335,000
2023	355,000
2024	375,000
2025	400,000
Thereafter	17,595,000
Total	$ 19,375,000

NOTE 5 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM

On April 13, 2020, LANWI received a loan from a financial institution in the amount of $1,805,215 to fund payroll, rent, and utilities through the Paycheck Protection Program Flexibility Act of 2020 (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four 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 .98% annum, with the first six months of interest deferred, has a term of two years, and in 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 within 7 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 the funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, LANWI will be required to pay interest on the PPP Loan at a rate of .98% annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022.

NOTE 6 LEASES

LANWI leases certain items of equipment under operating leases. Total lease expense under operating leases was $168,272 and $182,464 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,	Amount
2021	$ 165,294
2022	153,300
2023	165,300
2024	23,100
Total	$ 506,994

NOTE 7 RETIREMENT PLAN

All LANWI personnel are employees of Lighthouse Academies, Inc., which provides management services to LANWI. LANWI personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, LANWI matches 100% of employee contributions up to 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the LANWI board of directors. No discretionary contributions were made during the years ended June 30, 2020 and 2019. Retirement plan expense was $125,746 and $93,884 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 COMMITMENTS

LANWI has contracted with Lighthouse Academies, Inc. to provide management, administrative, and educational programming services for each of its schools. Under the terms of the agreements, LANWI has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services, plus any necessary travel costs. Expense under the agreements for both academic oversight and travel costs was $1,517,070 and $1,629,802 for the years ended June 30, 2020 and 2019, respectively. This agreement remains in effect as long as the schools' charters remain in effect.

LANWI's two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, LANWI has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Total expense under the charter agreements was $412,823 and $307,793 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

LANWI provides education services to families residing in Lake and surrounding counties of Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect LANWI. Additionally, LANWI is subject to monitoring and audit by state and federal agencies. These examinations may result in additional liability to be imposed.

Financial instruments that potentially subject LANWI to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020 and 2019, substantially all receivable balances were due from the state of Indiana.

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

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

NOTE 10 LIQUIDITY

Under ASU 2016-14, the LANWI is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The LANWI's financial assets include cash, restricted cash, grants receivable, and other receivables.

	2020	2019
Financial Assets	$ 6,594,691	$ 4,788,198
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	(2,175,600)	(2,241,116)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,419,091	$ 2,547,082

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

NOTE 11 FUNCTIONAL EXPENSE REPORTING

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

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 2,571,579	$ 1,267,220	$ -	$ 3,838,799
Cash - Restricted for Bond Interest	238,479	59,620	-	298,099
Accounts Receivable:				
Grants	356,721	159,097	-	515,818
Other	186,982	9,553	(132,061)	64,474
Prepaid Expenses	-	3,184	-	3,184
Total Current Assets	3,353,761	1,498,674	(132,061)	4,720,374
PROPERTY AND EQUIPMENT, NET	13,270,643	3,268,208	-	16,538,851
OTHER ASSETS				
Cash - Restricted for Debt Service	1,381,315	345,329	-	1,726,644
Cash - Restricted for Property Repairs and Replacement	109,282	41,575	-	150,857
Total Other Assets	1,490,597	386,904	-	1,877,501
Total Assets	$ 18,115,001	$ 5,153,786	$ (132,061)	$ 23,136,726
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 252,000	$ 63,000	$ -	$ 315,000
Accounts Payable and Accrued Expenses	1,210,816	411,793	(132,061)	1,490,548
Total Current Liabilities	1,462,816	474,793	(132,061)	1,805,548
LONG-TERM LIABILITIES				
Loan Payable Under Paycheck Protection Program	1,805,215	-	-	1,805,215
Bonds Payable	15,338,000	3,722,000	-	19,060,000
Less: Unamortized Debt Issuance Costs	(181,652)	(44,138)	-	(225,790)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	16,961,563	3,677,862	-	20,639,425
Total Liabilities	18,424,379	4,152,655	(132,061)	22,444,973
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(309,378)	1,001,131	-	691,753
Total Liabilities and Net Assets (Deficit)	$ 18,115,001	$ 5,153,786	$ (132,061)	$ 23,136,726

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 1,076,859	$ 718,714	$ -	$ 1,795,573
Cash - Restricted for Bond Interest	263,621	65,905	-	329,526
Accounts Receivable:				
Grants	553,274	192,391	-	745,665
Other	30,844	-	(25,000)	5,844
Prepaid Expenses	-	12,498	-	12,498
Total Current Assets	1,924,598	989,508	(25,000)	2,889,106
PROPERTY AND EQUIPMENT, NET	13,869,336	3,407,994	-	17,277,330
OTHER ASSETS				
Cash - Restricted for Debt Service	1,364,943	341,236	-	1,706,179
Cash - Restricted for Property Repairs and Replacement	164,329	41,082	-	205,411
Total Other Assets	1,529,272	382,318	-	1,911,590
Total Assets	$ 17,323,206	$ 4,779,820	$ (25,000)	$ 22,078,026
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 236,000	$ 59,000	$ -	$ 295,000
Accounts Payable and Accrued Expenses	2,298,584	635,114	(25,000)	2,908,698
Total Current Liabilities	2,534,584	694,114	(25,000)	3,203,698
LONG-TERM LIABILITIES				
Bonds Payable	15,590,000	3,785,000	-	19,375,000
Less: Unamortized Debt Issuance Costs	(189,066)	(45,940)	-	(235,006)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	15,400,934	3,739,060	-	19,139,994
Total Liabilities	17,935,518	4,433,174	(25,000)	22,343,692
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(612,312)	346,646	-	(265,666)
Total Liabilities and Net Assets (Deficit)	$ 17,323,206	$ 4,779,820	$ (25,000)	$ 22,078,026

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) BY SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 10,780,173	$ 4,001,190	$ -	$ 14,781,363
Grant Revenue	5,096,714	1,515,115	-	6,611,829
Student Fees	4,407	12,999	-	17,406
Contributions	355,181	500	-	355,681
Interest	23,411	5,853	-	29,264
Other	171,719	47,274	(80,000)	138,993
Total Revenue and Support	16,431,605	5,582,931	(80,000)	21,934,536
EXPENSES				
Program Services	13,559,815	4,044,035	(80,000)	17,523,850
Management and General	2,568,856	884,411	-	3,453,267
Fundraising	-	-	-	-
Total Expenses	16,128,671	4,928,446	(80,000)	20,977,117
CHANGES IN NET ASSETS	302,934	654,485	-	957,419
Net Assets (Deficit) - Beginning of Year	(612,312)	346,646	-	(265,666)
NET ASSETS (DEFICIT) - END OF YEAR	$ (309,378)	$ 1,001,131	$ -	$ 691,753

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) BY SCHOOL
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Total
REVENUE AND SUPPORT			
State Education Support	$ 11,138,255	$ 3,862,174	$ 15,000,429
Grant Revenue	4,639,325	1,432,909	6,072,234
Student Fees	60,187	5,969	66,156
Fundraising	18,102	41,875	59,977
Interest	27,278	17,105	44,383
Other	184,238	1,542	185,780
Total Revenue and Support	16,067,385	5,361,574	21,428,959
EXPENSES			
Program Services	15,238,321	4,293,122	19,531,443
Management and General	2,688,413	784,529	3,472,942
Fundraising	-	32,507	32,507
Total Expenses	17,926,734	5,110,158	23,036,892
CHANGES IN NET ASSETS	(1,859,349)	251,416	(1,607,933)
Net Assets - Beginning of Year	1,247,037	95,230	1,342,267
NET ASSETS (DEFICIT) - END OF YEAR	$ (612,312)	$ 346,646	$ (265,666)

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

The reports presented herein were prepared in addition to another official report prepared for Lighthouse Academies of Northwest Indiana, Inc. as listed below:

Supplemental Audit Report of Lighthouse Academies of Northwest Indiana, Inc.

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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AUDIT, TAX, AND CONSULTING

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Lighthouse Academies of Northwest Indiana, Inc., which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets (deficit), functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Academies of Northwest Indiana, Inc., as of June 30, 2020, and the changes in its net assets (deficit), functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The 2019 financial statements of Lighthouse Academies of Northwest Indiana, Inc. were audited by other auditors whose report dated January 30, 2020, expressed an unmodified opinion on those statements.

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc.'s internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 21, 2021

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 3,838,799	$ 1,795,573
Cash - Restricted for Bond Interest	298,099	329,526
Accounts Receivable:		
Grants	515,818	745,665
Other	64,474	5,844
Prepaid Expenses	3,184	12,498
Total Current Assets	4,720,374	2,889,106
PROPERTY AND EQUIPMENT, NET	16,538,851	17,277,330
OTHER ASSETS		
Cash - Restricted for Debt Service	1,726,644	1,706,179
Cash - Restricted for Property Repairs and Replacement	150,857	205,411
Total Other Assets	1,877,501	1,911,590
Total Assets	$ 23,136,726	$ 22,078,026
LIABILITIES AND NET ASSETS (DEFICIT)		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	$ 315,000	$ 295,000
Accounts Payable and Accrued Expenses	1,490,548	2,908,698
Total Current Liabilities	1,805,548	3,203,698
LONG-TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program	1,805,215	-
Bonds Payable	19,060,000	19,375,000
Less: Unamortized Debt Issuance Costs	(225,790)	(235,006)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	20,639,425	19,139,994
Total Liabilities	22,444,973	22,343,692
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	691,753	(265,666)
Total Liabilities and Net Assets (Deficit)	$ 23,136,726	$ 22,078,026

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 14,781,363	$ 15,000,429
Grant Revenue	6,611,829	6,072,234
Student Fees	17,406	66,156
Contributions	355,681	-
Fundraising	-	59,977
Interest	29,264	44,383
Other	138,993	185,780
Total Revenue and Support	21,934,536	21,428,959
EXPENSES		
Program Services	17,523,850	19,531,443
Management and General	3,453,267	3,472,942
Fundraising	-	32,507
Total Expenses	20,977,117	23,036,892
CHANGES IN NET ASSETS	957,419	(1,607,933)
Net Assets (Deficit) - Beginning of Year	(265,666)	1,342,267
NET ASSETS (DEFICIT) - END OF YEAR	$ 691,753	$ (265,666)

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 8,086,685	$ 1,166,031	$ -	$ 9,252,716
Employee Benefits	2,079,254	239,515	-	2,318,769
Staff Development and Recruitment	63,280	-	-	63,280
Academic Services - Lighthouse Academics	-	1,517,070	-	1,517,070
Authorizer Oversight Fee	-	412,823	-	412,823
Food Service	832,224	-	-	832,224
Transportation Service	877,727	-	-	877,727
Information Technology	155,737	-	-	155,737
Other Professional Services	1,158,823	20,943	-	1,179,766
Equipment Rental	182,413	-	-	182,413
Classroom, Kitchen, and Office Supplies	911,998	56,616	-	968,614
Occupancy	868,509	-	-	868,509
Depreciation	777,199	-	-	777,199
Interest	1,389,086	-	-	1,389,086
Other	140,915	40,269	-	181,184
Total Functional Expenses	$ 17,523,850	$ 3,453,267	$ -	$ 20,977,117

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 8,977,206	$ 1,034,269	$ -	$ 10,011,475
Employee Benefits	2,255,039	202,258	-	2,457,297
Staff Development and Recruitment	295,535	-	-	295,535
Academic Services - Lighthouse Academics	-	1,629,802	-	1,629,802
Authorizer Oversight Fee	-	307,793	-	307,793
Food Service	1,026,193	-	-	1,026,193
Transportation Service	1,258,500	-	-	1,258,500
Other Professional Services	813,111	160,369	-	973,480
Equipment Rental	464,526	-	-	464,526
Classroom, Kitchen, and Office Supplies	552,180	94,096	-	646,276
Occupancy	1,534,325	-	-	1,534,325
Depreciation	823,474	-	-	823,474
Interest	1,407,132	-	-	1,407,132
Other	124,222	44,355	32,507	201,084
Total Functional Expenses	$ 19,531,443	$ 3,472,942	$ 32,507	$ 23,036,892

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 957,419	$ (1,607,933)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	777,199	823,474
Amortization	9,216	9,216
Changes in Certain Assets and Liabilities:		
Grants Receivable	229,847	72,786
Other Receivables	(58,630)	7,688
Prepaid Expenses	9,314	23,612
Accounts Payable and Accrued Expenses	(1,418,150)	539,278
Net Cash Provided (Used) by Operating Activities	506,215	(131,879)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(38,720)	(208,214)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	1,805,215	-
Principal Repayment of Bonds Payable	(295,000)	(277,454)
Net Cash Provided (Used) by Financing Activities	1,510,215	(277,454)
NET CHANGE IN CASH	1,977,710	(617,547)
Cash - Beginning of Year	4,036,689	4,654,236
CASH - END OF YEAR	$ 6,014,399	$ 4,036,689
CASH - END OF YEAR		
Cash - Unrestricted	$ 3,838,799	$ 1,795,573
Cash - Restricted for Bond Interest	298,099	329,526
Cash - Restricted for Debt Service	1,726,644	1,706,179
Cash - Restricted for Property Repairs and Replacement	150,857	205,411
Total Cash - End of Year	$ 6,014,399	$ 4,036,689
SUPPLEMENTAL INFORMATION		
Cash Paid for Interest	$ 1,381,406	$ 1,397,916

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Lighthouse Academies of Northwest Indiana, Inc. (LANWI), a public benefit nonprofit organization incorporated under the laws of the state of Indiana, is the organizer and governing body of two charter schools located in Indiana. Both schools are public charter schools established under Indiana Code 20-24 and are sponsored by Ball State University. Gary Lighthouse Charter School served approximately 1,400 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 500 students in grades kindergarten through eight during the 2019 - 2020 school year.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact LANWI's reported historical revenue. The early implementation of the standard did not significantly impact the LANWI's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact LANWI's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

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

A portion of LANWI's revenue is the product of cost reimbursement grants. Accordingly, LANWI recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

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

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, 2020 and 2019.

Grants Receivable

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

Property and Equipment

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

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Building and Improvements	30 Years
Furniture and Equipment	3 to 5 Years

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

Debt Issuance Costs

LANWI incurred debt issuance costs totaling $258,046 associated with securing financing under Indiana Finance Authority Education Facilities Revenue Bonds. Amortization of the debt issuance costs is provided on a straight-line basis over the term of the bonds (27 years). Accumulated amortization was $32,256 and $23,040 as of June 30, 2020 and 2019, respectively. Amortization expense was $9,216 for the years ended June 30, 2020 and 2019. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* debt issuance costs are presented on the statements of financial position as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

LANWI has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, LANWI would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Recently Issued Accounting Pronouncements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

Subsequent Events

LANWI evaluated subsequent events through January 21, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

Cash

Restricted for bond interest is reserved for the payment of interest on the bond semi-annually. Funds are placed in the account monthly to cover one-sixth of the semi-annual interest payment.

Restricted for debt service is reserved for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements.

Restricted for property repairs and replacement was established with the bond proceeds and represents resources available for repairing and replacing facilities.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment was comprised of the following as of June 30:

	2020	2019
Land	$ 1,245,200	$ 1,245,200
Buildings and Improvements	17,209,664	17,170,944
Furniture and Equipment	1,901,521	1,901,520
Subtotal	20,356,385	20,317,664
Less: Accumulated Depreciation	(3,817,534)	(3,040,334)
Total	$ 16,538,851	$ 17,277,330

NOTE 4 BONDS PAYABLE

LANWI purchased its facilities with Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2016 with original amounts totaling $19,950,000. Principal is payable in annual installments that increase from $280,000 to $1,575,000, beginning in December 2018 and maturing in December 2044. Interest payments are made semi-annually at rates ranging from 6.25% to 7.25% in accordance with the bond agreements. The bonds are secured by land, buildings, and improvements.

The Indiana Finance Authority Educational Facilities Revenue Bond agreements contain certain covenants requiring:

- submission of audited financial statements within 150 days after the end of the fiscal year or, if audited financial statements are not available at that time, unaudited financial statements, and audited financial statements within 10 business days after availability;
- a minimum 45 days cash on hand as of June 30, 2019 and each annual reporting period thereafter (35 days cash on hand as of June 30, 2018); and
- meeting a minimum debt service coverage ratio of 1.15 to 1.00, measured annually.

LANWI was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2020.

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

Year Ending June 30,	Amount
2021	$ 315,000
2022	335,000
2023	355,000
2024	375,000
2025	400,000
Thereafter	17,595,000
Total	$ 19,375,000

NOTE 5 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM

On April 13, 2020, LANWI received a loan from a financial institution in the amount of $1,805,215 to fund payroll, rent, and utilities through the Paycheck Protection Program Flexibility Act of 2020 (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four 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 .98% annum, with the first six months of interest deferred, has a term of two years, and in 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 within 7 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 the funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, LANWI will be required to pay interest on the PPP Loan at a rate of 0.98% annum, and commencing in November 2020 principal and interest payments will be required through the maturity date in April 2022.

NOTE 6 LEASES

LANWI leases certain items of equipment under operating leases. Total lease expense under operating leases was $168,272 and $182,464 for the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments are as follows for the years ending June 30:

Year Ending June 30,	Amount
2021	$ 165,294
2022	153,300
2023	165,300
2024	23,100
Total	$ 506,994

NOTE 7 RETIREMENT PLAN

All LANWI personnel are employees of Lighthouse Academies, Inc., which provides management services to LANWI. LANWI personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, LANWI matches 100% of employee contributions up to 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the LANWI board of directors. No discretionary contributions were made during the years ended June 30, 2020 and 2019. Retirement plan expense was $125,746 and $93,884 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 COMMITMENTS

LANWI has contracted with Lighthouse Academies, Inc. to provide management, administrative, and educational programming services for each of its schools. Under the terms of the agreements, LANWI has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services, plus any necessary travel costs. Expense under the agreements for both academic oversight and travel costs was $1,517,070 and $1,629,802 for the years ended June 30, 2020 and 2019, respectively. This agreement remains in effect as long as the schools' charters remain in effect.

LANWI's two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, LANWI has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Total expense under the charter agreements was $412,823 and $307,793 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

LANWI provides education services to families residing in Lake and surrounding counties of Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect LANWI. Additionally, LANWI is subject to monitoring and audit by state and federal agencies. These examinations may result in additional liability to be imposed.

Financial instruments that potentially subject LANWI to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020 and 2019, substantially all receivable balances were due from the state of Indiana.

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

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

NOTE 10 LIQUIDITY

Under ASU 2016-14, the LANWI is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The LANWI's financial assets include cash, restricted cash, grants receivable, and other receivables.

	2020	2019
Financial Assets	$ 6,594,691	$ 4,788,198
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	(2,175,600)	(2,241,116)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 4,419,091	$ 2,547,082

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

NOTE 11 FUNCTIONAL EXPENSE REPORTING

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

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

The reports presented herein were prepared in addition to another official report prepared for Lighthouse Academies of Northwest Indiana, Inc., as listed below:

Supplemental Audit Report of Lighthouse Academies of Northwest Indiana, Inc.

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

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 2,571,579	$ 1,267,220	$ -	$ 3,838,799
Cash - Restricted for Bond Interest	238,479	59,620	-	298,099
Accounts Receivable:				
Grants	356,721	159,097	-	515,818
Other	186,982	9,553	(132,061)	64,474
Prepaid Expenses	-	3,184	-	3,184
Total Current Assets	3,353,761	1,498,674	(132,061)	4,720,374
PROPERTY AND EQUIPMENT, NET	13,270,643	3,268,208	-	16,538,851
OTHER ASSETS				
Cash - Restricted for Debt Service	1,381,315	345,329	-	1,726,644
Cash - Restricted for Property Repairs and Replacement	109,282	41,575	-	150,857
Total Other Assets	1,490,597	386,904	-	1,877,501
Total Assets	$ 18,115,001	$ 5,153,786	$ (132,061)	$ 23,136,726
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 252,000	$ 63,000	$ -	$ 315,000
Accounts Payable and Accrued Expenses	1,210,816	411,793	(132,061)	1,490,548
Total Current Liabilities	1,462,816	474,793	(132,061)	1,805,548
LONG-TERM LIABILITIES				
Loan Payable Under Paycheck Protection Program	1,805,215	-	-	1,805,215
Bonds Payable	15,338,000	3,722,000	-	19,060,000
Less: Unamortized Debt Issuance Costs	(181,652)	(44,138)	-	(225,790)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	16,961,563	3,677,862	-	20,639,425
Total Liabilities	18,424,379	4,152,655	(132,061)	22,444,973
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(309,378)	1,001,131	-	691,753
Total Liabilities and Net Assets (Deficit)	$ 18,115,001	$ 5,153,786	$ (132,061)	$ 23,136,726

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 1,076,859	$ 718,714	$ -	$ 1,795,573
Cash - Restricted for Bond Interest	263,621	65,905	-	329,526
Accounts Receivable:				
Grants	553,274	192,391	-	745,665
Other	30,844	-	(25,000)	5,844
Prepaid Expenses	-	12,498	-	12,498
Total Current Assets	1,924,598	989,508	(25,000)	2,889,106
PROPERTY AND EQUIPMENT, NET	13,869,336	3,407,994	-	17,277,330
OTHER ASSETS				
Cash - Restricted for Debt Service	1,364,943	341,236	-	1,706,179
Cash - Restricted for Property Repairs and Replacement	164,329	41,082	-	205,411
Total Other Assets	1,529,272	382,318	-	1,911,590
Total Assets	$ 17,323,206	$ 4,779,820	$ (25,000)	$ 22,078,026
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 236,000	$ 59,000	$ -	$ 295,000
Accounts Payable and Accrued Expenses	2,298,584	635,114	(25,000)	2,908,698
Total Current Liabilities	2,534,584	694,114	(25,000)	3,203,698
LONG-TERM LIABILITIES				
Bonds Payable	15,590,000	3,785,000	-	19,375,000
Less: Unamortized Debt Issuance Costs	(189,066)	(45,940)	-	(235,006)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	15,400,934	3,739,060	-	19,139,994
Total Liabilities	17,935,518	4,433,174	(25,000)	22,343,692
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(612,312)	346,646	-	(265,666)
Total Liabilities and Net Assets (Deficit)	$ 17,323,206	$ 4,779,820	$ (25,000)	$ 22,078,026

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) BY SCHOOL
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 10,780,173	$ 4,001,190	$ -	$ 14,781,363
Grant Revenue	5,096,714	1,515,115	-	6,611,829
Student Fees	4,407	12,999	-	17,406
Contributions	355,181	500	-	355,681
Interest	23,411	5,853	-	29,264
Other	171,719	47,274	(80,000)	138,993
Total Revenue and Support	16,431,605	5,582,931	(80,000)	21,934,536
EXPENSES				
Program Services	13,559,815	4,044,035	(80,000)	17,523,850
Management and General	2,568,856	884,411	-	3,453,267
Fundraising	-	-	-	-
Total Expenses	16,128,671	4,928,446	(80,000)	20,977,117
CHANGES IN NET ASSETS	302,934	654,485	-	957,419
Net Assets (Deficit) - Beginning of Year	(612,312)	346,646	-	(265,666)
NET ASSETS (DEFICIT) - END OF YEAR	$ (309,378)	$ 1,001,131	$ -	$ 691,753

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT) BY SCHOOL
YEAR ENDED JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Total
REVENUE AND SUPPORT			
State Education Support	$ 11,138,255	$ 3,862,174	$ 15,000,429
Grant Revenue	4,639,325	1,432,909	6,072,234
Student Fees	60,187	5,969	66,156
Fundraising	18,102	41,875	59,977
Interest	27,278	17,105	44,383
Other	184,238	1,542	185,780
Total Revenue and Support	16,067,385	5,361,574	21,428,959
EXPENSES			
Program Services	15,238,321	4,293,122	19,531,443
Management and General	2,688,413	784,529	3,472,942
Fundraising	-	32,507	32,507
Total Expenses	17,926,734	5,110,158	23,036,892
CHANGES IN NET ASSETS	(1,859,349)	251,416	(1,607,933)
Net Assets - Beginning of Year	1,247,037	95,230	1,342,267
NET ASSETS (DEFICIT) - END OF YEAR	$ (612,312)	$ 346,646	$ (265,666)



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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 and Management
Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc. (the School), which comprise the statement of financial position at June 30, 2020, 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 21, 2021.

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 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.

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 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 21, 2021



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 and Management
Lighthouse Academies of Northwest Indiana, Inc.
East Chicago, Indiana

Report on Compliance for Each Major Federal Program

We have audited Lighthouse Academies of Northwest Indiana, Inc.'s (the School) compliance with the types of compliance requirements described 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, 2020. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Board of Directors and Management
Lighthouse Academies of Northwest Indiana, Inc.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2020, and have issued our report thereon dated January 21, 2021, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 24, 2021

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title		Federal CFDA 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	N/A	$ -	$ 247,793
National School Lunch Program		10.555	N/A	-	665,701
Summer Food Service Program for Children		10.559	N/A	-	40,802
Total Child Nutrition Cluster				-	954,296
Total Department of Agriculture					954,296
Department of Education					
Passed through Indiana Department of Education:					
Title I Grants to Local Educational Agencies	*	84.010	S010A180014	-	60,082
			S010A190014	-	2,503,881
			S010A180014	-	
			S010A190014	-	-
Total				-	2,563,963
Supporting Effective Instruction State Grants		84.367	S367A180013	-	21,176
			S367A190013	-	54,062
			S367A200013	-	92,576
Total				-	167,814
English Language Acquisition Grants		84.365	S365A190014	-	23,115
Title IV Student Support and Academic Enrichment Program		84.424	S424A170015		17,681
			S424A180015	-	67,070
			S424A190015	-	135,951
Total				-	220,702
Special Education Cluster - Special Education Grants to States		84.027	H027A170084	-	5,643
			H027A180084	-	289,630
			H027A190084	-	57,990
			H173A170104	-	3,332
Total Special Education Cluster				-	356,595

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2020

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education (Continued)				
Passed through Indiana Department of Education:				
COVID-19 - Elementary and Secondary School Emergency Relief Program	84.425D	S425D200013	$ -	$ 360,833
Total Department of Education			-	3,693,022
Total Expenditures of Federal Awards			$ -	$ 4,647,318

* Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lighthouse Academies of Northwest Indiana, Inc. (the School) under programs of the federal government for the year ended June 30, 2020. 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 are 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.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020
(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

CFDA 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

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020
(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).

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an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT
OF
LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

LAKE COUNTY INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
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LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
President of Board of Directors	Amina Payne	07/01/19 – 06/30/20
Superintendent	Jessica Beasley	07/01/19 – 06/30/20
Controller	Mary Beth Rousseau	07/01/19 – 06/30/20

INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

We have audited the financial statements of Lighthouse Academies of Northwest Indiana, Inc. (LANWI) as of and for the year ended June 30, 2020, and have issued our report thereon dated January 21, 2021. As part of our audit, we tested LANWI's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe LANWI was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 21, 2021

VENDOR DIBSURSEMENTS TESTING

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. There were six instances in which sales tax was paid and two instances in which taxes and surcharges were paid for a total of eight instances of the 40 selections where Gary Lighthouse Charter School (GLCS) inappropriately paid sales tax.

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. If sales tax is paid erroneously, a refund application may be obtained from the Sales Tax Division (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

Late fees should be avoided with timely processing of invoices for payment. There was one instance of the 40 selected where GLCS paid late fees.

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

Expenses should be supported with detailed documentation supporting the school purpose of the expense. There were two instances of the 40 selected where this documentation was not available for GLCS.

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for four students of the 75 tested for enrollment at East Chicago Lighthouse Charter School (ECLCS) and six students of the 75 tested for enrollment at GLCS. The four students at ECLCS and 10 students at GLCS selections were missing the proof of residency documentation and/or birth certificate as required by the IDOE.

In addition, 57 of the 75 selections for ECLCS and 59 of the 75 selections for GLCS were missing at least one of the enrollment documents required by the school’s policy for enrollment.

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).

AVERAGE DAILY MAINTENANCE (ADM) TESTING (CONTINUED)

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. The process used to determine eligible pupil status resulted in 1 student of the 75 tested at GLCS being included in the ADM count that did not meet the qualifications of an eligible pupil but was included in the count date reporting and certification.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

GLCS officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to GLCS because of incorrect reporting.

CREDIT CARD TESTING

GLCS did not retain supporting documentation for the entire credit card charge in for three purchases on three of the five credit card statements tested.

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

REQUIRED REPORTS

ECLCS and GLCs reported inaccurate cash balances on the Form 9 reporting for the bi-annual reporting period ended June 30, 2020. The reported balances included accruals for revenue and expenses.

Charter schools are required to comply with all grant agreements, rules, regulations, bulletins directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Charter schools shall file accurate reports required by federal and state agencies. Noncompliance may require corrective action (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on December 17, 2020 with Amina Payne (President of Board of Directors), Jessica Beasley (Executive Director), Brent Elliott and Mary Beth Rousseau (Representatives from Lighthouse Academies, Inc.). The official response has been made part of this report and may be found starting on page 6.

January 21, 2021

CliftonLarsonAllen LLP
Indianapolis, Indiana
Attn: Kyla Greenhoe, CPA

RE: Responses to Lighthouse Academies of Northwest Indiana Supplemental Audit Report

Vendor Disbursements Testing

Sales tax can be avoided or reimbursed for purchases under the sales tax exemption guidelines. Gary Lighthouse Charter School (GLCS) inappropriately paid sales tax.

Late fees should be avoided with timely processing of invoices for payment. GLCS paid late fees.

Expenses should be supported with detailed documentation supporting the school purpose of the expense. GLCS was missing sufficient documentation in two instances.

> Response: Training for employees is scheduled to review the proper approval and processing of invoices. Training will occur semiannually and will include an overview of the process and our purchasing and invoice system. Purchase orders will be required for every purchase including those made with the credit card to ensure accuracy and proper documentation.

Average Daily Maintenance (ADM) Testing

Enrollment documents required to be maintained by the Indiana Department of Education (IDOE) include, at a minimum, birth certificates, enrollment application and proof of residency for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. During the review of the student files, it was found the files were not consistent and complete and were missing required documentation.

Officials shall maintain records which substantiate the number of students claimed for ADM. A student claimed for ADM must be an enrolled and attending “eligible pupil”. There was one student found to be ineligible for ADM reporting for GLCS.

> Response: The school is reviewing its list of required additional documents and training is scheduled with appropriate personnel to review the documents needed for each student. A full audit of all student files will be performed, and missing documents obtained. The school is also reviewing the process for addressing absent students to ensure accurate ADM reporting. School officials shall contact the IDOE Division of School Finance to determine possible steps to be taken to correct any overpayment due to incorrect reporting.

Credit Card Testing

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments. Supporting documentation was missing for GLCS.

Response: Training for employees is scheduled to review the proper approval and documentation needed to support all credit card charges. This includes creating purchase orders for credit card purchases to ensure accurate documentation.

Financial Reporting

The overall cash balances on the Form 9 reports at June 30, 2020 for the LANWI schools did not agree with the balance of cash per the schools' accounting records. The reported balances included accruals for revenue and expenses.

Response: A reconciliation will be done between the Form 9 reported balances and the audited cash balances. Corrections will be made to bring the balances in agreement. The finance team has met with the auditors to ensure our understanding is correct as we process in future years.

Sincerely,

Jessica Beasley
Executive Director

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Mays Community Academy

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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OUTSOURCING

AUDIT, TAX, AND CONSULTING

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy
Mays, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Rush County Schools, Incorporated dba: Mays Community Academy, which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Rush County Schools, Incorporated dba: Mays Community Academy as of June 30, 2020, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2019 financial statements of Northern Rush County Schools, Incorporated dba: Mays Community Academy were audited by other auditors whose report dated January 30, 2020 expressed an unmodified opinion on those statements.

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

Indianapolis, Indiana
February 17, 2021

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 58,511	$ 146,442
Grants Receivable	111,325	94,285
Total Current Assets	169,836	240,727
PROPERTY AND EQUIPMENT		
Land	88,400	88,400
Buildings and Improvements	605,875	552,475
Furniture and Equipment	279,804	223,468
Software and Textbooks	90,082	90,082
Vehicles	5,000	5,000
Less: Accumulated Depreciation	(290,685)	(216,415)
Property and Equipment, Net	778,476	743,010
OTHER ASSETS		
Security Deposit	3,900	3,900
Total Assets	$ 952,212	$ 987,637
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lines of Credit	$ 157,305	$ 238,847
Current Portion of Notes Payable	78,082	69,739
Accounts Payable and Accrued Expenses	120,960	130,230
Total Current Liabilities	356,347	438,816
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	340,496	412,901
Loan Payable Under Paycheck Protection Program	243,954	-
Total Long-Term Liabilities	584,450	412,901
Total Liabilities	940,797	851,717
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	11,415	135,920
Total Liabilities and Net Assets	$ 952,212	$ 987,637

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, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 1,721,205	$ 1,717,328
Grant Revenue	763,364	456,069
Student Fees	13,194	21,347
Contributions	3,353	51,589
Fundraising and Other Income	88,998	44,519
Total Revenue and Support	2,590,114	2,290,852
EXPENSES		
Program Services	1,936,664	1,638,724
Management and General	777,955	494,388
Total Expenses	2,714,619	2,133,112
CHANGE IN NET ASSETS	(124,505)	157,740
Net Assets (Deficit) - Beginning of Year	135,920	(21,820)
NET ASSETS - END OF YEAR	$ 11,415	$ 135,920

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 979,822	$ 367,325	$ 1,347,147	$ 735,163	$ 261,846	$ 997,009
Employee Benefits	292,459	134,254	426,713	324,968	64,102	389,070
Staff Development	37,125	-	37,125	34,700	-	34,700
Professional Services	67,334	157,447	224,781	39,148	72,815	111,963
Repairs and Maintenance	-	39,241	39,241	-	19,562	19,562
Authorizer Oversight Fees	-	37,111	37,111	-	34,039	34,039
Food Costs	81,951	-	81,951	77,218	-	77,218
Transportation	232,145	215	232,360	235,567	325	235,892
Information Technology	23,211	-	23,211	12,578	-	12,578
Advertising	-	44	44	-	1,372	1,372
Classroom, Kitchen, and Office Supplies	83,249	9,484	92,733	50,194	7,439	57,633
Occupancy	54,219	-	54,219	65,558	-	65,558
Depreciation	74,269	-	74,269	56,024	-	56,024
Interest	-	28,254	28,254	-	18,516	18,516
Insurance	2,500	-	2,500	2,500	-	2,500
Other	8,380	4,580	12,960	5,106	14,372	19,478
Total Functional Expenses	$ 1,936,664	$ 777,955	$ 2,714,619	$ 1,638,724	$ 494,388	$ 2,133,112

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (124,505)	$ 157,740
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	74,269	56,024
Changes in Operating Assets and Liabilities:		
Grants Receivable	(17,040)	(94,285)
Accounts Payable and Accrued Expenses	(9,270)	(71,336)
Refundable Advances	-	(29,475)
Net Cash Provided (Used) by Operating Activities	(76,546)	18,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(109,735)	(61,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Short-Term Financing	-	100,000
Principal Payments on Short-Term Financing	-	(201,000)
Proceeds from Lines of Credit, Net	37,105	238,847
Proceeds from Notes Payable	702,974	50,000
Repayment of Notes Payable	(885,683)	(67,068)
Proceeds from Loan Payable Under Paycheck Protection Program	243,954	-
Net Cash Provided by Financing Activities	98,350	120,779
NET CHANGE IN CASH	(87,931)	78,426
Cash - Beginning of Year	146,442	68,016
CASH - END OF YEAR	$ 58,511	$ 146,442
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 28,254	$ 18,516

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 220 and 180 students during the years ended June 30, 2020 and 2019, respectively, in grades kindergarten through eight.

Change in Accounting Principle

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Company's reported historical revenue.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Organization's financial statements

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

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, 2020 and 2019.

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, 2020 and 2019.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, 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 2015 are open to audit for both federal and state purposes.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through February 17, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

In July 2020, the School renewed the two lines of credit and the short-term financing agreement with FCN Bank.

In July 2020, the School received roughly $27,000 in CARES Act funding.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019
Two notes payable to CentreBank with substantially identical terms; payable in monthly installments of $2,822 total including interest at 5.50% per annum, secured by all School assets. The remaining unpaid portion was due upon maturity in June 2019. These were refinanced in July 2019.	$ -	$ 118,133
Note payable to FCN Bank with monthly installments of $3,298 including interest at 6.25% annum, maturing in July 2024.	142,328	-
Note payable to Indiana State Board of Education, payable $21,250 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, maturing in July 2026.	276,250	318,750
Note payable to FCN Bank payable in one payment (June 2019) plus interest at 7.00% per annum. This was refinanced in July 2019.	-	45,757
Total	418,578	482,640
Less: Current Portion	(78,082)	(69,739)
Long-Term Portion	$ 340,496	$ 412,901

NOTE 2 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2021	$ 78,082
2022	78,082
2023	78,082
2024	78,082
2025	42,500
Thereafter	63,750
Total	$ 418,578

NOTE 3 PAYROLL PROTECTION PROGRAM LOAN

On April 15, 2020, the Organization received a loan from FCN Bank in the amount of $243,954 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 Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022.

NOTE 4 LINES OF CREDIT

During the year ended June 30, 2019, the School entered into two line of credit arrangements with FCN Bank. The first line of credit has a $300,000 borrowing capacity and incurred interest at 6.5% per annum, maturing October 2019. This was extended to July 2020 with an interest rate of 6.75%. 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 July 2020 with an interest rate of 7%. The balance of the lines of credit as of June 30, 2020 was $157,304.

NOTE 5 SHORT-TERM FINANCING

From time to time throughout the year ended June 30, 2019, the School utilized short-term note payable financing from members of the community to meet cash flow needs. The average interest rate on the short-term notes payable was 8%. The School borrowed and repaid $100,000 and $201,000, respectively, during the year ended June 30, 2019 and paid $3,809 in interest thereon.

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) 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, 2020, the School contributed 8.5% of compensation for eligible teaching personnel to TRF and 6.8% for other employees to PERF. For the year ended June 30, 2019, the School contributed 10.5% of compensation for eligible teaching personnel to TRF and 4% 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, 2018 (the latest year reported), TRF and PERF were more than 88% funded. The School's total retirement expense was $76,192 and $67,425 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $37,111 and $34,039 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

The School contracted with Indiana Charters LLC, a for-profit organization incorporated in the state of Indiana, to perform data management, financial, administrative, and general operational support services. Expenses under this contract were $75,836 and $38,834 for the years ended June 30, 2020 and 2019, respectively.

NOTE 8 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, 2020, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at FCN Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable which total $169,836 and $240,727 in 2020 and 2019, respectively.

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the School has a $149,947 line of credit available as of June 30, 2020.

NOTE 10 FUNCTIONAL EXPENSE REPORTING

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

NOTE 11 RELATED PARTY 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 year ended June 30, 2020 were $158,432 for transportation and $70,599 and labor.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 58,511	$ -	$ -	$ 58,511
Grants Receivable	111,325	-	-	111,325
Due from Charter School	-	5,121	(5,121)	-
Total Current Assets	169,836	5,121	(5,121)	169,836
PROPERTY AND EQUIPMENT				
Land	88,400	-	-	88,400
Buildings and Improvements	605,875	-	-	605,875
Furniture and Equipment	279,804	-	-	279,804
Software and Textbooks	90,082	-	-	90,082
Vehicles	5,000	-	-	5,000
Less: Accumulated Depreciation	(290,685)	-	-	(290,685)
Property and Equipment, Net	778,476	-	-	778,476
OTHER ASSETS				
Security Deposit	3,900	-	-	3,900
Total Assets	$ 952,212	$ 5,121	$ (5,121)	$ 952,212
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Lines of Credit	$ 157,305	$ -	$ -	$ 157,305
Current Portion of Notes Payable	78,082	-	-	78,082
Accounts Payable and Accrued Expenses	99,846	21,114	-	120,960
Due to Pre-K	5,121	-	(5,121)	-
Total Current Liabilities	340,354	21,114	(5,121)	356,347
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	340,496	-	-	340,496
Loan Payable Under Paycheck Protection Program	243,954	-	-	243,954
Total Long-Term Liabilities	584,450	-	-	584,450
Total Liabilities	924,804	21,114	(5,121)	940,797
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	27,408	(15,993)	-	11,415
Total Liabilities and Net Assets	$ 952,212	$ 5,121	$ -	$ 952,212

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,721,205	$ -	$ 1,721,205
Grant Revenue	763,364	-	763,364
Student Fees	13,194	-	13,194
Contributions	3,353	-	3,353
Fundraising and Other Income	19,580	69,418	88,998
Total Revenue and Support	2,520,696	69,418	2,590,114
EXPENSES			
Program Services	1,872,268	64,396	1,936,664
Management and General	729,739	48,216	777,955
Total Expenses	2,602,007	112,612	2,714,619
CHANGE IN NET ASSETS	(81,311)	(43,194)	(124,505)
Net Assets - Beginning of Year	108,719	27,201	135,920
NET ASSETS (DEFICIT) - END OF YEAR	$ 27,408	$ (15,993)	$ 11,415

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SUPPLEMENTAL AUDIT REPORT

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY

RUSH COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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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, 2019 TO JUNE 30, 2020

Office	Official	Term
Board President	Nansi Custer	7/1/19 – 6/30/20
Board Treasurer	Marcia Schwering	7/1/19 – 6/30/20
Principal	Shannon New	7/1/19 – 6/30/20

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, 2020, and have issued our report thereon dated February 17, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 17, 2021

REQUIRED REPORTS

During testing, it was noted that the Annual Financial Report (AFR) was not filed with the state per review of the Indiana Gateway website.

Additionally during testing, it was noted that the 100R report was filed past the deadline of January 31, 2020 and was filed with the state on February 11, 2020.

Lastly during testing, it was noted that the Form 9 for the reporting period July 1, 2019 through December 31, 2019 beginning cash balance of $140,052 did not agree to the prior year ended cash balance per the trial balance of $146,442.

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." 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)

GENERAL RECEIPTS TESTING

During our general receipt testing, we noted there were two (2) receipts in our sample of forty (40) that information was unable to be provided for further testing.

Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8)

GENERAL DISBURSEMENT TESTING

During our general disbursement testing, we noted the following items in our sample of forty (40) selections:

- Two (2) disbursements did not have supporting information for further testing.
- Three (3) disbursements had vouchers but did not have the supporting invoices.
- Four (4) disbursements had vouchers that did not contain approval (unsigned).

The charter school must establish procedures for the initiation, approval, and use of purchase requisitions and purchase orders. The procedures must include limits on approval of purchase orders after the purchase to emergency situations and all blanket purchases must have a fixed monetary limit. Upon receipt of the goods or services a charter school employee must verify the condition, quantity, and quality of the goods or services prior to payment of the invoice/bill/contract. Supporting documentation, such as invoices, shall be compared to purchase orders to ensure the prices, quantities, etc. are correct prior to payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 8)

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with Nansi Custer, Board President, Marcia Schwering, Board Treasurer, and Kevin Davis, Indiana Charters, on February 17, 2021. The Official Response has been made a part of this report and may be found on page 6.



Northern Rush County Schools Inc.

929 E. South Street
Mays Indiana 46155

February 29, 2021

RESPONSE TO SBOA REPORT

REQUIRED REPORTS : Due to a tabulation error, the ending cash balance on the June 30, 2019 Form 9 was misstated. The Form 9 ending cash balances for December 31, 2019 and June 30, 2020 were stated properly and the error has been resolved moving forward.
The 100R report was delayed due to the transition from our former CEO to our new accountant. There was a miscommunication in who would be responsible for the report. Moving forward, this responsibility has been clearly defined and will be carried out by our new accountant.

GENERAL RECEIPTS TESTING: We have implemented additional internal controls to ensure the accurate and timely processing of receipts of payment. This includes receipts in triplicate and verified by at least 2 individuals on all transactions. All monies received are verified by receipt and deposited in a timely manner. Original receipt books are maintained as records. The corporation treasurer keeps one of the triplicate receipts and a physical copy of any checks deposited along with deposit tickets from the bank. All these items will then be maintained for record keeping.

GENERAL DISBURSEMENT TESTING: We have now contracted with a new accountant and an educational service provider who specializes in school finance, to ensure that our processes are complete and accurate. The NRCS Board and office staff have received additional training on disbursements, purchase orders, vouchers and record keeping. This has been very helpful and has given us the knowledge and support to ensure accurate record keeping. We have also strengthened our internal controls on these processes. The combined team provides additional layers of support, verification and record keeping. Records are complete and filed both in paper and electronic form.

Nansi Custer

Nansi Custer,
President
Northern Rush County Schools Inc.
DBA: Mays Community Academy

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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

We have audited the accompanying financial statements of Neighbors' Educational Opportunities, Inc. (the Corporation), which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Board of Directors
Neighbors' Educational Opportunities, Inc.

Opinion

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

Other Matter

The 2019 financial statements of Neighbors' Educational Opportunities, Inc. were audited by other auditors whose report dated December 16, 2019 expressed an unmodified opinion on those statements.

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

Indianapolis, Indiana
January 8, 2021

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 257,924	$ 63,701
Grants Receivable	115,494	67,487
Other Receivables	6,483	44,612
Total Current Assets	379,901	175,800
PROPERTY AND EQUIPMENT		
Land	835,000	835,000
Buildings and Improvements	3,995,999	3,957,399
Furniture and Equipment	457,844	442,499
Less: Accumulated Depreciation	(792,297)	(615,451)
Property and Equipment, Net	4,496,546	4,619,447
OTHER ASSETS		
Security Deposit	11,910	11,910
Total Assets	$ 4,888,357	$ 4,807,157
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 360,980	$ 317,737
Accounts Payable and Accrued Expenses	140,210	157,646
Short-Term Note Payable	2,882	2,882
Total Current Liabilities	504,072	478,265
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	3,585,679	3,900,712
Loan Payable Under Paycheck Protection Program	321,700	-
Total Long-Term Liabilities	3,907,379	3,900,712
Total Liabilities	4,411,451	4,378,977
NET ASSETS		
Without Donor Restrictions	476,906	428,180
Total Liabilities and Net Assets	$ 4,888,357	$ 4,807,157

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 1,691,191	$ 1,676,161
Grant Revenue	865,021	821,684
Student Fees	33,382	41,419
Rental Income	46,710	57,451
Contributions	26,096	26,510
Fundraising and Other Income	61,855	12,502
Total Revenue and Support	2,724,255	2,635,727
EXPENSES		
Program Services	1,910,489	1,769,824
Management and General	765,040	667,511
Total Expenses	2,675,529	2,437,335
CHANGE IN NET ASSETS	48,726	198,392
Net Assets - Beginning of Year	428,180	229,788
NET ASSETS - END OF YEAR	$ 476,906	$ 428,180

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,052,216	$ 393,707	$ 1,445,923	$ 952,449	$ 318,703	$ 1,271,152
Employee Benefits	145,537	66,589	212,126	153,967	72,808	226,775
Staff Development	31,640	-	31,640	5,546	-	5,546
Authorizer Oversight Fees	-	48,173	48,173	-	35,748	35,748
Educational Content	66,159	-	66,159	38,379	-	38,379
Food Costs	30,953	-	30,953	50,850	-	50,850
Equipment	33,910	-	33,910	31,946	-	31,946
Classroom Office Supplies	50,754	7,939	58,693	33,536	6,799	40,335
Professional Services	96,426	34,021	130,447	104,563	45,239	149,802
Occupancy	104,907	-	104,907	120,453	14,563	135,016
Contracted IT Services	76,436	-	76,436	96,768	-	96,768
Travel	6	2,306	2,312	3,072	709	3,781
Insurance	-	23,130	23,130	-	20,475	20,475
Advertising	-	9,772	9,772	-	397	397
Depreciation	176,846	-	176,846	176,846	-	176,846
Interest	-	172,307	172,307	-	146,813	146,813
Other	44,699	7,096	51,795	1,449	5,257	6,706
Total Functional Expenses	$ 1,910,489	$ 765,040	$ 2,675,529	$ 1,769,824	$ 667,511	$ 2,437,335

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 48,726	$ 198,392
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	176,846	176,846
Changes in Operating Assets and Liabilities:		
Grants Receivable	(48,007)	(26,089)
Other Receivables	38,129	(28,708)
Prepaid Expenses	-	4,120
Accounts Payable and Accrued Expenses	(17,436)	(75,059)
Net Cash Provided by Operating Activities	198,258	249,502
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(53,945)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	321,700	-
Repayments of Short-Term Notes Payable	-	(5,843)
Principal Payments of Notes Payable	(271,790)	(187,357)
Net Cash Provided (Used) by Financing Activities	49,910	(193,200)
NET CHANGE IN CASH	194,223	56,302
Cash - Beginning of Year	63,701	7,399
CASH - END OF YEAR	$ 257,924	$ 63,701
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 159,492	$ 146,813

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Neighbors' Educational Opportunities, Inc. (the Corporation) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The Corporation operates a public alternative charter high school established under Indiana Code 20-24 that served approximately 219 students during 2019-2020. The Corporation also operates a comprehensive adult education program and an official testing site for the State of Indiana's High School Equivalency diploma.

Change in Accounting Principle

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Corporation reported historical revenue. The early implementation of the standard did not significantly impact the Corporation's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Corporation's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the Corporation does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant, Contribution, and Fundraising Revenue

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

Rental Income

Rentals income is recognized when the rental event takes place and/or time period occurs.

Cash and Cash Equivalents

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

Grants Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The Corporation believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable relate to unpaid student fees from the 2019-2020 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.

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 $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, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Recently Issued Accounting Pronouncements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

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

Subsequent Events

The Corporation evaluated subsequent events through January 8, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2020	2019
Note payable to Indiana State Board of Education, payable $57,633 semi-annually (January 1 and July 1) plus interest at 1.00% per annum.	$ 982,389	$ 1,037,389
Note payable to 1st Source Bank, payable in monthly installments $27,789 including interest at 4.25% per annum, with a balloon payment due May 2022, secured by mortgage on Corporation facilities.	2,964,270	3,181,060
Total	3,946,659	4,218,449
Less: Current Portion	(360,980)	(317,737)
Long-Term Portion	$ 3,585,679	$ 3,900,712

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

Year Ending June 30,	Amount
2021	$ 360,980
2022	2,905,564
2023	151,137
2024	151,137
2025	151,137
Thereafter	226,704
Total	$ 3,946,659

NOTE 3 LOAN PAYABLE UNDER THE PAYCHECK PROTECTION PROGRAM

In April 2020, the Corporation received a loan from 1st Source Bank in the amount of $321,700, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 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 Corporation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Corporation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022. Subsequent to year-end, the full amount of the loan was forgiven.

NOTE 4 LEASES

The Corporation leases equipment under operating lease agreements that expire in 2023 and 2024. Expense under these operating leases was $24,890 and $13,345 for the years ended June 30, 2020 and 2019, respectively.

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

Year Ending June 30,	Amount
2021	$ 27,538
2022	27,538
2023	17,824
2024	2,161
2025	-
Total	$ 75,061

NOTE 5 RETIREMENT PLAN

The Corporation provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2020 and 2019, the Corporation contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the Corporation elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The Corporation's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2019 (the latest year reported), TRF and PERF were approximately 102% and 80% funded, respectively.

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

Retirement plan expenses totaled $37,110 and $11,534 during the years ended June 30, 2020 and 2019, respectively.

NOTE 6 COMMITMENTS

The Corporation operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the Corporation has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $48,173 and $35,748 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Any changes in state or federal legislation could significantly impact the Corporation. Additionally, the Corporation is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the Corporation.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020 and 2019, 95% and 60% of the receivable balance was due from the state of Indiana, respectively.

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

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

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, the Corporation is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the Corporation include cash, grants, and student fees receivable. Financial assets available at June 30, 2020 and 2019 were $379,901 and $175,800, respectively.

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 204,153	$ 53,771	$ 257,924
Grants Receivable	115,494	-	115,494
Other Receivables	6,221	262	6,483
Total Current Assets	325,868	54,033	379,901
PROPERTY AND EQUIPMENT			
Land	835,000	-	835,000
Buildings and Improvements	3,995,999	-	3,995,999
Furniture and Equipment	454,007	3,837	457,844
Less: Accumulated Depreciation	(792,297)	-	(792,297)
Property and Equipment, Net	4,492,709	3,837	4,496,546
OTHER ASSETS			
Security Deposit	11,910	-	11,910
Total Assets	$ 4,830,487	$ 57,870	$ 4,888,357
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current Portion of Notes Payable	$ 360,980	$ -	$ 360,980
Accounts Payable and Accrued Expenses	140,096	114	140,210
Short-Term Note Payable	2,882	-	2,882
Total Current Liabilities	503,958	114	504,072
LONG-TERM LIABILITIES			
Notes Payable, Net of Current Portion	3,595,394	(9,715)	3,585,679
Loan Payable Under Paycheck Protection Program	321,700	-	321,700
Total Long-Term Liabilities	3,917,094	(9,715)	3,907,379
Total Liabilities	4,421,052	(9,601)	4,411,451
NET ASSETS			
Without Donor Restrictions	409,435	67,471	476,906
Total Net Assets	409,435	67,471	476,906
Total Liabilities and Net Assets	$ 4,830,487	$ 57,870	$ 4,888,357

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,691,191	$ -	$ 1,691,191
Grant Revenue	539,586	325,435	865,021
Student Fees	19,350	14,032	33,382
Rental Income	46,710	-	46,710
Contributions	26,096	-	26,096
Fundraising and Other Income	17,156	44,699	61,855
Total Revenue and Support	2,340,089	384,166	2,724,255
EXPENSES			
Program Services	1,644,047	266,442	1,910,489
Management and General	656,212	108,828	765,040
Total Expenses	2,300,259	375,270	2,675,529
CHANGES IN NET ASSETS	39,830	8,896	48,726
Net Assets - Beginning of Year	369,335	58,845	428,180
NET ASSETS - END OF YEAR	$ 409,165	$ 67,741	$ 476,906

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

PORTER COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
President, Board of Directors	Deborah Birch	07/01/19 - 06/30/20
Executive Director	Rebeca Reiner	07/01/19 - 06/30/20
Business Manager	Jennifer Jennings	07/01/19 - 06/30/20

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, 2020, and have issued our report thereon dated January 8, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 8, 2021

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2019 TO JUNE 30, 2020

No findings noted for the period of July 1, 2019 to June 30, 2020.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with management and were presented to the board of directors on December 17, 2020.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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Options Charter School - Carmel

OPTIONS CHARTER SCHOOL - CARMEL, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

OPTIONS CHARTER SCHOOL - CARMEL, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter School - Carmel, Inc.
Carmel, Indiana

We have audited the accompanying financial statements of Options Charter School - Carmel, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

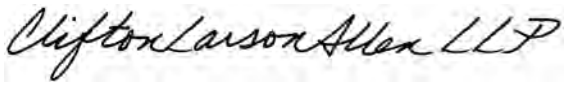
Board of Directors
Options Charter School - Carmel, Inc.

Opinion

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

Other Matter

The 2019 financial statements of Options Charter School - Carmel, Inc. were audited by other auditors whose report dated October 11, 2019, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 25, 2021

OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
CURRENT ASSETS		
Cash	$ 526,988	$ 883,289
Accounts Receivable	183	23,516
Current Portion of Note Receivable	36,668	75,000
Prepaid Expenses	24,919	21,022
Total Current Assets	588,758	1,002,827
PROPERTY AND EQUIPMENT		
Leasehold Improvements	282,380	266,995
Furniture and Equipment	526,810	526,810
Less: Accumulated Depreciation	(621,826)	(593,123)
Property and Equipment, Net	187,364	200,682
OTHER ASSETS		
Note Receivable, Net of Current Portion	-	487,500
Total Assets	$ 776,122	$ 1,691,009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Note Payable	$ 100,000	$ 100,000
Accounts Payable and Accrued Expenses	174,091	104,512
Due to Option Charter School - Noblesville, Inc.	13,861	1,331
Refundable Advance	2,496	2,496
Total Current Liabilities	290,448	208,339
LONG-TERM LIABILITIES		
Note Payable, Net of Current Portion	550,000	650,000
Loan Payable Under Paycheck Protection Program	262,800	-
Total Long-Term Liabilities	812,800	650,000
Total Liabilities	1,103,248	858,339
NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(327,126)	832,670
Total Liabilities and Net Assets	$ 776,122	$ 1,691,009

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 1,766,058	$ 1,449,512
Grant Revenue	477,603	382,073
Student Fees	10,447	19,933
Contributions from Options in Education Foundation, Inc.	-	12,738
Other Income	5,100	7,538
Total Revenue and Support	2,259,208	1,871,794
EXPENSES		
Program Services	2,935,599	1,172,094
Management and General	483,405	593,050
Total Expenses	3,419,004	1,765,144
CHANGE IN NET ASSETS	(1,159,796)	106,650
Net Assets - Beginning of Year	832,670	726,020
NET ASSETS (DEFICIT) - END OF YEAR	$ (327,126)	$ 832,670

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 982,665	$ 239,734	$ 1,222,399	$ 559,868	$ 312,573	$ 872,441
Employee Benefits	320,318	92,771	413,089	236,962	132,295	369,257
Occupancy	235,485	29,067	264,552	214,674	29,274	243,948
Equipment	46,172	-	46,172	45,676	-	45,676
Professional Services	54,150	29,099	83,249	36,643	13,716	50,359
Depreciation	24,694	4,009	28,703	26,715	3,643	30,358
Classroom and Office Supplies	32,622	8,861	41,483	23,530	13,136	36,666
Authorizer Oversight Fees	-	41,598	41,598	-	32,594	32,594
Food Service	3,658	-	3,658	5,855	-	5,855
Insurance	-	24,297	24,297	-	22,212	22,212
Transportation	11,796	5,809	17,605	1,828	1,020	2,848
Interest	-	6,750	6,750	-	7,750	7,750
Foundation Expenses	1,217,507	-	1,217,507	12,738	-	12,738
Other	6,532	1,410	7,942	7,605	24,837	32,442
Total Functional Expenses	$ 2,935,599	$ 483,405	$ 3,419,004	$ 1,172,094	$ 593,050	$ 1,765,144

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (1,159,796)	$ 106,650
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	28,703	30,358
In-Kind Donation	465,000	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	23,333	(20,328)
Prepaid Expenses	(3,897)	(4,995)
Accounts Payable and Accrued Expenses	69,579	14,993
Due to Options Charter School - Noblesville, Inc	12,530	(15,573)
Refundable Advance	-	(444)
Net Cash Provided (Used) by Operating Activities	(564,548)	110,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(15,385)	(49,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Paid on Note Payable	(100,000)	(100,000)
Principal Received from Options Charter School - Noblesville, Inc.	60,832	75,000
Proceeds from Loan Payable Under Paycheck Protection Program	262,800	-
Net Cash Provided (Used) by Financing Activities	223,632	(25,000)
NET CHANGE IN CASH	(356,301)	36,289
Cash - Beginning of Year	883,289	847,000
CASH - END OF YEAR	$ 526,988	$ 883,289
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 7,250	$ 8,250

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Options Charter School - Carmel, 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 serves approximately 200 students in grades nine to twelve by providing an alternative to traditional high school programs.

Change in Accounting Principle

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Taxes on Income

Options Charter School - Carmel, 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, 2020 and 2019, 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 ended after 2016 are open to audit for both federal and state purposes.

Recently Issued Accounting Pronouncements

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts 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, minor replacement costs, and equipment purchases with a unit cost of less than $1,500 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:

Leasehold Improvements	5 to 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.

Subsequent Events

The School evaluated subsequent events through January 25, 2021, the date these financial statements were available to be issued. Events occurring through that date are as follows:

1. On April 21, 2020, the Options Board of Directors voted unanimously to consolidate Options Charter Carmel and Options Charter Noblesville into a single corporation. In fiscal year 2020, Indiana Code 20-24-3-17 was amended to allow a charter organization to operate multiple schools under one corporation number. As of July 1, 2020, the schools were consolidated into one entity to be named Options Charter School Corporation.

2. On July 23, 2020, a new loan for $3,680,000 was approved to OCS – Westfield, a related party, for the new OCS – Westfield building. This loan is guaranteed by Options Charter School Corporation.

NOTE 2 LINE OF CREDIT

The School had a $75,000 revolving line of credit with First Merchants Bank. Drawings against the line of credit bear interest at 2.25% above the lender's prime rate (a total of 5.75% at June 30, 2020) and are secured by all school assets. There was no balance outstanding under the line of credit as of June 30, 2020 or 2019. Subsequent to year-end, the revolving line of credit was closed.

NOTE 3 REFUNDABLE ADVANCE

The School was awarded a grant from the Lilly Foundation, Inc. to establish comprehensive counseling services for students. The unused portion of the grant as of June 30, 2020 and 2019 was $2,496 for both years, and was shown as a refundable advance on the statements of financial position.

NOTE 4 NOTE PAYABLE AND NOTE RECEIVABLE

At June 30, 2020 and 2019, the note payable consisted of the following:

	2020	2019
Note payable to the Indiana State Board of Education, payable $50,000 semi-annually (January 1 and July 1) plus interest at 1.00% per annum	$ 650,000	$ 750,000
Less: Current Portion	(100,000)	(100,000)
Long-Term Portion	$ 550,000	$ 650,000

During 2016, the School entered into a $1,000,000 note payable to the Indiana State Board of Education. The School concurrently entered into a note receivable agreement to loan $750,000 of the proceeds to Options Charter School – Noblesville, Inc. (Options – Noblesville). The repayment terms with Options – Noblesville mirror the terms with the Indiana State Board of Education.

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.

During 2020, the School entered into a $450,000 note payable to Options – Noblesville, for the purchase of the OCS – Westfield building. The $450,000 note payable was applied to the 2016 note receivable rendering the 2020 note payable paid in full and reducing the note receivable to the balance at June 30, 2020.

NOTE 4 NOTE PAYABLE AND NOTE RECEIVABLE (CONTINUED)

The note receivable consisted of the following as of June 30:

	2020	2019
Note receivable from Options - Noblesville, in $37,500 semi-annual (January 1 and July 1) plus interest at 1.00% per annum	$ 36,668	$ 562,500
Less: Current Portion	(36,668)	(75,000)
Long-Term Portion	$ -	$ 487,500

Principal maturities of the note payable and note receivable are as follows for the years ending June 30:

Year Ending June 30,	Note Payable	Note Receivable	Net Payable
2021	$ 100,000	$ 36,668	$ 63,332
2022	100,000	-	100,000
2023	100,000	-	100,000
2024	100,000	-	100,000
2025	100,000	-	100,000
Thereafter	150,000	-	150,000
Total	$ 650,000	$ 36,668	$ 613,332

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

On April 18, 2020, the School received a loan from First Financial Bank in the amount of $262,800 to fund payroll, rent utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

NOTE 6 LEASES

The School leases its facility and certain items of office equipment under operating leases. The facility lease expires June 30, 2021 and requires monthly payments of $12,266 and $11,852 for the years ending June 30, 2020 and 2019, respectively. The School is also responsible for any improvements and its proportionate share of real estate taxes and operating expenses (CAM charges). Expense under operating leases, including CAM charges, was $213,358 and $192,172 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease obligations (excluding CAM charges) are as follows for the years ending June 30:

Year Ending June 30,	Amount
2021	$ 204,833
2022	57,641
2023	43,957
2024	42,713
2025	37,600
Thereafter	10,313
Total	$ 397,057

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 $41,598 and $32,594 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021 and is renewable thereafter by mutual consent.

NOTE 8 RELATED PARTIES

The School is related to Options – Noblesville through a common Board of Directors. Both schools advance amounts to each other as needed to meet cash flow requirements. The net balance owed to Options – Noblesville was $13,861 and $1,331 as of June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the School also donated $1,182,616 through an in-kind contribution of $465,000 via a reduction of the Note Receivable (Note 4), a $535,685 contribution of direct cash payment to a third-party and an in-kind contribution of $181,931 for expenses paid on behalf of Options - Noblesville. These donations were all related to Options - Noblesville acquisition of property for construction of a new building to be used by the Options network of schools and are reflected as a program expense in the statement of functional expenses. The School is also contingently liable as a guarantor with respect to a $75,000 line of credit maintained by Options – Noblesville. At June 30, 2020 and 2019, there was no balance outstanding under the line of credit. In addition, the School has a note receivable from Options – Noblesville as described in Note 4. Additionally, the School received salary reimbursements and paid expenses to Options – Noblesville of $50,000 and $22,457, respectively.

NOTE 8 RELATED PARTIES (CONTINUED)

The School is affiliated with Options in Education Foundation, Inc. (the Foundation) and its subsidiary Options – Westfield, through certain common board members. The School provided an in-kind donation of $34,891 for expenses paid on behalf of Options - Westfield The School received financial assistance from the Foundation of $12,738 during the years ended June 30, 2019.

The School also employs several members of the president's family. The School paid these individuals $60,004 and $59,039 during the years ended June 30, 2020 and 2019, respectively.

The School obtained its Payroll Paycheck Protection of $262,800 from First Financial Bank Corporation which employs the chairman of the board. (Note 5).

NOTE 9 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 10.5% 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, 2019 (the latest year reported), both TRF and PERF were more than 80% funded.

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 10.5% 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 $128,212 and $102,813 for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 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.

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.

Deposits maintained at First Merchants Bank are insured up to the Federal Deposit Insurance Corporation (FDIC) limit of $250,000. Funds held at this financial institution exceeded the FDIC insurance limit as of June 30, 2020 and 2019.

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

NOTE 11 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2019 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, accounts receivable, and the note receivable.

	2020	2019
Financial Assets	$ 563,838	$ 1,469,305

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.

NOTE 11 LIQUIDITY (CONTINUED)

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 School also had a line of credit available with a credit limit of $75,000 until it was closed subsequent to year-end, all of which is available to meet general expenditures within one year of the date of the statement of financial position.

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 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 the percentage allocation of salaries between program services and management and general. Occupancy and depreciation expenses are allocated based on the percentage allocation of square footage used for program services and management and general activities.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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 School - Carmel, 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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT
OF
OPTIONS CHARTER SCHOOL - CARMEL, INC.

HAMILTON COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

OPTIONS CHARTER SCHOOL - CARMEL, INC.
HAMILTON COUNTY, INDIANA
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OPTIONS CHARTER SCHOOL - CARMEL, INC.
HAMILTON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
Chairman of Board of Directors	Matt Abbott	7/1/19 – 6/30/20
School President and CEO	Mike Gustin	7/1/19 – 6/30/20
CFO	Jake Brandau	7/1/19 – 6/30/20
School Treasurer	Jack Colwell	5/1/20 – 6/30/20

INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter School - Carmel, Inc.
Carmel, Indiana

We have audited the financial statements of Options Charter School - Carmel, Inc. (the School) as of and for the year ended June 30, 2020 and have issued our report thereon dated January 25, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 25, 2021

RECEIPTS AND DEPOSITS

Eight (8) of the forty (40) cash receipts tested from the School's receipt books were not properly receipted. We noted that these errors occurred because the School improperly used a related school's receipt documents rather than the proper receive documents for Options Charter School – Carmel, Inc.

All charter school money must be deposited with timely and proper receipts to provide the organizer and charter school administration with current information necessary for all financial decisions (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records. The following issues were noted in completing ADM testing of ninety (90) students.

- Student files for 49 selections were missing the student birth certificate.

- The School had one (1) virtual student absent on count day with no engagement in the 2 weeks before count day and no record of re-engagement efforts for the period subsequent to count day. Compliance requirements require the school to actively pursue re-engagement up to student dismissal if a student is absent on count day and no record of engagement is available for the 2-week period prior to count day.

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

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

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

AVERAGE DAILY MAINTENANCE (ADM) TESTING (CONTINUED)

School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to the School because of incorrect reporting.

CREDIT CARD TESTING

Five (5) of the five (5) credit card payments selected for testing had missing receipts. Missing receipts totaled $5,417 out of total credit card expenses tested of $35,450.

Payment of credit cards is to not to be made on the basis of a statement or a credit card slip only. Procedures for payments are processed the same as for any other claim. Supporting documents such as paid bills and receipts are required to be available (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

FORM 9

The cash balances reported on the Form 9 reports filed for December 31, 2019 and June 30, 2020 did not agree to accounting records due to a loan balance recorded incorrectly in Komputrol and due to a timing difference in how payroll withholding amounts appear to be recorded in Komputrol compared to the School's accounting system. Variances noted were as follows:

Form 9 Report Period Ended	Beginning Cash Variance	Ending Cash Variance
December 31, 2019	$2,808	$8,097
June 30, 2020	8,097	14,981

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 (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

OPTIONS CHARTER SCHOOL - CARMEL, INC.
HAMILTON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with Jake Brandau, Controller, Mike Gustin, CEO and Matthew Abbott, Board Member on December 28, 2020 The officials concurred with our audit findings. The Official Response has been made a part of this report and may be found in the attachment.

Options Schools
BELONG. BELIEVE. ACHIEVE.

Date: January 21st, 2020

To: CliftonLarsonAllen LLP

From: Jacob Brandau, Chief Financial Officer

Reason: **Audit Response for Options Charter School- Carmel**

Issue One: RECEIPTS AND DEPOSITS
Eight (8) of the forty (40) cash receipts tested from the School's receipt books were not properly receipted. We noted that these errors occurred because the School improperly used a related school's receipt documents rather than the proper receive documents for Options Charter School – Carmel, Inc.

All charter school money must be deposited with timely and proper receipts to provide the organizer and charter school administration with current information necessary for all financial decisions (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

Issue One: Response
This issue is due to a one-time accidental switch of pre-printed receipt forms between the two charter corporations that we had during FY20. This error will no longer be possible due to the consolidation of the two charter corporations into a single Options Charter Schools corporation during FY21.

Issue Two: 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. The following issues were noted in completing ADM testing of ninety (90) students.

- Student files for 49 selections were missing the student birth certificate.
- The School had one (1) virtual student absent on count day with no engagement in the 2 weeks before count day and no record of re-engagement efforts for the period subsequent to count day.

Compliance requirements require the school to actively pursue re-engagement up to student dismissal if a student is absent on count day and no record of engagement is available for the 2-week period prior to count day. 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). Only Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the

number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9). School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to the School because of incorrect reporting.

Issue Two: Response
The first finding referring to registration and birth certificates was an error in filing the birth certificate copies. The necessary registration items were obtained at enrollment but birth certificate copies were not retained properly in paper files. This issue has already been addressed with the purchase and utilization of the PowerSchool registration program in 2020 that tracks and retains all registration documentation digitally and will remove the possibility of lost physical copies of registration. All students enrolled in the 20/21 school year have been processed through PowerSchool registration.

The second finding referring to virtual students with inconsistent, infrequent or long periods of logins around the ADM count date are a product of the need to try to re- engage at-risk students even when they refuse to be active on their course work. Options Charter Schools does its best to retain students as long as possible using multiple re-engagement strategies with the hope that our re-engagement efforts will save the student from dropping out or failing to graduate. In this case, Options Charter Schools did not log reengagement attempts with the student. OCS will continue to improve its documentation of efforts to re-engage at-risk virtual students prior to and after count day.

Additionally, with the increased oversight of ADM count information, OCS will institute an ADM testing internal control that will consist of monthly samples of student registration and attendance by the CFO to insure completeness and accuracy of records per the SBOA's guidelines.

Issue Three: CREDIT CARD TESTING
Five (5) of the five (5) credit card payments selected for testing had missing receipts, Missing receipts totaled $5,417 out of total credit card expenses tested of $35,450.

Payment of credit cards is not to be made on the basis of a statement or a credit card slip only. Procedures for payments are processed the same as for any other claim. Supporting documents such as paid bills and receipts are required to be available. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

Issue Three: Response
This issue is due to the high volume of credit card purchases that are processed each month and the dependence on obtaining paper forms and receipts via interbuilding mail due to our multiple sites. Options Charter Schools has already begun to address this high volume credit card receipt process with a digital upload form and process that will allow credit card holding employees to submit purchase authorizations and receipts digitally directly to the treasurer for processing. Our credit card use policy will be updated to reflect the changes to the digital upload process as well as adding potential consequences for credit card holders which may include suspension of credit card use.

Issue Four: FORM 9
The cash balances reported on the Form 9 reports filed for December 31, 2019 and June 30, 2020 did not agree to accounting records. Variances noted were as follows:

Form 9 Report Period Ended	Beginning Cash Variance	Ending Cash Variance
December 31, 2019	$2,808	-$8,097
June 30, 2020	-$8,097	$14,981

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Issue Four: Response
This issue occurred during the transition from our retiring treasurer to our current treasurer. The discrepancy has been identified by our current school treasurer and the error is below:

The June 2020 variance between the Form 9 Ending Balance and the GL Ending Balance for both schools was caused by the same situation:

For each school $89 of the variance of Form 9 to the GL is a result of the PPP loan balances

being recorded incorrectly in Komputrol (cash basis records). The loans each were entered $100 less than the true loan amount by mistake. This $89 difference is from $100 being left in a new bank account, less $11 in fees from that new bank, First Financial Bank. The $89 was sitting in a checking account at FFB, but didn't get entered on the SAGE books until after Jack C. became Treasurer and discovered the error. The entries were then corrected in Sage (accrual books) in about July or August 2020. The adjustment was made on the SAGE records, but after the FORM 9 filing had been completed using our csv download report from Komputrol (our cash basis accounting system) that was then uploaded to the DOE. The adjustment on Komputrol was made during the Dec 2020 Year End process of balancing the fund accounts.

FORM 9 reports are prepared by our cash basis software, Komputrol, in csv format for direct upload to the DOE FORM 9 website. The amounts reported to the DOE are just the cash totals through the end of the reporting period. However, the FUND report balances in the same system, which tie to the cash balance from our bank account reconciliation, are different by exactly the amount of employee payroll withholdings on the FUND report. When we reconcile our revenue and expenses each month, each transaction is transferred (manually reentered) from our Komputrol (cash basis) accounting software to our accrual basis software, SAGE. The total balances in both systems match to the penny, and the GL and TB totals are correct. What I believe is happening is that there is a timing difference in the payroll withholding process where the employee withholdings from one or two pay cycles are sitting in the 9000s holding accounts in our records that don't get expended until after the reporting period. So they are showing up in the fund and cash totals, but not on the FORM 9 report. I am not sure if this is a programming issue with Komputrol, but it is something I will be investigating to determine how to correct or how to adjust the period end records as needed to reflect what's happening. I can say that the differences observed are payroll timing differences in the two period end reports (GL vs FORM 9).

Options Charter Schools will also be adding an internal control for additional oversight by the CFO prior to submission of the Form 9 to review all starting and ending balances. This form 9 internal control will also be reported to the Board treasurer.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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Options Charter School - Noblesville

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter School - Noblesville, Inc.
Noblesville, Indiana

We have audited the accompanying financial statements of Options Charter School - Noblesville, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

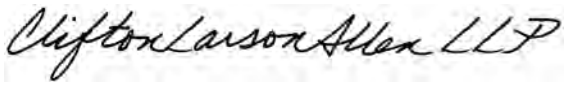
Board of Directors
Options Charter School - Noblesville, Inc.

Opinion

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

Other Matter

The 2019 financial statements of Options Charter School - Noblesville, Inc. were audited by other auditors whose report dated October 11, 2019 expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 25, 2021

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 1,055,699	$ 1,135,490
Due from Options Charter School - Carmel, Inc.	13,861	1,331
Prepaid Expenses	25,067	22,536
Earnest Money Deposit on Land Purchase	-	15,000
Total Current Assets	1,094,627	1,174,357
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,223,184	2,205,436
Furniture and Equipment	722,066	719,763
Less: Accumulated Depreciation	(866,272)	(780,992)
Property and Equipment, Net	2,078,978	2,144,207
Total Assets	$ 3,173,605	$ 3,318,564
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 131,441	$ 200,800
Accounts Payable and Accrued Expenses	243,823	136,724
Refundable Advance	1,072	1,072
Total Current Liabilities	376,336	338,596
LONG TERM LIABILITIES		
Note Payable, Net of Current Portion	722,930	1,305,204
Loan Payable Under Paycheck Protection Program	389,600	-
Total Long Term Liabilities	1,112,530	1,305,204
Total Liabilities	1,488,866	1,643,800
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,684,739	1,674,764
Total Liabilities and Net Assets	$ 3,173,605	$ 3,318,564

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 2,752,237	$ 2,750,694
Grant Revenue	684,032	616,306
Student Fees	14,692	26,604
Contributions from Options Charter School - Carmel, Inc.	1,183,769	-
Contributions from Options in Education Foundation, Inc.	-	14,545
Other Income	7,363	2,146
Total Revenue and Support	4,642,093	3,410,295
EXPENSES		
Program Services	3,607,974	2,144,899
Management and General	1,024,144	867,964
Total Expenses	4,632,118	3,012,863
CHANGE IN NET ASSETS	9,975	397,432
Net Assets - Beginning of Year	1,674,764	1,277,332
NET ASSETS - END OF YEAR	$ 1,684,739	$ 1,674,764

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Total
Salaries and Wages	$ 1,405,954	$ 569,883	$ 1,975,837
Employee Benefits	506,123	179,693	685,816
Hope Source Expenses	66,000	-	66,000
Occupancy	147,663	32,252	179,915
Equipment	52,823	11,759	64,582
Professional Services	47,652	101,987	149,639
Depreciation	78,343	7,051	85,394
Classroom and Office Supplies	81,318	16,272	97,590
Authorizer Oversight Fees	-	61,210	61,210
Food Service	15,229	-	15,229
Insurance	-	24,597	24,597
Transportation	15,891	8,592	24,483
Interest	-	8,872	8,872
Foundation Expenses	1,182,616	-	1,182,616
Other	8,362	1,976	10,338
Total Functional Expenses	$ 3,607,974	$ 1,024,144	$ 4,632,118

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Total
Salaries and Wages	$ 857,192	$ 485,849	$ 1,343,041
Employee Benefits	293,012	166,076	459,088
Hope Source Expenses	629,326	-	629,326
Occupancy	89,911	15,125	105,036
Equipment	59,804	-	59,804
Professional Services	44,825	32,616	77,441
Depreciation	73,633	12,387	86,020
Classroom and Office Supplies	39,169	22,201	61,370
Authorizer Oversight Fees	-	48,069	48,069
Food Service	15,071	-	15,071
Insurance	-	23,426	23,426
Transportation	8,837	5,009	13,846
Interest	-	15,563	15,563
Foundation Expenses	14,545	-	14,545
Other	19,574	41,643	61,217
Total Functional Expenses	$ 2,144,899	$ 867,964	$ 3,012,863

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 9,975	$ 397,432
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	85,394	86,020
Gain on sale of equipment	(114)	-
Changes in Operating Assets and Liabilities:		
Due from Options Charter School - Carmel, Inc.	(12,530)	15,573
Prepaid Expenses	(2,531)	(6,243)
Earnest Money Deposit on Land Purchase	-	-
Accounts Payable and Accrued Expenses	107,099	31,193
Refundable Advance	-	(2,997)
Net Cash Provided by Operating Activities	187,293	520,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(470,051)	(78,820)
Earnest Money Deposit on Land Purchase	-	(15,000)
Net Cash Used by Investing Activities	(470,051)	(93,820)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-term Debt	(186,633)	(200,800)
Proceeds from Loan Payable Under Payroll Protection Program	389,600	-
Net Cash Provided (Used) by Financing Activities	202,967	(200,800)
NET CHANGE IN CASH	(79,791)	226,358
Cash - Beginning of Year	1,135,490	909,132
CASH - END OF YEAR	$ 1,055,699	$ 1,135,490
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 8,873	$ 16,568
SUPPLEMENTAL DISCLOSURE OF NONCASH AND FINANCING INFORMATION		
In-Kind Donations to Acquire Land and Development Costs	$ 1,182,616	$ -

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Options Charter School - Noblesville, 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 serves approximately 295 students in grades six to twelve by providing an alternative to traditional middle and high school programs.

Through 2019, the School partnered with The Hope Source to provide students with autism a hybrid treatment- education model of learning. The School provides education services to clientele of The Hope Source at The Hope Source's facility.

Change in Accounting Principle

In May 2014, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

Accounting Estimates

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues generally 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 statement of financial position. As of June 30, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

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

Options Charter School - Noblesville, 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, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019.

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 $1,500 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 to 7 Years

Impairment of Long-Lived Assets

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

Subsequent Events

The School evaluated subsequent events through January 25, 2021, the date these financial statements were available to be issued. Events occurring through that date are as follows:

1. On April 21, 2020, the Options board of directors voted unanimously to consolidate Options Charter Carmel and Options Charter Noblesville into a single nonprofit corporation (Options Charters Schools). In fiscal year 2020, Indiana Code 20-24-3-17 was amended to allow a charter organization to operate multiple schools under one corporation number. As of July 1, 2020, the schools were consolidated into one entity.

2. On July 23, 2020, OCS – Westfield, a related party, entered into a new loan for $3,680,000. Options Charter Schools is a guarantor of this loan.

NOTE 2 LINE OF CREDIT

The School had a $75,000 revolving line of credit with First Merchants Bank. Drawings against the line of credit bear interest at 2.25% above the lender's prime rate (a total of 5.75% at June 30, 2020) and are secured by all school assets. There was no balance outstanding under the line of credit as of June 30, 2020 and 2019. Subsequent to year-end, the revolving line of credit was closed.

NOTE 3 REFUNDABLE ADVANCE

The School was awarded a grant from the Lilly Foundation, Inc. to establish comprehensive counseling services for students. The unused portion of the grant as of June 30, 2020 and 2019 was $1,072 and $1,072, respectively, and was shown as a refundable advance on the statements of financial position.

NOTE 4 NOTES PAYABLE

At June 30, 2020 and 2019, the Notes payable consisted of the following:

Description	2020	2019
Notes payable to the Indiana State Board of Education, payable $62,900 semi-annually (January 1 and July 1) plus interest at 1.00% per annum. Matures July 2026	$ 817,703	$ 943,504
Note payable to Options Charter School - Carmel, Inc., payable $37,500 semi-annually (January 1 and July 1) plus interest at 1.00% per annum. Matures July 2026	36,668	562,500
Total	854,371	1,506,004
Less: Current Portion	(131,441)	(200,800)
Long-Term Portion	$ 722,930	$ 1,305,204

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 note payable to Options Charter School - Carmel, Inc. (Options - Carmel), a related charter school, is also the result of the Common School Funds Charter School Innovation Fund Advancement program. Options - Carmel received a similar loan to the loan received by the School, and a portion of the loan was transferred to the School. The School has agreed to repay the loan following a similar payment schedule set by the Indiana State Board of Education. In connection with the transactions conducted with Options – Carmel and Options – Westfield described at Note 8, the School paid $525,832 on this loan in the year ending June 30, 2020.

NOTE 4 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2021	$ 131,441
2022	131,441
2023	131,441
2024	131,441
2025	131,441
Thereafter	197,166
Total	$ 854,371

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

On April 18, 2020, the School received a loan from First Financial Bank in the amount of $389,600 to fund payroll, rent utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

On November 6, 2020, Management was notified that this loan was forgiven and will be recorded accordingly during the year ending June 30, 2021.

NOTE 6 LEASES

The School leases a facilities and certain items of office equipment under operating leases. These leases require monthly payments of $8,363 with terms expiring from 2023 through 2026. Expense under these operating leases was $34,479 and $9,952 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 LEASES (CONTINUED)

Future minimum lease obligations are as follows for the years ended June 30:

Year Ending June 30,	Amount
2021	$ 57,641
2022	57,641
2023	43,957
2024	42,713
2025	37,600
Thereafter	10,313
Total	$ 249,865

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 $61,210 and $48,069 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2023, and is renewable thereafter by mutual consent.

NOTE 8 RELATED PARTIES

The School is related to Options – Carmel through a common board of directors. Both schools advance amounts to each other as needed to meet cash flow requirements. The net balance owed from Options – Carmel was $13,861 and $1,331 as of June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the School also received contributions of $1,182,616 through an in-kind contribution of $450,000 via reduction of the Note Payable (Note 4), a $535,685 contribution of direct cash payment to a third-party and an in-kind contribution of $181,931 for expenses paid on behalf of Options - Noblesville. These donations were all related to Options - Noblesville acquisition of property for construction of a new building to be used by the Options network of schools and are reflected as an in-kind contribution in the statement of functional expenses. The School is also contingently liable as a guarantor with respect to a $75,000 line of credit maintained by Options – Noblesville. At June 30, 2020 and 2019, there was no balance outstanding under the line of credit. In addition, the School has a note payable to Options – Carmel as described in Note 4. Additionally, the School paid salary reimbursements and received reimbursed expenses from Options – Carmel of $50,000 and $22,457, respectively.

NOTE 8 RELATED PARTIES (CONTINUED)

The School is affiliated with Options in Education Foundation, Inc. (the Foundation) through certain overlapping board members. The Foundation also solicits support and assistance to benefit the School. The School received financial assistance from the Foundation of $0 and $14,545 during the years ended June 30, 2020 and 2019, respectively. The Foundation has a subsidiary, OCS – Westfield, which has been established to hold property. Subsequent to the receipt of contributions received from Options – Carmel, the School made an in-kind contribution of land and expenses of $1,182,616. This donation is recorded as program expense in the statement of activities.

The School employs several members of the president's family. The School paid these individuals $150 and $8,524 during the years ended June 30, 2020 and 2019, respectively.

The School obtained its Payroll Paycheck Protection loan of $389,600 from First Financial Bank Corporation which employs the chairman of the board (Note 5).

NOTE 9 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 10.5% 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, 2019 (the latest year reported), both TRF and PERF were approximately more than 80% funded.

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 10.5% 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 $206,505 and $156,741 for the years ended June 30, 2020 and 2019, respectively.

NOTE 10 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.

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 concentration of credit risk consist principally of receivables from the state of Indiana. There were no such receivables at June 30, 2020 and 2019. Deposits maintained at First Merchants Bank are insured up to the FDIC insurance limit of $250,000. Funds held at this financial institution exceeded the FDIC insurance limit as of June 30, 2020 and 2019.

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

NOTE 11 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and receivables.

	2020	2019
Financial Assets	$ 1,069,560	$ 1,136,821

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.

NOTE 11 LIQUIDITY (CONTINUED)

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 School also had a line of credit available with a credit limit of $75,000 until it was closed subsequent to year end, all of which is available to meet general expenditures within one year of the date of the statement of financial position.

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 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 the percentage allocation of salaries between program services and management and general. Occupancy and depreciation expenses are allocated based on the percentage allocation of square footage used for program services and management and general activities.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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

Supplemental Audit Report of Options Charter School –
Noblesville, 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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.

HAMILTON COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
HAMILTON COUNTY, INDIANA
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OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
HAMILTON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
Chairman of Board of Directors	Matt Abbott	7/1/19 – 6/30/20
School President and CEO	Mike Gustin	7/1/19 – 6/30/20
CFO	Jake Brandau	7/1/19 – 6/30/20
School Treasurer	Jack Colwell	5/1/20 – 6/30/20



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter School - Noblesville, Inc.
Noblesville, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Options Charter School - Noblesville, Inc., as of and for the year ended June 30, 2020, and have issued our report thereon dated January 25, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 25, 2021

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. The following issues were noted in completing ADM testing of ninety (90) students.

- Student files for 55 selections were missing the student birth certificate.

- The School had two (2) students absent on count day with no engagement in the 2 weeks before count day and no record of re-engagement efforts for the period subsequent to count day. Compliance requirements require the school to actively pursue re-engagement up to student dismissal if a student is absent on count day and no record of engagement is available for the 2-week period prior to count day.

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

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

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to the School because of incorrect reporting.

CREDIT CARD TESTING

Three (3) of the five (5) credit card payments selected for testing had missing receipts. Missing receipts totaled $15,161 out of total credit card expenses tested of $35,395 tested.

Payment of credit cards is to not to be made on the basis of a statement or a credit card slip only. Procedures for payments are processed the same as for any other claim. Supporting documents such as paid bills and receipts are required to be available (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

FORM 9

The cash balances reported on the Form 9 reports filed for December 31, 2019 and June 30, 2020 did not agree to accounting records due to a loan balance recorded incorrectly in Komputrol and due to a timing difference in how payroll withholding amounts appear to be recorded in Komputrol compared to the School's accounting system. Variances noted were as follows:

Form 9 Report Period Ended	Beginning Cash Variance	Ending Cash Variance
December 31, 2019	$1,941	$5,272
June 30, 2020	5,272	13,926

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 (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
HAMILTON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with Jake Brandau, Controller, Mike Gustin, CEO, and Matthew Abbott, Board Member, on December 28, 2020. The officials concurred with our audit findings. The Official Response has been made a part of this report and may be found in the attachment.

Options Schools
BELONG. BELIEVE. ACHIEVE.

Date: January 21st, 2021

To: CliftonLarsonAllen LLP

From: Jacob Brandau, Chief Financial Officer

Reason: **Audit Response for Options Charter School- Noblesville**

Issue One: 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. The following issues were noted in completing ADM testing of ninety (90) students.

- Student files for 55 selections were missing the student birth certificate.
- The School had two (2) students absent on count day with no engagement in the 2 weeks before count day and no record of re-engagement efforts for the period subsequent to count day.

Compliance requirements require the school to actively pursue re-engagement up to student dismissal if a student is absent on count day and no record of engagement is available for the 2-week period prior to count day. Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9). Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9). School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to the School because of incorrect reporting.

Issue One: Response

The first finding referring to registration and birth certificates was an error in filing the birth certificate copies. The necessary registration items were obtained at enrollment but birth certificate copies were not retained properly in paper files. This issue has already been addressed with the purchase and utilization of the PowerSchool registration program in 2020 that tracks and retains all registration documentation digitally and will remove the possibility of lost physical copies of registration. All students enrolled in the 2020/21 school year have been processed through PowerSchool registration.

The second finding referring to virtual students with inconsistent or infrequent periods of logins around the ADM count date or withdrawn after the count day are a product of the need to try to re- engage at-risk students even when they refuse to be active on their course work. Options Charter Schools does its best to retain students as long as possible using multiple re-engagement strategies with the hope that our re-engagement efforts will save the student from dropping out or failing to graduate. OCS will continue to improve its documentation of efforts to re-engage at-risk virtual students prior to and after count day.

Additionally, with the increased oversight of ADM count information, OCS will institute an ADM testing internal control that will consist of monthly samples of student registration and attendance by the CFO to insure completeness and accuracy of records per the SBOA's guidelines.

Issue Two: CREDIT CARD TESTING
Three (3) of the five (5) credit card payments selected for testing had missing receipts, Missing receipts totaled $15,161 out of total credit card expenses of $35,395 tested.

Payment of credit cards is not to be made on the basis of a statement or a credit card slip only. Procedures for payments are processed the same as for any other claim. Supporting documents such as paid bills and receipts are required to be available. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

Issue Two: Response
This issue is due to the high volume of credit card purchases that are processed each month and the dependence on obtaining paper forms and receipts via interbuilding mail due to our multiple sites. Options Charter Schools has already begun to address this high volume receipting process with a digital upload form and process that will allow credit card holding employees to submit purchase authorizations and receipts digitally directly to the treasurer for processing. Our credit card use policy will be updated to reflect the changes to the digital upload process as well as adding potential consequences for credit card holders which may include suspension of credit card use.

Issue Three: FORM 9
The cash balances reported on the Form 9 reports filed for December 31, 2019 and June 30, 2020

did not agree to accounting records. Variances noted were as follows:

Form 9 Report Period Ended	Beginning Cash Variance	Ending Cash Variance
December 31, 2019	$1,941	$5,272
June 30, 2020	5,272	13,926

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Issue Three: Response
This issue occurred during the transition from our retiring treasurer to our current treasurer. The discrepancy has been identified by our current school treasurer and the error is below:

The June 2020 variance between the Form 9 Ending Balance and the GL Ending Balance for both schools was caused by the same situation:

For each school $89 of the variance of Form 9 to the GL is a result of the PPP loan balances being recorded incorrectly in Komputrol (cash basis records). The loans each were entered $100 less than the true loan amount by mistake. This $89 difference is from $100 being left in a new bank account, less $11 in fees from that new bank, First Financial Bank. The $89 was sitting in a checking account at FFB, but didn't get entered on the SAGE books until after Jack C. became Treasurer and discovered the error. The entries were then corrected in Sage (accrual books) in about July or August 2020. The adjustment was made on the SAGE records, but after the FORM 9 filing had been completed using our csv download report from Komputrol (our cash basis accounting system) that was then uploaded to the DOE. The adjustment on Komputrol was made during the Dec 2020 Year End process of balancing the fund accounts.

FORM 9 reports are prepared by our cash basis software, Komputrol, in csv format for direct upload to the DOE FORM 9 website. The amounts reported to the DOE are just the cash totals through the end of the reporting period. However, the FUND report balances in the same system, which tie to the cash balance from our bank account reconciliation, are different by exactly the amount of employee payroll withholdings on the FUND report. When we reconcile our revenue and expenses each month, each transaction is transferred (manually reentered) from our Komputrol (cash basis) accounting software to our accrual basis software, SAGE. The total balances in both systems match to the penny, and the GL and TB totals are correct. What I believe is happening is that there is a timing difference in the payroll withholding process where

the employee withholdings from one or two pay cycles are sitting in the 9000s holding accounts in our records that don't get expended until after the reporting period. So they are showing up in the fund and cash totals, but not on the FORM 9 report. I am not sure if this is a programming issue with Komputrol, but it is something I will be investigating to determine how to correct or how to adjust the period end records as needed to reflect what's happening. I can say that the differences observed are payroll timing differences in the two period end reports (GL vs FORM 9).

Options Charter Schools will also be adding an internal control for additional oversight by the CFO prior to submission of the Form 9 to review all starting and ending balances. This form 9 internal control will also be reported to the Board treasurer.

Renaissance Academy Charter School

RENAISSANCE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2020 AND 2019



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RENAISSANCE ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

We have audited the accompanying financial statements of Renaissance Academy, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Renaissance Academy, Inc. as of June 30, 2020, and the change 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.

Other Matter

The 2019 financial statements of Renaissance Academy, Inc. were audited by other auditors whose report dated December 12, 2019 expressed an unmodified opinion on those statements.

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

Indianapolis, Indiana
March 11, 2021

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 492,767	$ 167,198
Grants Receivable	179,269	48,368
Other Receivables, Net of Allowance for Doubtful Accounts	92,255	75,938
Prepaid Expenses and Other Assets	1,765	8,322
Total Current Assets	766,056	299,826
PROPERTY AND EQUIPMENT		
Land	355,346	355,346
Buildings and Improvements	767,281	723,448
Leasehold Improvements	649,329	640,199
Furniture and Equipment	174,472	174,472
Vehicles	57,916	57,916
Textbooks	33,712	33,712
Less: Accumulated Depreciation	(816,261)	(733,493)
Property and Equipment, Net	1,221,795	1,251,600
Total Assets	$ 1,987,851	$ 1,551,426
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 67,160	$ 60,728
Accounts Payable and Accrued Expenses	87,771	96,927
Deferred Revenue	72,181	65,370
Total Current Liabilities	227,112	223,025
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	650,181	389,657
Total Long-Term Liabilities	650,181	389,657
Total Liabilities	877,293	612,682
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,110,558	938,744
Total Liabilities and Net Assets	$ 1,987,851	$ 1,551,426

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS		
State Education Support	$ 1,502,110	$ 1,332,315
Grant Revenue	451,867	272,112
Student Fees	186,876	214,071
Fundraising and Other Income	34,094	48,559
Other Income	36,878	30,109
Total Revenue and Support	2,211,825	1,897,166
EXPENSES		
Program Services	1,245,273	1,305,925
Management and General	794,738	755,646
Total Expenses	2,040,011	2,061,571
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	171,814	(164,405)
Net Assets Without Donor Restrictions - Beginning of Year	938,744	1,103,149
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,110,558	$ 938,744

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 699,053	$ 417,106	$ 1,116,159	$ 647,855	$ 387,608	$ 1,035,463
Employee Benefits	176,983	158,308	335,291	160,908	146,783	307,691
Professional Services	2,389	18,253	20,642	35,952	23,890	59,842
Staff Development and Recruitment	17,810	-	17,810	36,001	-	36,001
Authorizer Oversight Fees	-	43,248	43,248	-	36,768	36,768
Food Costs	17,244	-	17,244	25,632	-	25,632
Classroom, Kitchen, and Office Supplies	36,767	41,535	78,302	32,023	14,892	46,915
Field Trips and Events	16,574	-	16,574	64,214	-	64,214
Occupancy	151,506	-	151,506	148,601	-	148,601
Repairs and Maintenance	37,497	-	37,497	57,471	-	57,471
Information Technology	-	10,997	10,997	-	20,787	20,787
Depreciation	82,768	-	82,768	80,955	-	80,955
Insurance	-	37,371	37,371	-	41,735	41,735
Interest	-	28,830	28,830	-	25,715	25,715
Transportation	5,190	-	5,190	5,532	133	5,665
Bad Debt	-	11,060	11,060	-	5,559	5,559
Other	1,492	28,030	29,522	10,781	51,776	62,557
Total Functional Expenses	$ 1,245,273	$ 794,738	$ 2,040,011	$ 1,305,925	$ 755,646	$ 2,061,571

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 171,814	$ (164,405)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	82,768	80,955
Provision for Bad Debts	10,090	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(130,901)	34,082
Other Receivables	(26,407)	(15,624)
Prepaid Expenses	6,557	(8,322)
Accounts Payable and Accrued Expenses	(9,156)	15,768
Deferred Revenue	6,811	14,938
Net Cash Provided (Used) by Operating Activities	111,576	(42,608)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(52,963)	(54,789)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(610,569)	(71,577)
Proceeds from Borrowings	877,525	-
Net Cash Provided (Used) by Financing Activities	266,956	(71,577)
NET CHANGE IN CASH	325,569	(168,974)
Cash - Beginning of Year	167,198	760,359
CASH - END OF YEAR	$ 492,767	$ 167,198
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 28,830	$ 25,715

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 243 students in grades kindergarten to eight during the 2019-2020 School year (230 during the 2018-2019 School year). Enrollment for the 2020-2021 School year is approximately 245. The School also provides an early childhood education program for children ages three and four on a fee basis.

As of June 30, 2019, the public charter school had a payable due to the early childhood education program of $170,000. This balance was eliminated from the statement of financial position as it is an intercompany transaction.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments to net assets were recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to service is performed is reported as deferred revenues in the statement of financial position. As of June 30, 2020 and 2019, the School has $72,181 and $65,370, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

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

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, 2020 and 2019.

Gants 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 $44,204 and $44,294 as of June 30, 2020 and 2019, respectively.

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 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

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, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements

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

Subsequent Events

The School evaluated subsequent events through March 11, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June:

Description	2020	2019
Note payable to 1st Source Bank, payable in monthly installments of $3,575, including interest at 1.8% per annum through January 2020, secured by assets purchased with the note proceeds and guaranteed by the School facility landlord (see Note 3)	$ -	$ 25,275
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.	717,341	425,110
Subtotal	717,341	450,385
Less: Current Portion	(67,160)	(60,728)
Long-Term Portion	$ 650,181	$ 389,657

NOTE 2 NOTES PAYABLE (CONTINUED)

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
2021	$ 67,160
2022	67,160
2023	67,160
2024	67,160
2025	448,701
Total	$ 717,341

NOTE 3 RELATED PARTY LEASE

The School leases a portion of the School facilities from V&K, LLC under a 10-year lease that ends June 30, 2027. The lease is accounted for as an operating lease. V&K, LLC is owned by Kieran McHugh and Vicki McHugh, both of whom are employees of the School. Under the lease agreement, monthly base rent is $8,191 (adjusted annually by the rate of inflation, as defined) and the School is responsible for all utilities and insurance on the contents. Expense under this lease was $93,282 and $114,312 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease obligations under this lease (ignoring the annual rate of inflation adjustment) are as follows for the years ending June 30:

Year Ending June 30,	Amount
2021	$ 98,292
2022	98,292
2023	98,292
2024	98,292
2025	98,292
Thereafter	196,584
Total	$ 688,044

NOTE 4 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition payments received. Expense under this charter agreement was $43,248 and $36,768 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

NOTE 5 RETIREMENT PLANS

Retirement benefits for School employees are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined by the INPRS Board. Under the plans, the School contributed 7.5% 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, 2018 (the latest year reported), both TRF and PERF were approximately 80% funded.

Retirement plan expense was $92,538 and $77,109 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 RISKS AND UNCERTAINTIES

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

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020 and 2019, 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.

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

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 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, 2020 and 2019 total $764,291 and $291,504, 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, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 293,598	$ 199,169	$ -	$ 492,767
Grants Receivable	179,269	-	-	179,269
Other Receivables, Net of Allowance for Doubtful Accounts	49,738	54,960	(12,443)	92,255
Prepaid Expenses	1,765	-	-	1,765
Total Current Assets	524,370	254,129	(12,443)	766,056
PROPERTY AND EQUIPMENT				
Land	355,346	-	-	355,346
Buildings and Improvements	767,281	-	-	767,281
Leasehold Improvements	649,329	-	-	649,329
Furniture and Equipment	174,472	-	-	174,472
Vehicles	-	57,916	-	57,916
Textbooks	33,712	-	-	33,712
Less: Accumulated Depreciation	(766,648)	(49,613)	-	(816,261)
Property and Equipment, Net	1,213,492	8,303	-	1,221,795
Total Assets	$ 1,737,862	$ 262,432	$ (12,443)	$ 1,987,851
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 67,160	$ -	$ -	$ 67,160
Accounts Payable and Accrued Expenses	90,059	10,155	(12,443)	87,771
Deferred Revenue	44,670	27,511	-	72,181
Total Current Liabilities	201,889	37,666	(12,443)	227,112
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	650,181	-	-	650,181
Total Long-Term Liabilities	650,181	-	-	650,181
Total Liabilities	852,070	37,666	(12,443)	877,293
NET ASSETS WITHOUT DONOR RESTRICTIONS	885,792	224,766	-	1,110,558
Total Liabilities and Net Assets	$ 1,737,862	$ 262,432	$ (12,443)	$ 1,987,851

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,502,110	$ -	$ 1,502,110
Grant Revenue	451,867	-	451,867
Student Fees	116,259	70,617	186,876
Fundraising and Other Income	34,094	-	34,094
Other Income	36,763	115	36,878
Total Revenue and Support	2,141,093	70,732	2,211,825
EXPENSES			
Program Services	1,191,704	53,569	1,245,273
Management and General	767,438	27,300	794,738
Total Expenses	1,959,142	80,869	2,040,011
CHANGE IN NET ASSETS	181,951	(10,137)	171,814
Net Assets - Beginning of Year	703,841	234,903	938,744
NET ASSETS - END OF YEAR	$ 885,792	$ 224,766	$ 1,110,558

RENAISSANCE ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020

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*.

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SUPPLEMENTAL AUDIT REPORT

RENAISSANCE ACADEMY, INC.

LAPORTE COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020

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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
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RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
President of Board of Directors	Ann Bates	07/01/19 – 06/30/20
Head of School	Kieran McHugh	07/01/19 – 06/30/20
Administrator	Lori Gayheart	07/01/19 – 06/30/20



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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, 2020, and have issued our report thereon dated March 11, 2021. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 11, 2021

REQUIRED REPORTS – FORM 9

During testing, it was noted that the Form 9 reports filed for the periods ended December 31, 2019 and June 30, 2020 did not agree to underlying accounting records due to reclassifications between funds and timing differences around the reporting period ends. The following variances were noted:

Form 9 Report Period Ended	Beginning Cash Variance	Ending Cash Variance
December 31, 2019	$1,786	$98,550
June 30, 2020	$98,550	$2,973

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

REQUIRED REPORTS – ANNUAL FINANCIAL REPORT (AFR)

During testing, it was noted that the Annual Financial Report (AFR) was not filed with the state per review of the Indiana Gateway website.

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)

RECEIPTS AND DEPOSITS TESTING

Nine (9) of the sixty (60) cash receipts tested from the School's receipt books were not properly receipted as no receipt was issued. Additionally, it was noted that for thirteen (13) of the sixty (60) cash receipts tested, there was no timely deposit of the receipt. Deposits should be made at least twice during a week.

All charter school money must be deposited with timely and proper receipts to provide the organizer and charter school administration with current information necessary for all financial decisions (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed with Kieran McHugh, Vicki McHugh, Lori Gayheart, and Tina Bushue on March 9, 2021. The officials concurred with our audit findings. The Official Response has been made part of this report and may be found on page 5.

RENAISSANCE ACADEMY

SUPPLEMENTAL AUDIT REPORT RESPONSES

REQUIRED REPORTS – FORM 9

Due to unanticipated COVID lockdown restrictions in the spring and summer and a quarantine in the fall, the Accountant and Administrator were not able to meet between the time that the 2019 Period 2 Form 9 was submitted (which was due later than normal, not until mid-February) and the 2020 Period 1 Form 9 was submitted to work together on reconciling grant expenditures, encumbrances, and fund reclassifications. As they have in prior years, the Administrator and Accountant will work together at the end of each 6-month period to prevent variances as best as possible.

REQUIRED REPORTS – ANNUAL FINANCIAL REPORT (AFR)

The Administrator created a reoccurring calendar event for the Administrator and Accountant in August as a reminder to complete the AFR on time.

RECEIPTS AND DEPOSITS

The accountant employed by Renaissance is part-time. It is cost and time prohibitive for a bank deposit to be made daily. Deposits are typically made on a weekly basis unless payments are received immediately prior to school breaks, such as in the winter and spring, or during the summer, when it would be fiscally irresponsible to compensate our part-time accountant to come in to deposit small amounts of money. Monies waiting to be deposited are kept in a secure office in a secure cabinet accessible only to authorized personnel. Barring any unusual circumstances such as the school being on break, or the accountant being absent, deposits will routinely be made every week.

Submitted by:



Lori Gayheart
Chief Administrator

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Rock Creek Community Academy

ROCK CREEK COMMUNITY ACADEMY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

ROCK CREEK COMMUNITY ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rock Creek Community Academy, Inc.
Anderson, Indiana

We have audited the accompanying financial statements of Rock Creek Community Academy, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 12 to the financial statements, certain errors resulting in overstatement of amounts previously reported for net property and equipment as of June 30, 2018 and of depreciation expense and for the year ended June 30, 2019, were discovered by management of the entity during the current year. Accordingly, amounts reported for net property and equipment, net assets and depreciation expense have been restated in the 2019 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2018, and to depreciation expense for the year ended June 30, 2019 to correct the error. Our opinion is not modified with respect to that matter.

Adjustments to Prior Period Financial Statements

The financial statements of Rock Creek Community Academy, Inc. as of June 30, 2020, were audited by other auditors whose opinion dated November 17, 2019 expressed an unmodified opinion on those statements. As discussed in Note 12, the School has restated its 2019 financial statements during the current year to properly report net property and equipment as of June 30, 2018 and depreciation expense, student activity funds, student fees revenue, and net assets without donor restrictions and for the year ended June 30, 2019, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2019 financial statements before the restatement.

As part of our audit of the 2020 financial statements, we also audited adjustments described in Note 12 that were applied to restate the 2019 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the School other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 5, 2021

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
ASSETS		
CURRENT ASSETS		
Cash	$ 1,788,579	$ 1,190,821
Cash - Restricted for Construction	106,531	4,317,491
Cash - Restricted for Debt Service	1,592,082	1,085,843
Total Cash	3,487,192	6,594,155
Grants Receivable	16,435	44,429
Prepaid Expenses	16,942	62,255
Total Current Assets	3,520,569	6,700,839
PROPERTY AND EQUIPMENT		
Land	1,196,153	1,196,153
Leasehold Improvements	13,185,802	555,013
Furniture and Equipment	745,242	690,328
Textbooks	437,573	426,133
Construction in Progress	-	9,769,996
Less: Accumulated Depreciation	(1,716,253)	(1,473,009)
Property and Equipment, Net	13,848,517	11,164,614
OTHER ASSETS		
Security Deposits	4,000	4,000
Total Assets	$ 17,373,086	$ 17,869,453

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 264,480	$ 304,308
Construction Costs Payable	-	1,272,655
Current Portion of Bonds Payable	65,000	-
Current Portion of Capital Lease Payable	14,988	-
Accrued Bond Interest Payable	433,556	433,556
Deferred Revenue	159,447	135,958
Student Activity Funds	111,123	64,175
Refundable Advances	15,374	8,588
Total Current Liabilities	1,063,968	2,219,240
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	14,585,000	14,650,000
Plus: Unamortized Premiums on Bonds Payable	119,606	123,840
Less: Unamortized Debt Insurance Costs	(432,267)	(447,569)
Capital Lease Payable, Net of Current Portion	47,518	-
Loan Payable Under Payroll Protection Program	504,600	-
Total Long-Term Liabilities	14,824,457	14,326,271
Total Liabilities	15,888,425	16,545,511
NET ASSETS		
Without Donor Restrictions	1,484,661	1,323,942
Total Liabilities and Net Assets	$ 17,373,086	$ 17,869,453

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2020

	2020	2019 (Restated)
REVENUE AND SUPPORT		
State Education Support	$ 3,818,677	$ 3,423,550
Grant Revenue	731,882	601,385
Student Fees	254,963	314,422
Contributions	43,379	10,425
Fundraising Income	9,605	95,599
Interest Income	34,660	119,926
Total Revenue and Support	4,893,166	4,565,307
EXPENSES		
Program Services	3,574,503	3,458,426
Management and General	1,157,944	681,556
Total Expenses	4,732,447	4,139,982
CHANGE IN NET ASSETS	160,719	425,325
Net Assets Without Donor Restrictions - Beginning of Year, As Restated	1,323,942	898,617
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,484,661	$ 1,323,942

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Total
Salaries and Wages	$ 1,766,273	$ 330,650	$ 2,096,923
Employee Benefits	470,104	61,799	531,903
Professional Services	342,643	132,430	475,073
Occupancy	265,578	-	265,578
Classroom, Kitchen, and Office Supplies	223,666	18,910	242,576
Depreciation	243,244	-	243,244
Equipment	65,553	-	65,553
Authorizer Oversight Fees	-	99,675	99,675
Food Costs	71,499	-	71,499
Field Trips	560	-	560
Insurance	-	37,046	37,046
Repairs and Maintenance	46,175	158	46,333
Advertising	-	7,904	7,904
Staff Development	17,711	-	17,711
Interest	-	442,294	442,294
Other	61,497	27,078	88,575
Total Functional Expenses	$ 3,574,503	$ 1,157,944	$ 4,732,447

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019 (RESTATED)

	Program Services	Management and General	Total
Salaries and Wages	$ 1,682,229	$ 329,264	$ 2,011,493
Employee Benefits	411,227	61,270	472,497
Professional Services	403,631	100,921	504,552
Occupancy	347,897	-	347,897
Classroom, Kitchen, and Office Supplies	224,214	18,017	242,231
Depreciation	58,709	-	58,709
Equipment	83,172	-	83,172
Authorizer Oversight Fees	-	83,652	83,652
Food Costs	63,035	-	63,035
Field Trips	55,115	-	55,115
Insurance	-	38,373	38,373
Repairs and Maintenance	32,916	4,228	37,144
Advertising	-	26,699	26,699
Staff Development	22,933	-	22,933
Interest	11,476	168	11,644
Other	61,872	18,964	80,836
Total Functional Expenses	$ 3,458,426	$ 681,556	$ 4,139,982

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 160,719	$ 425,325
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	243,244	58,709
Amortization of Debt Issuance Costs	15,302	11,476
Amortization of Bond Premium	(4,234)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	27,994	(40,867)
Prepaid Expenses	45,313	(11,225)
Accounts Payable and Accrued Expenses	(39,828)	(47,925)
Student Activity Funds	46,948	1,636
Construction Costs Payable	(1,272,655)	-
Deferred Revenue	23,489	9,597
Refundable Advances	6,786	8,588
Net Cash Provided (Used) by Operating Activities	(746,922)	415,314
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(2,857,147)	(121,926)
Payments for Construction in Progress	-	(7,591,284)
Net Cash Used by Investing Activities	(2,857,147)	(7,713,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Bonds Payable	-	14,777,015
Proceeds from Loan Payable Under Payroll Protection Program	504,600	-
Debt Issuance Costs	-	(459,045)
Payments on Capital Leases	(7,494)	-
Net Proceeds from (Repayments of) Line of Credit	-	(1,456,441)
Net Cash Provided by Financing Activities	497,106	12,861,529
NET CHANGE IN CASH AND RESTRICTED CASH	(3,106,963)	5,563,633
Cash And Restricted Cash - Beginning of Year	6,594,155	1,030,522
CASH AND RESTRICTED CASH - END OF YEAR	$ 3,487,192	$ 6,594,155
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest, Including Capitalized Interest	$ 433,556	$ 280,211
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Construction Costs Payable	$ -	$ 1,272,655
Capitalized Interest Included in Construction in Progress	$ 433,556	$ 433,556
Assets Acquired Under Capital Lease	$ 70,000	$ -
Amortization of Premiums on Bonds Payable Included in Construction in Progress	$ 4,234	$ 3,175

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 554 students during the 2019 – 2020 school year and approximately 510 students during the 2018 – 2019 school year.

During the year ended June 30, 2018, the School purchased land and began the construction of a new school facility. On September 1, 2018, the School entered into bond agreements with the Indiana Finance Authority to issue bonds totaling $14,650,000 for the payoff of the existing line of credit and construction of a new school facility. As of June 30, 2019, construction in progress totaled $9,769,996. Total project cost, including land and capitalized interest, was approximately $13,500,000. The School moved into the new facility during November 2019.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019, the School had conditional grants it had received advances in excess of expenditures of $15,374 and $8,588, respectively. Accordingly, these amounts 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 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.

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, 2020 and 2019.

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 $5,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight- line method. The estimated useful lives generally are as follows:

Building and Improvements	40 Years
Leasehold Improvements	5 to 8 Years
Furniture and Equipment	3 to 5 Years
Textbooks	5 Years

Construction in Progress

Construction in progress represents expenditures incurred for construction and development of the new school facility and are carried at cost. Cost includes related acquisition expenses, development/construction costs, and capitalized interest during the construction phase of the project, and other direct expenditures.

Impairment of Long-Lived Assets

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

Deferred Revenue

Deferred revenue consists of student fees and textbook rentals received as part of the enrollment process for the subsequent academic school year.

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 $26,778 and $15,302 for the year ended June 30, 2020 and $11,476 for the year ended June 30, 2019. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

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, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Subsequent Events

The School evaluated subsequent events through February 5, 2021, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Subsequent to year end and during the 2020-2021 school year, the School received roughly $33,000 in CARES Act Funding.

Reclassifications

Certain amounts in the 2019 financial statements have been reclassified to conform with the 2020 presentation.

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.

Cash – Restricted for construction represents resources available for the building project and are drawn down as construction is completed.

NOTE 3 LINE OF CREDIT

During June 2018, the School entered into a line of credit arrangement with PNC Bank. The line of credit was secured by substantially all assets of the School. Interest on the line of credit was charged at LIBOR plus 2.50%. The line of credit was paid off and cancelled in 2019 with proceeds from the bond offering (see Note 5).

NOTE 4 BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

Description	2020	2019
Indiana Finance Authority Education Facilities Revenue Bonds, Series 2018A with a face amount of $14,450,000, plus premium of $127,015. The principal is payable in annual installments that increase from $140,000 to $905,000 from July 2021 to July 2048, with a lump sum payment of $2,060,000 due in July 2048. Interest payments are made semi-annually on January 1 and July 1 at rates ranging from 5.25% to 6.125% from July 2021 to July 2039 in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	$ 14,450,000	$ 14,450,000
Indiana Finance Authority Taxable Education Facilities Revenue Bonds, Series 2018B with a face amount of $200,000. The principal is payable in annual installments of $65,000, $65,000, and $70,000 in July 2020, 2021, and 2022, respectively. Interest payments are made semi-annually on January 1 and July 1 at a rate of 6.375% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	200,000	200,000
Total	14,650,000	14,650,000
Less: Current Portion	(65,000)	-
Long-Term Portion	$ 14,585,000	$ 14,650,000

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 year ended June 30, 2020 and 2019 was $4,234 and $3,175, respectively and is netted against capitalized interest expense (i.e., a reduction of construction in progress).

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain covenants requiring minimum unrestricted cash reserves sufficient to meet 45 days of operating expenses and establishes a minimum debt service coverage ratio of 1.10 to 1. The School believes it was in compliance with covenants for 2020.

NOTE 4 BONDS PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2021	$ 65,000
2022	205,000
2023	215,000
2024	225,000
2025	240,000
Thereafter	13,700,000
Total	$ 14,650,000

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

In April 2020, the School received a loan from First Financial Bank in the amount of $504,600 to fund payroll, rent utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.

NOTE 6 LEASES

The School leased its school facility, modular classrooms, and items of equipment under operating leases until the new building was completed and the School took ownership of the new building in December 2019. Under the facility lease, the School was also responsible for repairs, maintenance, and utilities. Total expense under these operating leases was $188,418 and $306,645 for the years ended June 30, 2020 and 2019, respectively.

The School leases a bus under a capital lease which was acquired during 2020. At June 30, 2020, the cost and accumulated depreciation relating to this asset was $70,000 and $5,833.

NOTE 6 LEASES (CONTINUED)

Minimum future lease payments as of June 30, 2020 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
2021	$ 14,988
2022	14,988
2023	14,988
2024	14,988
2025	7,494
Less: Amount Representing Interest	(4,940)
Total	$ 62,506

NOTE 7 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, 2020 and 2019 was $151,398 and $135,584, respectively.

NOTE 8 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2020, and is renewable thereafter by mutual consent. Payments under this charter agreement were $99,675 and $83,652 for the years ended June 30, 2020 and 2019, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

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

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

NOTE 9 RISKS AND UNCERTAINITIES (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, 2019, substantially all of the grants receivable balance was due from the state of Indiana. Cash deposits are maintained at New Washington State Bank and US Bank and normally exceed the FDIC insurance limit.

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

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2020 and 2019 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.

	2020	2019
Financial Assets	$ 3,503,627	$ 6,638,584
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Construction and Debt Service	(1,698,613)	(5,403,334)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 3,503,627	$ 1,235,250

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

NOTE 11 FUNCTIONAL EXPENSE REPORTING

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

NOTE 12 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2020, the School discovered that it had continued depreciating assets that were related to a lease that expired at June 30, 2018. The School had not fully depreciated these assets at June 30, 2018 as they should have been resulting in a net overstatement of property and equipment of $25,215. These assets continued to be depreciated in 2019 and the School recorded $87,104 in depreciation expense related to these assets that should not have been recorded.

During the year ended June 30, 2020, the School determined it had been incorrectly accounting for its student activity fees. Previously, the School had recorded these fees and the activity as with donor restrictions; however, since these activities and fees do not bear any restrictions from donors, they should be recorded as a liability for student activities. The School did not include $64,175 in liabilities for the year ended June 30, 2019. Additionally, student fees revenue was overstated by $1,636.

The following statement of financial position line items for fiscal year 2019 were affected by the restatements:

	June 30, 2019		
	As Reported	Restatement	As Restated
Accumulated Depreciation	$ (1,534,898)	$ 61,889	$ (1,473,009)
Property and Equipment, Net	11,102,725	61,889	11,164,614
Total Assets	17,807,564	61,889	17,869,453
Student Activity Funds	-	64,175	64,175
Total Liabilities	16,481,336	64,175	16,545,511
Net Assets Without Donor Restrictions	1,262,053	61,889	1,323,942
Net Assets With Donor Restrictions	64,175	(64,175)	-
Total Net Assets	1,326,228	(2,286)	1,323,942
Total Liabilities and Net Assets	17,807,564	61,889	17,869,453

The following statement of activities and change in net assets line items for fiscal year 2019 were affected by the restatements:

	June 30, 2019		
	As Reported	Restatement	As Restated
Student Fees	$ 316,058	$ (1,636)	$ 314,422
Total Revenue and Support	4,566,943	(1,636)	4,565,307
Program Services	3,545,530	(87,104)	3,458,426
Total Expenses	4,227,086	(87,104)	4,139,982
Change in Net Assets	339,857	85,468	425,325

The following statement of functional expense line items for fiscal year 2019 were affected by the restatements:

	June 30, 2019		
	As Reported	Restatement	As Restated
Depreciation	$ 145,813	$ (87,104)	$ 58,709
Total Program Expenses	3,545,430	(87,104)	3,458,326
Total Expenses	4,227,086	(87,104)	4,139,982

NOTE 12 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR (CONTINUED)

The following statement of cash flows line items for fiscal year 2019 were affected by the restatements:

	June 30, 2019		
	As Reported	Restatement	As Restated
Change in Net Assets	$ 339,857	$ 85,468	$ 425,325
Depreciation	145,813	(87,104)	58,709

ROCK CREEK COMMUNITY ACADEMY, INC.
OTHER REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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SUPPLEMENTAL AUDIT REPORT

ROCK CREEK COMMUNITY ACADAMY, INC.

CLARK COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



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OUTSOURCING

AUDIT, TAX, AND CONSULTING

ROCK CREEK COMMUNITY ACADEMY, INC.
SUPPLEMENTAL AUDIT REPORT
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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 to JUNE 30, 2020

Office	Official	Term
Board Chairman	Jeff Dethy	07/01/19 – 06/30/20
School Treasurer	Terry Eldridge	07/01/19 – 06/30/20
Business Manager	Karen Rogers	07/01/19 – 06/30/20

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, 2020, and have issued our report thereon dated February 5, 2021. As part of our audit, we tested the School's compliance with provisions of the Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 5, 2021

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT DOCUMENTATION

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Rock Creek Community Academy, Inc. 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 22 of the 90 students tested. These 22 selections were missing the certain forms or forms were incomplete as required by the School's enrollment policy.

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

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 9).

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY
EXIT CONFERENCE
JULY 1, 2019 to JUNE 30, 2020

The contents of this report were discussed with Terry Eldridge and Karen Rogers, on January 5, 2021. The Official Response has been made a part of this report and may be found on page 5.

Rock Creek Community Academy

8000 Diefenbach Lane • Sellersburg, IN 47172 • 812-246-9271 • www.rccasi.org

February 8, 2021

CLA (CliftonLarsonAllen LLP)
9365 Counselors Row
Suite 200
Indianapolis, IN 46240

To: Steven Frankowski

Rock Creek Community Academy acknowledges the one finding that the auditors have cited, which pertains to not all student enrollment documents were available. In the future, Rock Creek will make sure all enrollment documents are included in registration packet for students. Rock Creek will also verify that all documents have been properly completed and signed by parent or guardian.

Sincerely,

Terry Eldridge, Treasurer

Terry Eldridge
Treasurer

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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Rural Community Academy

RURAL COMMUNITY SCHOOLS, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2020 AND 2019



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WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

RURAL COMMUNITY SCHOOLS, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rural Community Schools, Inc.
Sullivan, Indiana

We have audited the accompanying financial statements of Rural Community Schools, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

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

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 2 to the financial statements, the School has experienced significant decreases in enrollment for the 2018-2019, 2019-2020, and 2020-2021 school years. The decrease in enrollment significantly reduces revenue and accordingly, the School has stated that substantial doubt exists about the entity's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plan regarding these matters also are described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Other Matter

The 2019 financial statements of Rural Community Schools, Inc. were audited by other auditors whose report dated November 13, 2019 expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 29, 2020

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	$ 221,859	$ 461,425
Grants Receivable	55,208	9,900
Total Current Assets	277,067	471,325
PROPERTY AND EQUIPMENT		
Leasehold Improvements	173,197	173,197
Furniture and Equipment	334,136	334,136
Textbooks and Library Books	79,430	79,430
Less: Accumulated Depreciation	(411,110)	(376,063)
Property and Equipment, Net	175,653	210,700
Total Assets	$ 452,720	$ 682,025
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 52,794	$ 54,131
Total Current Liabilities	52,794	54,131
LONG TERM LIABILITIES		
Loan Payable Under Paycheck Protection Program,	162,500	-
Total Long-Term Liabilities	162,500	-
NET ASSETS WITHOUT DONOR RESTRICTIONS	237,426	627,894
Total Liabilities and Net Assets	$ 452,720	$ 682,025

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	$ 742,340	$ 998,223
Grant Revenue	269,449	282,910
Student Fees	1,546	22,010
Extracurricular Activities Revenue	18,350	34,744
Contributions	53	3,177
Other Income	2,329	20,321
Total Revenue and Support	1,034,067	1,361,385
EXPENSES		
Program Services	1,080,586	1,214,427
Management and General	343,949	376,059
Total Expenses	1,424,535	1,590,486
CHANGE IN NET ASSETS	(390,468)	(229,101)
Net Assets - Beginning of Year	627,894	856,995
NET ASSETS - END OF YEAR	$ 237,426	$ 627,894

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 555,961	$ 197,675	$ 753,636	$ 589,157	$ 188,829	$ 777,986
Employee Benefits	161,400	55,300	216,700	174,457	48,262	222,719
Staff Development	759	-	759	14,704	-	14,704
Professional Services	61,571	6,360	67,931	101,452	55,835	157,287
Textbooks and Education Materials	3,096	-	3,096	23,846	-	23,846
Authorizer Oversight Fees	-	18,391	18,391	-	20,873	20,873
Food Costs	42,004	-	42,004	68,152	-	68,152
Transportation	40,464	740	41,204	21,727	216	21,943
Equipment and Rentals	5,837	10,164	16,001	14,755	10,072	24,827
Classroom, Kitchen, and Office Supplies	22,608	6,561	29,169	17,354	7,638	24,992
Extracurricular Activities	22,686	-	22,686	27,246	-	27,246
Occupancy	128,073	4,116	132,189	115,346	3,197	118,543
Depreciation	35,047	-	35,047	37,057	-	37,057
Insurance	-	22,470	22,470	-	15,272	15,272
Advertising	-	17,762	17,762	-	6,049	6,049
Other	1,080	4,410	5,490	9,174	19,816	28,990
Total Functional Expenses	$ 1,080,586	$ 343,949	$ 1,424,535	$ 1,214,427	$ 376,059	$ 1,590,486

See accompanying Notes to Financial Statements.

RURAL COMMUNITY SCHOOLS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (390,468)	$ (229,101)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:		
Depreciation	35,047	37,057
Changes in Operating Assets and Liabilities:		
Grants Receivable	(45,308)	58,139
Accounts Payable and Accrued Expenses	(1,337)	(14,644)
Net Cash Used by Operating Activities	(402,066)	(148,549)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	-	(21,657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	162,500	-
NET CHANGE IN CASH	(239,566)	(170,206)
Cash - Beginning of Year	461,425	631,631
CASH - END OF YEAR	$ 221,859	$ 461,425

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 95 students during the 2019-2020 School year and approximately 135 students in the 2018-2019 School year. The student count is 97 for the 2020-2021 School year.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Cash and Cash Equivalents

Cash consists of cash held in bank and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2020 and 2019.

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)

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 Organization had none for the years ended June 30, 2020 and 2019. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2020, 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 Organization are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Subsequent Events

The School evaluated subsequent events through December 29, 2020, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 GOING CONCERN CONSIDERATION

Student enrollment declined from approximately 135 during the 2018-2019 School year to 97 students enrolled as of September 2020. During the year ended June 30, 2020, expenses exceeded revenues by approximately $390,000. While the School has approximately $277,067 of financial assets as of June 30, 2020, the decrease in revenue from the decline in enrollment raises substantial doubt about the School’s ability to continue as a going concern beyond 12 months of the date of the accompanying audit report.

NOTE 2 GOING CONCERN CONSIDERATION (CONTINUED)

Management's Response

In response to the ongoing concern noted in the 2018-19 by Donovan CPA and the 2019-20 audit by CliftonLarsonAllen LLP, we recognize that the majority of our income comes from the Basic Grant and is driven by enrollment. RCA experienced a steep decline in enrollment in the 2018-19 school year resulting in a large cash deficit. Though budgets have been trimmed and staff has been cut we will still face a deficit at the end of the 2020-21 school year that will not allow us enough funds to operate for another school year.

Currently, RCA is operating off of a budget based on a student count of 97. The approximate break-even number of students is 120 to be able to operate at a full staff. In the last several months RCA has ramped up its marketing strategies to attract new students. Though the pandemic worked against us in marketing events that were scheduled last year and had to be cancelled, we have new avenues that we have been pursuing to help increase enrollment, and as this is being typed we are in conversations with another family that has two students that plan to start after semester break.

Our open enrollment period is the month of March. In part by reaching out to the pre-schools in our county we hope to gain another large enrollment in the Kindergarten class. Because our 8th grade class, which graduates out of the school is only 4 students, we should easily make up for the loss of that class. If we have an enrollment of just 15 students in kindergarten that will put next year's enrollment close to 110, and of course our hope is always to gain in other classrooms as well. 2019-20's enrollment was 95, and this year we are at 97, so though slowly, we are trending in the right direction.

There is no misunderstanding that without increased enrollment, RCA will cease to operate. We cannot continue at our current student count, and have only survived this long because of the reserves that were built up prior to 2018, and thanks to a PPP loan during the pandemic. However, we will continue to work on increasing enrollment, and searching for other avenues of income until we are unable to fund another school year.

The accompanying financial statements do not include any adjustments that might be necessary if the School is unable to continue as a going concern.

NOTE 3 LEASES

The School leases its facility under an operating lease that is renewable annually and provides for monthly rental payments of $1,000. Under the terms of the facilities lease, the School is responsible for the cost of utilities and maintenance. The School also leases a copier on a short- term contract. Rent expense for the years ended June 30, 2020 and 2019 was $22,164 and $21,319, 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 $18,391 and $20,873 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021 and is renewable thereafter by mutual consent.

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

On May 1, 2020, the Organization received a loan from First Financial Bank in the amount of $162,500 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over eighteen months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in December 2020, principal and interest payments will be required through the maturity date in May 2022.

On November 20, 2020, the School was notified that the PPP Loan in the amount of $162,500 has been forgiven and will be recorded accordingly in the year ended June 30, 2021.

NOTE 6 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 7.5% of compensation for eligible teaching personnel to TRF and 11.2% 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, 2018 (the latest year reported), TRF and PERF were approximately 80% funded.

NOTE 6 RETIREMENT PLANS (CONTINUED)

Retirement plan expense was $62,953 and $59,415 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 RISKS AND UNCERTAINTIES

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

The World Health Organization declared the spread of COVID-19 a worldwide pandemic. The COVID-19 pandemic is having significant effects on domestic and global markets, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its 2021 operations and financial results, including but not limited to, more extensive virtual school attendance, loss of revenues, and declines in enrollment. Management believes the organization is taking actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020 and 2019, substantially all of the receivable balance was due from the state of Indiana. Cash deposits are maintained at First Financial Bank and are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit. Cash balances exceeded FDIC insured limits at various times during the year.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2019 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, 2020 total $277,067, all of which are available to meet cash needs for general expenditures within one year.

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

RURAL COMMUNITY SCHOOLS, INC.
OTHER REPORT
JUNE 30, 2020

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

Supplemental Audit Report of Rural Community Schools, Inc.

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

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
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SUPPLEMENTAL AUDIT REPORT
OF
RURAL COMMUNITY SCHOOLS, INC.

SULLIVAN COUNTY, INDIANA

JULY 1, 2019 TO JUNE 30, 2020



CLAconnect.com

WEALTH ADVISORY

OUTSOURCING

AUDIT, TAX, AND CONSULTING

RURAL COMMUNITY SCHOOLS, INC.
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RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2019 TO JUNE 30, 2020

Office	Official	Term
President of Board of Directors	Susie Pierce	07/01/19 – 06/30/20
School Leader	Derek Grant	07/01/19 – 06/30/20
Chief Financial Officer	Leona Davis	07/01/19 – 06/30/20
Treasurer of Board of Directors	Darin May	07/01/19 – 06/30/20

INDEPENDENT AUDITORS' REPORT

Board of Directors
Rural Community Schools, Inc.
Anderson, Indiana

We have audited the financial statements of Rural Community Schools, Inc. (the School) as of and for the year ended June 30, 2020, and have issued our report thereon dated December 29, 2020. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 29, 2020

CASH RECEIPTS

The School did not maintain receipts for the cash portion of 9 of the 60 cash receipts tested. In addition, the bank deposit was not completed timely for 13 of the 60 cash receipts tested.

Receipts are required to be issued and recorded at the time a transaction occurs. For example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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

ADM TESTING

Enrollment documents required to be maintained by the Indiana Department of Education (IDOE) include, at a minimum, birth certificates, enrollment application, and proof of residency for each student. In addition to the IDOE required documents, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School uses a third party to assist with enrollment and attendance records. The process used did not result in maintaining consistent and complete enrollment records for 15 students of the 38 tested for enrollment. The 15 selections were missing the proof of residency documentation as required by the IDOE.

In addition, 37 out of the 38 selections were missing at least one of the enrollment documents required by the school's policy for enrollment.

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)

CREDIT CARD TESTING

The School did not retain supporting documentation for at least one purchase on 1 of the 5 credit card statements tested.

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

RURAL COMMUNITY SCHOOLS, INC.
SULLIVAN COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2019 TO JUNE 30, 2020

The contents of this report were discussed on December 9, 2020, with Susie Pierce (Board President), Derek Grant (School Leader), Leona Davis (Chief Financial Officer), Dr. Robert Marra (Executive Director of Ball State University's Office of Charter Schools), Marriette Siler (Executive Coordinator of Ball State University's Office of Charter Schools), and Jamie Garwood (Academic Performance Coordinator of Ball State University's Office of Charter Schools).

The official response has been made a part of this report and may be found on pages 5-7.

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To: State Board of Accounts

To: Ball State University, Office of Charter Schools

To: CliftonCarsonAllen LLC

RE Response to June 30, 2020 Audit Findings Dated January 13, 2021

Draft financial statements and a draft supplemental audit report of Rural Community Schools, Inc. dba Rural Community Academy, as of and for the year ended June 30, 2020 have been issued audit reports dated December 9, 2020. As part of your audit, you 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 you found we were not in compliance. Below is our response to those compliance findings.

FINDING: CASH RECEIPTS

The School did not maintain receipts for the cash portion of 9 of the 60 cash receipts tested. In addition, the bank deposit was not completed timely for 13 of the 60 cash receipts tested.

Receipts are required to be issued and recorded at the time a transaction occurs. For example, when cash or a check is received, a receipt is to be immediately prepared and given to the person making payment. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

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

RESPONSE TO FINDING: CASH RECEIPTS

The School has a new Deputy Financial Officer and the only receipts that were not maintained by the cash receipts were completed by that officer. The Chief Financial Officer has years of experience and those cash receipts were properly documented. The Deputy Financial Officer has now undergone training and understands the significance of this finding.

Deposits and receipts were not taken to the bank in a timely matter. We changed banking facilities closer to our physical location to eliminate this problem from 2017. However, physically, the closest bank is 10 miles one way (round trip cost is $8 in reimbursement). We also have the National School Lunch Program set up for all students to provide free breakfast and lunch for all students. We also have free textbooks for all students. Both of these programs have eliminated the number of deposits we used to have.

Two (2) of the 13 cash deposits were from adult lunches with one for $85 which was 8 days late and one was for $22 which was 6 days late. Eleven (11) of the 13 cash receipts that were not deposited on time were extra-curricular accounts. The problem is that the teacher or sponsor of the event must prepare a Request for Deposit which shows all receipts and by whom. When an extra-curricular event such as 4th grade field trip or volleyball is collected, the daily totals end up in a bag in the safe but until the entire accounting process is completed by the teacher or sponsor, the amount and the proper processing of Request for Deposit is not completed until that time.

In other words, a parent writes a check for a Beta Club trip on a certain date but until all of the funds come in, the responsible party does not complete the proper paperwork and hands the entire funds over to the Chief Financial Officer or the Deputy. If we took every $2.50 or $10.00 amount that comes in to the bank every day, it would cost more money and is not a responsible use of our time, talent or treasury.

In the past we have tried to use good judgment when to go to the bank. We choose every Friday and, as small as the deposits are and with the limited bonded people we have, it doesn't make sense to go every day. We will request that our authorizer, Ball State University, help us to develop a timeline which will meet our obligations with as little disruption as possible to the responsibilities of the two administrators who have the ability to make those deposits. The Chief Financial Officer also manages the office and monitors bus routes when parents do not show up or in the event of a breakdown while the School Leader/Deputy Financial Officer is also a bus driver. It limits the time available to comply with deposits every day and stretches us even once a week.

FINDING: ADM TESTING

Enrollment documents required to be maintained by the Indiana Department of Education (IDOE) include, at a minimum, birth certificates, enrollment application, and proof of residency for each student. In addition to the IDOE required documents, the School has adopted a policy requiring additional documents to be obtained at enrollment. The School uses a third party to assist with enrollment and attendance records. The process used did not result in maintaining consistent and complete enrollment records for 15 students of the 38 tested for enrollment. The 15 selections were missing the proof of residency documentation as required by the IDOE.

In addition, 37 out of the 38 selections were missing at least one of the enrollment documents required by the school's policy for enrollment.

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)

RESPONSE TO FINDING: ADM TESTING

The audit was prepared for the period from July 1, 2019-June 30, 2020. The new compliance was issued in May, 2019 and was confusing to charter schools as a new compliance was issued two weeks after the registration process was complete and two weeks before the September 2020 count day. Since the compliance was not understood until after June 30, 2020.

We now understand and will do our best to meet compliance for ADM testing.

FINDING: CREDIT CARD TESTING

The School did not retain supporting documentation for at least one purchase on 1 of the 5 credit card statements tested.

Supporting documents such as paid bills and receipts must be available in support of payment of credit card payments (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

RESPONSE TO FINDING: CREDIT CARD TESTING

We were not compliant in credit card testing. Administration was aware of the missing documentation as they have been trained in such matters. Administration contacted the credit card company and received no receipt. Administration was unaware of contacting the actual company for those kinds of records and now understands how to obtain the documentation when receipts are lost.

Derek Grant, School Leader and Deputy Financial Officer

Leona Davis, Chief Financial Officer

Susie Pierce, President, RCSI

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