Appendix I

2023-24 Financial Audits for Each Charter School

Financial Audits for Each Charter School*

1. Anderson Preparatory Academy
2. Aspire Charter Academy
3. The Bloomington Project School
4. Canaan Community Academy
5. Community Montessori, Inc.
6. Discovery Charter School
7. East Chicago Urban Enterprise Academy
8. Geist Montessori Academy
9. Hoosier College and Career Academy
10. Indiana Online Learning Options, Inc. (for Indiana Connections Academy and Indiana Connections Career Academy)
11. Lighthouse Academies of Northwest Indiana (for East Chicago Lighthouse Charter School and Gary Lighthouse Charter School)
12. Mays Community Academy
13. Neighbors' New Vistas High School
14. Options Charter Schools (for Options Indiana, Options Noblesville and Options Westfield)
15. Premier Arts Academy
16. Renaissance Academy Charter School
17. Rock Creek Community Academy

Anderson Preparatory Academy

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 19, 2025

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 792,523	$ 930,510
Grants Receivable	107,660	188,766
Prepaid Expenses	251,474	166,967
Total Current Assets	1,151,657	1,286,243
PROPERTY AND EQUIPMENT		
Land	320,000	320,000
Buildings and Improvements	6,059,114	5,720,297
Furniture and Equipment	2,757,851	2,757,851
Textbooks	183,957	183,957
Vehicles	176,175	92,275
Less: Accumulated Depreciation	(4,872,256)	(4,477,063)
Property and Equipment, Net	4,624,841	4,597,317
RIGHT-OF-USE ASSET, NET	43,503	16,979
Total Assets	$ 5,820,001	$ 5,900,539
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 948,576	$ 1,046,204
Deferred Grant Revenue	12,173	4,836
Current Portion of Notes Payable	316,565	325,441
Right-of-Use Liability, Current	9,444	9,947
Total Current Liabilities	1,286,758	1,386,428
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	460,105	764,639
Right-of-Use Liability, Noncurrent	34,059	7,032
Total Long-Term Liabilities	494,164	771,671
Total Liabilities	1,780,922	2,158,099
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	3,769,641	3,564,999
Board-Designated	269,438	177,441
Total Net Assets	4,039,079	3,742,440
Total Liabilities and Net Assets	$ 5,820,001	$ 5,900,539

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 7,368,904	$ 6,913,928
Grant Revenue	3,460,995	3,809,107
Student Fees	130,785	142,306
Contributions	35,231	27,990
Fundraising and Other Income	95,090	99,575
Total Revenue and Support	11,091,005	10,992,906
EXPENSES		
Program Services	9,763,337	9,339,828
Management and General	1,031,029	1,250,621
Total Expenses	10,794,366	10,590,449
CHANGE IN NET ASSETS	296,639	402,457
Net Assets - Beginning of Year	3,742,440	3,339,983
NET ASSETS - END OF YEAR	$ 4,039,079	$ 3,742,440

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 5,663,455	$ 22,899	$ 5,686,354	$ 5,227,128	$ 352,342	$ 5,579,470
Employee Benefits	949,339	239,148	1,188,487	916,142	211,252	1,127,394
Classroom, Kitchen, and Office Supplies	1,145,601	88,613	1,234,214	1,416,845	93,316	1,510,161
Professional Services	406,151	256,700	662,851	501,922	194,675	696,597
Depreciation	395,193	-	395,193	355,029	-	355,029
Occupancy	283,050	-	283,050	273,021	-	273,021
Property Rental and Maintenance	612,320	-	612,320	443,108	-	443,108
Insurance	-	164,934	164,934	-	146,591	146,591
Authorizer Oversight Fees	-	196,375	196,375	-	187,547	187,547
Interest	47,014	-	47,014	33,050	-	33,050
Staff Development	101,138	22,918	124,056	83,592	21,199	104,791
Transportation	3,256	-	3,256	5,140		5,140
Other	156,820	39,442	196,262	84,851	43,699	128,550
Total Functional Expenses	$ 9,763,337	$ 1,031,029	$ 10,794,366	$ 9,339,828	$ 1,250,621	$ 10,590,449

See accompanying Notes to Financial Statements.

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 296,639	$ 402,457
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	395,193	355,029
Changes in Operating Assets and Liabilities:		
Grants Receivable	81,106	860,405
Prepaid Expenses	(84,507)	(11,997)
Accounts Payable and Accrued Expenses	(97,628)	69,667
Deferred Revenue	7,337	4,836
Net Cash Provided by Operating Activities	598,140	1,680,397
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(422,717)	(1,325,448)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	-	337,533
Principal Repayment of Notes Payable	(313,410)	(210,070)
Net Cash Provided (Used) by Financing Activities	(313,410)	127,463
NET CHANGE IN CASH	(137,987)	482,412
Cash - Beginning of Year	930,510	448,098
CASH - END OF YEAR	$ 792,523	$ 930,510
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 47,014	$ 33,050

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 840 students in grades kindergarten through 12 and is sponsored by Ball State University.

Accounting Estimates

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

Board-Designated Net Assets

The board-designated net assets at both June 30, 2024 and 2023, for purposes related to various School academic and sports programs. Board-designated net assets totaled $269,438 and $177,441, as of June 30, 2024 and 2023, respectively.

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2024, 2023, and 2022, the School has $12,173, $4,836, and $-0-, respectively, 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 is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Cash

The School considers all demand accounts to be cash.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable and Revenue

Grants receivable and revenue relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for credit loss 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, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Property and Equipment

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

Leases

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

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

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2024	2023
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	$ 179,299	$ 256,929
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	100,248	145,400
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	161,816	192,214

NOTE 2 NOTES PAYABLE (CONTINUED)

Description	2024	2023
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	$ 90,618	$ 129,852
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	2,227	28,152
Loan payable to First Financial Bank, payable in monthly installments of $6,158 including interest at 7.522% per annum through June 2026	141,929	197,580
Loan payable to First Financial Bank, payable in monthly installments of $4,362 including interest at 7.522% per annum through June 2026	100,533	139,953
Total	776,670	1,090,080
Less: Current Portion	(316,565)	(325,441)
Long-Term Portion	$ 460,105	$ 764,639

The First Financial Bank notes payable require the School to maintain a minimum debt service coverage ratio greater than 1.25-to-1.00. The School was in compliance with this covenant for the years ended June 30, 2024 and 2023.

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

Year Ending June 30,	Amount
2025	$ 316,565
2026	344,936
2027	48,282
2028	35,363
2029	31,524
Total	$ 776,670

NOTE 3 REVOLVING LINE OF CREDIT

On September 28, 2022, the School entered into a two-year $75,000 revolving line of credit with First Financial Bank to provide short-term financing, which is secured by all business assets. Bank advances on the credit line carry an interest rate of 6.250% with the possibility of interest rate changing daily. Interest rate is calculated based on FFB prime rate in effect on the Change Date. As of June 30, 2024 and 2023, the rate was 8.25% and 5.50%, respectively, with no outstanding balance. The agreement was renewed for another two year period subsequent to year.

NOTE 4 LEASES

The School leases equipment under a long-term, noncancelable lease agreements. The leases expire through June 30, 2029. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

The operating lease cost for the years ended June 30, 2024 and 2023 was $9,592 and $4,999, respectively.

The following tables provide quantitative information concerning the School's leases for the years ended June 30, 2024 and 2023:

	2024	2023
Lease Cost:		
Operating Lease Cost	$ 9,592	$ 4,999
Other Information:		
Operating Cash Flows from Operating Leases	$ 9,592	$ 4,999
Weighted-Average Remaining Lease Term -		
Right-of-use Assets Obtained in Exchange for New		
Operating Lease Liabilities	$ 40,848	$ -
Operating Leases	4.7 Years	1.8 Years
Weighted-Average Discount Rate - Operating Leases	3.00%	3.00%

NOTE 4 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating
2025	$ 10,620
2026	9,714
2027	8,808
2028	8,808
2029	8,808
Undiscounted Cash Flows	46,758
Less: Imputed Interest	(3,255)
Total Present Value	$ 43,503
Short-Term Lease Liabilities	$ 9,444
Long-Term Lease Liabilities	34,059
Total	$ 43,503

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiemployer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2024 and 2023, the School contributed 6.0% 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, 2023 (the latest year reported), TRF was approximately 85% 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 2024 or 2023.

Retirement plan expense under both plans was $323,865 and $318,293 for the years ended June 30, 2024 and 2023, 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 $196,375 and $187,547 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained at two financial institutions, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable.

	2024	2023
Financial Assets	$ 900,183	$ 1,119,276
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Board Designated for Specific Purpose	(269,438)	(177,441)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 630,745	$ 941,835

NOTE 8 LIQUIDITY (CONTINUED)

From time to time, the School receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the School's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The board of directors has the option to undesignate the $269,438 and $177,441 as of June 30, 2024 and 2023, respectively, of board-designated net assets to meet general obligations.

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
OTHER REPORT
FOR THE YEAR ENDING JUNE 30, 2024

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*.

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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
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, 2024, 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 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

The School's Response to Findings

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 19, 2025

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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
Central Indiana Military Academy, Inc.
dba: Anderson Preparatory Academy
Anderson, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School' major federal programs for the year ended June 30, 2024. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 19, 2025

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30,2024

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Passed-through Indiana Department of Education:				
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	$ -	$ 446,270
School Breakfast Program	10.553	N/A		92,869
Child and Adult Care Food Program	10.558	N/A		9,055
Total Department of Agriculture			-	548,194
Department of Education				
Passed-through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220014	-	41,788
Title I Grants to Local Educational Agencies	84.010	S010A230014	-	299,765
Total Assistance Listing Number 84.010			-	341,553
Passed-through Indiana Department of Education:				
Special Education Cluster - Special Education Grants to States	84.027A	H027A210084	-	25,394
Special Education Cluster - Special Education Grants to States	84.027A	H027A220084	-	135,712
Special Education Cluster - Special Education Grants to States	84.027A	H027A230084	-	85,800
Total Assistance Listing Number 84.027			-	246,906
COVID-19: Special Education Cluster - Special Education Preschool Grants	84.173A	H173A210104		606
Preschool Grants	84.173A	H173A220104		2,480
Preschool Grants	84.173A	H173A230104	-	2,377
Total Special Education Cluster			-	252,369
Passed-through Indiana Department of Education:				
Title II Supporting Effective Instruction State Grants	84.367	S367A210013	-	4,256
Title II Supporting Effective Instruction State Grants	84.367	S367A220013	-	29,314
Total Assistance Listing Number 84.367			-	33,570
Passed-through Indiana Department of Education:				
Title IV Student Support and Academic Enrichment Program	84.424A	S424A230015	-	23,871
Passed-through Indiana Department of Education:				
COVID-19: American Rescue Plan	84.425W	S424A230015	-	9,241
Passed-through Indiana Department of Education:				
COVID-19: ESSER III Elementary and Secondary School Emergency Relief	84.425U	S425U210013	-	227,977
COVID-19: Strategic Planning	84.425U	S425U210013	-	15,000
Total Assistance Listing Number 84.425			-	252,218
Total Department of Education			-	903,581
Total Expenditures of Federal Awards			$ -	$ 1,451,775

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School) under programs of the federal government for the year ended June 30, 2024. 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, 2024
(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? ____x____ yes _____ 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
10.CNC	Child Nutrition Cluster

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

2024 – 001: Audit Adjustment

Type of Finding: Choose from the following:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: The board and management share the ultimate responsibility for the School's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. A significant audit adjustment was proposed and posted through the audit process. The adjustment was a necessary step in ensuring the financial statements were fairly stated in accordance with accounting principles generally accepted in the United States of America.

Criteria or specific requirement: In an ideal control setting, the School would have a comprehensive control procedure to ensure that the financial statements, including disclosures are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable accounting principles generally accepted in the United States of America.

Effect: It is possible that a misstatement of the School's financial statements could occur and not be prevented or detected by the School's internal control.

Cause: The School's controls were not able to detect the adjustments made as part of the audit. The School does not have a comprehensive review process to ensure that the financial statements, including disclosures, are complete and accurate.

Repeat Finding: No.

Recommendation: We recommend the board and management work with their bookkeeping company to develop a process to review and identify such items in a timely manner.

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

Section III – Findings and Questioned Costs – Major Federal Programs

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



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

MADISON COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Chairman of Board of Directors	Ryan Lynch	07/01/2023 – 06/30/2024
Treasurer	Kym Kelley	07/01/2023 – 06/30/2024
Commandant	Jill Barker	07/01/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Central Indiana Military Academy, Inc. dba: Anderson Preparatory Academy (the School) as of and for the year ended June 30, 2024 and have issued our report thereon dated February 19, 2025. 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 19, 2025

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CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for 7 students of the 60 tested for enrollment. It was noted in testing that 7 out of 60 students did not have a birth certificate on file.

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

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

CENTRAL INDIANA MILITARY ACADEMY, INC.
DBA: ANDERSON PREPARATORY ACADEMY
MADISON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed with Jill Barker (Commandant), Kym Kelley (Treasurer), and Ryan Lynch (Board President) on February 11, 2025. Official response has been made part of this report and may be found beginning on page 5.

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

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

2/11/2025

Response to Audit Finding

Finding:

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for 7 students of the 60 tested for enrollment. It was noted in testing that 7 out of 60 students did not have a birth certificate on file.

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

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

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

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

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



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Aspire Charter Academy

Board of Directors
Aspire Charter Academy, Inc.



ASPIRE CHARTER ACADEMY, INC.

Financial Statements and Supplementary Information

Years Ended June 30, 2024 and 2023

NATIONAL HERITAGE ACADEMIES®

ASPIRE CHARTER ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aspire Charter Academy, Inc., (a nonprofit organization) (the Academy), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Academy as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2025 on our consideration of the Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Academy'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 Academy's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 26, 2025

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS:		
Cash	$ 2,336,294	$ 613,349
Due from governmental revenue sources	307,008	563,760
Total current assets	2,643,302	1,177,109
NON-CURRENT ASSETS:		
Capital assets	118,360	118,360
Less accumulated depreciation	(118,360)	(117,339)
Total capital assets, net of accumulated depreciation	-	1,021
TOTAL	$ 2,643,302	$ 1,178,130
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 4,437	$ -
Deferred revenue	27,266	65,544
Contracted service fee payable	2,532,833	990,391
Total liabilities	2,564,536	1,055,935
NET ASSETS:		
Net assets without donor restrictions	78,766	122,195
Total net assets	78,766	122,195
TOTAL	$ 2,643,302	$ 1,178,130

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, 2024 AND 2023

	2024	2023
REVENUES AND SUPPORT:		
State aid	$ 6,654,602	$ 6,196,917
Other state sources	521,788	503,718
Federal sources	4,122,526	2,670,661
Private sources	116,858	69,343
In-kind contribution — NHA	-	414,708
Total revenues and support	11,415,774	9,855,347
EXPENSES:		
Contracted service fee	11,412,742	9,820,350
Depreciation	1,021	1,511
Board expenses	45,440	44,900
Total expenses	11,459,203	9,866,761
CHANGE IN NET ASSETS	(43,429)	(11,414)
NET ASSETS WITHOUT DONOR RESTRICTION:		
Beginning of year	122,195	133,609
End of year	$ 78,766	$ 122,195

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024 WITH COMPARATIVE TOTALS FOR JUNE 30, 2023

	2024			2023
	Program Services	Management and General	Total	Total
Contracted service fee:				
Salaries and wages	$ 4,186,382	$ -	$ 4,186,382	$ 4,285,824
Retirement contributions	60,037	-	60,037	56,998
Other employee benefits	392,492	-	392,492	453,689
Payroll taxes	329,114	-	329,114	293,600
Accounting fees	11,088	66,291	77,379	88,905
Curriculum, textbooks, and supplies	893,041	-	893,041	249,377
Postage and shipping	8,261	-	8,261	9,261
Occupancy	1,635,779	17,575	1,653,354	1,606,605
Food service	728,866	-	728,866	626,639
Equipment rental and maintenance	485,562	-	485,562	170,959
Printing and publications	30,292	-	30,292	21,032
Travel	34,694	-	34,694	44,167
Conferences and meetings	131,339	-	131,339	80,939
Professional fees	756,449	-	756,449	758,490
Instructional support	-	228,097	228,097	100,347
Academic and general support	-	209,136	209,136	237,058
Enrollment and parent relations	-	130,437	130,437	111,814
Board support	-	79,266	79,266	71,843
Human resources	-	171,555	171,555	136,743
Support services	-	27,418	27,418	19,430
Technology	22,922	155,324	178,246	40,428
Marketing and business development	178,220	48,420	226,640	201,208
Insurance	34,272	-	34,272	29,173
Miscellaneous	360,413	-	360,413	125,821
Total contracted service fee	10,279,223	1,133,519	11,412,742	9,820,350
Depreciation	1,021	-	1,021	1,511
Expenses of Board of Directors	45,440	-	45,440	44,900
Total expenses	$ 10,325,684	$ 1,133,519	$ 11,459,203	$ 9,866,761

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	2023		
	Program Services	Management and General	Total
Contracted service fee:			
Salaries and wages	$ 4,285,824	$ -	$ 4,285,824
Retirement contributions	56,998	-	56,998
Other employee benefits	453,689	-	453,689
Payroll taxes	293,600	-	293,600
Accounting fees	344	88,561	88,905
Curriculum, textbooks, and supplies	249,377	-	249,377
Postage and shipping	9,261	-	9,261
Occupancy	1,594,588	12,017	1,606,605
Food service	626,639	-	626,639
Equipment rental and maintenance	170,959	-	170,959
Printing and publications	21,032	-	21,032
Travel	44,167	-	44,167
Conferences and meetings	80,939	-	80,939
Professional fees	758,490	-	758,490
Instructional support	-	100,347	100,347
Academic and general support	-	237,058	237,058
Enrollment and parent relations	-	111,814	111,814
Board support	-	71,843	71,843
Human resources	-	136,743	136,743
Support services	-	19,430	19,430
Technology	11,218	29,210	40,428
Marketing and business development	165,544	35,664	201,208
Insurance	29,173	-	29,173
Miscellaneous	125,821	-	125,821
Total contracted service fee	8,977,663	842,687	9,820,350
Depreciation	1,511	-	1,511
Expenses of Board of Directors	44,900	-	44,900
Total expenses	$ 9,024,074	$ 842,687	$ 9,866,761

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
State aid	$ 6,654,602	$ 6,196,917
Other state sources	525,878	538,976
Federal sources	4,378,343	2,565,697
Private sources	75,425	75,362
Payments for services rendered	(9,911,303)	(11,596,451)
Net cash provided by (used by) operating activities	1,722,945	(2,219,499)
NET INCREASE (DECREASE) IN CASH	1,722,945	(2,219,499)
CASH — Beginning of year	613,349	2,832,848
CASH — End of year	$ 2,336,294	$ 613,349
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES		
Change in net assets	$ (43,429)	$ (11,414)
Depreciation	1,021	1,511
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	256,751	(106,814)
Change in accounts payable	4,437	(3,807)
Change in deferred revenue	(38,277)	43,127
Change in contracted service fee payable	1,542,442	(2,142,102)
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	$ 1,722,945	$ (2,219,499)
NON-CASH ACTIVITY:		
In-kind contribution from NHA	$ -	$ 414,708

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

1. NATURE OF OPERATIONS AND REPORTING ENTITY

Aspire Charter Academy, Inc. (the "Academy") is a public benefit nonprofit organization established under the laws of the State of Indiana that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy served approximately 648 students during the 2023-2024 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 $172,506 and $161,157 for the fiscal years 2024 and 2023, respectively. The charter expires on June 30, 2025 and is subject to renewal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

A portion of the Academy's revenue is the product of cost reimbursement grants. Therefore, the Academy recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024, 2023, and 2022, the Academy deferred $27,266, $65,544, and $22,416, 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, 2024 and 2023.

In-Kind Contribution — The Academy receives in-kind contribution based upon the service agreement with NHA. NHA covers all expenses of the Academy and the revenue received by the Academy is paid to NHA. If the Academy incurs more expenses than revenues, NHA contributes this amount to the Academy based upon actual direct expenses as professional services under the NHA management fees. The Academy received $-0- and $414,708 of in-kind contribution during the years ended June 30, 2024 and June 30, 2023, respectively.

Cash — Cash as of June 30, 2024 represents bank deposits with a carrying amount of $2,336,294 and a bank balance of $2,348,468 of which $2,098,468 was uninsured and uncollateralized by federal depository insurance. The Academy does not have a deposit policy for custodial credit risk, as it typically does not anticipate holding uninsured deposits based on the nature of its management agreement with NHA. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2024 and 2023, 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 to 10 years.

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

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

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

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

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

Professional accounting standards require the Academy to recognize a tax liability only if it is more-likely-than-not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2020 are open to audit for both federal and state purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles — During the year ended June 30, 2024, the Academy adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The Academy adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the Academy's financial statements but did change how the allowance for credit losses is determined.

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

ROU assets represent the Academy's right to use an underlying asset for the lease term and lease liabilities represent the Academy's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Academy will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Academy has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the balance sheet. Total lease expense for the years ended June 30, 2024 and 2023 was $912,800.

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

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

Subsequent Events — The Academy evaluated subsequent events through February 26, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The Academy's accounts receivable balance consists of $307,008 and $563,760 in federal grants receivable and state special education as of June 30, 2024 and 2023, respectively. The Academy considers all receivables to be fully collectible; accordingly, no allowance for credit loss was recorded.

4. LIQUIDITY

The Academy has $2,643,302 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $2,336,294 and amounts due from governmental revenue sources of $307,008 at June 30, 2024. The Academy had $1,177,109 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $613,349 and amounts due from governmental revenue sources of $563,760 at June 30, 2023. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Academy has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately $1,884,000 and $1,621,000 at June 30, 2024 and 2023, 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 Academy's revenue during the year.

5. CAPITAL ASSETS

Capital asset activity of the Academy's activities for the year ended June 30, 2024, was as follows:

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

5. CAPITAL ASSETS (CONTINUED)

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

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

6. RISKS AND UNCERTAINTIES

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2024 or 2023, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

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

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

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, 2024 and 2023, all of the receivable balance was due from the State of Indiana.

7. 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, 2024

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.*

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
Aspire Charter Academy, Inc.
Gary, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aspire Charter Academy, Inc. (a nonprofit organization) (the Academy), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2024.

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) 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 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 or significant deficiencies may exist that have not been identified.

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 26, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aspire Charter Academy, Inc.'s (the Academy) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Academy's major federal programs for the year ended June 30, 2024. The Academy's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Academy complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 26, 2025

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title		Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
Pass-Through Indiana Department of Education					
Child Nutrition Cluster					
School Breakfast Program		10.553	N/A	$ -	$ 193,393
National School Lunch Program		10.555	N/A	-	429,863
National School Lunch Program - Snacks		10.555	N/A	-	4,727
National School Supply Chain Program		10.555	N/A	-	22,468
National School Program Bonus Commodities		10.555	N/A	-	34,344
Total				-	684,795
U.S. DEPARTMENT OF EDUCATION					
Pass-Through Indiana Department of Education					
Title I Grants to Local Educational Agencies	*	84.010	S010A210014	-	(19,201)
Title I Grants to Local Educational Agencies	*	84.010	S010A220014	-	164,695
Title I Grants to Local Educational Agencies	*	84.010	S010A230014		878,914
Total				-	1,024,408
Special Education Grants to States		84.027	210450	-	(1,699)
COVID-19: Special Education Grants to States		84.027	230450	-	134,214
Total				-	132,515
Supporting Effective Instruction State Grants		84.367	S367A220013	-	6,999
Supporting Effective Instruction State Grants		84.367	S367A230013		41,074
Total				-	48,073
COVID-19: Elementary and Secondary School Emergency Relief Fund		84.425D	213712	-	1,163,210
COVID-19: Elementary and Secondary School Emergency Relief Fund		84.425U	213713	-	1,052,626
COVID-19: Elementary and Secondary School Emergency Relief Fund		84.425W	S425W210015	-	2,571
Total				-	2,218,407
Total U.S. Department of Education				-	3,423,403
Total Federal Awards Expended				$ -	$ 4,108,198

** Denotes Major Program*

See accompanying Notes to Schedule of Expenditures of Federal Awards.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Aspire Charter Academy, Inc. (the Academy) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Academy, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Academy.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

The Academy has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? _____ yes ____x____ no

   - Significant deficiency(ies) identified? _____ yes ____x____ none reported

3. Noncompliance material to financial statements noted? _____ yes ____x____ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? _____ yes ____x____ no

   - Significant deficiency(ies) identified? _____ yes ____x____ none reported

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

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

Identification of Major Federal Programs

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

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

Auditee qualified as low-risk auditee? ____x____ yes _____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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



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SUPPLEMENTAL AUDIT REPORT
OF
ASPIRE CHARTER ACADEMY, INC.

LAKE COUNTY INDIANA

JULY 1, 2023 TO JUNE 30, 2024

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ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
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JULY 1, 2023 TO JUNE 30, 2024

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ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Board President	Denise Dillard	07/01/2023 – 06/30/2024
Board Treasurer	Rachael Wright	07/01/2023 – 06/30/2024
School Leader	ReNae Robinson	07/01/2023 – 06/30/2024

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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, 2024 and have issued our report thereon dated February 26, 2025. As part of our audit, we tested the Academy's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the Academy was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 26, 2025

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REQUIRED REPORTS

During our testing, it was noted that the Form 9 for the reporting period January 1, 2024 through June 30, 2024 ending cash balance of $2,385,673 does not agree to the year ended June 30, 2024 cash balance per Aspires' records of $2,348,468 for a difference of $37,205 understating the Form 9 information.

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).

ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on February 26, 2025 with Rachael Wright (Board Treasurer), along with Liz Samuelson, Laura Knauf, and Andrew Gayle from National Heritage Academies. Official response has been made part of this report and may be found beginning on page 5.

Aspire Charter Academy, Inc.

June 30, 2024

Corrective Action Plan

Condition: Charter schools are required to submit a Form 9 Biannual Financial Report twice a year during the months of January and July. The financial information in Form 9 shall reflect cash basis information and shall be reported utilizing the State Board of Accounts. The Academy's ending cash balance on Form 9 for the period January 1 to June 30, 2024 did not agree to the Academy's records, and was understated by $37,205.

Planned Corrective Action: The Academy agrees with this finding and will continue to improve internal controls related to Form 9 submissions. Additionally, we have added check figures to our report to catch this error in the future.

Contact person responsible for corrective action: Liz Samuelson / Beth Dorman

Anticipated Completion Date: 3/31/2025



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The Bloomington Project School

THE BLOOMINGTON PROJECT SCHOOL

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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THE BLOOMINGTON PROJECT SCHOOL
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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bloomington Project School
Bloomington, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Bloomington Project School, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Bloomington Project School as of June 30, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
October 18, 2024

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 896,895	$ 775,607
Grants Receivable	69,269	91,017
Prepaid Expenses	43,787	20,174
Total Current Assets	1,009,951	886,798
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,675,305	2,659,310
Furniture and Equipment	504,602	503,229
Textbooks	10,295	10,295
Less: Accumulated Depreciation	(1,739,450)	(1,617,981)
Property and Equipment, Net	1,450,752	1,554,853
OTHER ASSETS		
Right-of-Use Assets Operating, Net	248,308	382,203
Security Deposits	12,500	12,500
Total Other Assets	260,808	394,703
Total Assets	$ 2,721,511	$ 2,836,354
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 24,392	$ 22,999
Accrued Expenses	233,134	115,348
Current Portion of Line of Credit	29,643	28,474
Current Portion of Notes Payable	144,347	139,577
Refundable Advances	-	11,540
Right-of-Use Liability - Operating, Current Portion	50,247	138,687
Right-of-Use Liability - Financing, Current Portion	4,330	4,132
Total Current Liabilities	486,093	460,757
LONG-TERM LIABILITIES		
Line of Credit, Net of Current Portion	31,229	60,872
Notes Payable, Net of Current Portion	789,267	925,894
Right-of-Use Liability - Operating, Net of Current Portion	278,001	326,644
Right-of-Use Liability - Financing, Net of Current Portion	-	4,331
Total Long-Term Liabilities	1,098,497	1,317,741
Total Liabilities	1,584,590	1,778,498
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,136,921	1,057,856
Total Liabilities and Net Assets	$ 2,721,511	$ 2,836,354

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 2,563,026	$ 2,498,341
Grant Revenue	1,069,527	861,346
Student Fees	53,642	103,618
Contributions	90,354	51,103
Other Income	96,179	96,994
Total Revenue and Support	3,872,728	3,611,402
EXPENSES		
Program Services	2,649,379	2,505,364
Management and General	1,144,284	1,001,170
Total Expenses	3,793,663	3,506,534
CHANGE IN NET ASSETS	79,065	104,868
Net Assets Without Donor Restrictions - Beginning of Year	1,057,856	952,988
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 1,136,921	$ 1,057,856

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,945,255	$ 350,450	$ 2,295,705	$ 1,913,386	$ 99,452	$ 2,012,838
Employee Benefits	403,423	69,674	473,097	356,377	41,334	397,711
Staff Development	18,813	245	19,058	-	-	-
Professional Services	155,513	77,266	232,779	65,837	180,097	245,934
Repairs and Maintenance	-	27,405	27,405	-	690	690
Authorizer Oversight Fees	44,330	-	44,330	43,245	-	43,245
Food Costs	5,155	84,775	89,930	3,070	87,644	90,714
Equipment	-	214	214	-	6,307	6,307
Classroom, Kitchen, and Office Supplies	49,252	20,088	69,340	63,753	32,356	96,109
Occupancy	-	121,130	121,130	-	180,473	180,473
Depreciation and Amortization	-	253,990	253,990	-	112,884	112,884
Interest	-	88,688	88,688	-	186,033	186,033
Insurance	-	32,421	32,421	-	26,028	26,028
Other	27,638	17,938	45,576	59,696	47,872	107,568
Total Functional Expenses	$ 2,649,379	$ 1,144,284	$ 3,793,663	$ 2,505,364	$ 1,001,170	$ 3,506,534

See accompanying Notes to Financial Statements.

THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 79,065	$ 104,868
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	120,095	112,884
Noncash Lease Activities	(3,189)	18,478
Changes in Operating Assets and Liabilities:		
Grants Receivable	21,748	12,615
Prepaid Expenses	(23,613)	(11,174)
Accounts Payable	1,393	5,941
Accrued Expenses	117,786	(92,337)
Refundable Advances	(11,540)	(2,275)
Deferred Rent Payable	-	-
Net Cash Provided by Operating Activities	301,745	149,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Notes Payable, Net	(131,857)	(108,827)
Payments on Line of Credit, Net	(28,474)	(27,366)
Payments on Financing Lease Activities	(4,132)	(6,585)
Net Cash Used by Financing Activities	(164,463)	(142,778)
NET CHANGE IN CASH	121,288	6,222
Cash - Beginning of Year	775,607	769,385
CASH - END OF YEAR	$ 896,895	$ 775,607
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 88,688	$ 186,033

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

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2024 and 2023, the School had $-0- and $11,540, respectively, of conditional grants that had not been recognized as revenue in the statements of activities because conditions had not been met.

Revenue from student fees and other income is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service being performed are reported as deferred revenue in the statement of financial position. As of June 30, 2024 and 2023, 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, 2024 and 2023.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

Grants Receivable

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

Property and Equipment

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

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

Buildings and Improvements	Lesser of 30 Years or Life of Lease
Furniture and Equipment	3 to 5 Years
Textbooks	4 Years

Impairment of Long-Lived Assets

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

Taxes on Income

The Bloomington Project School, Inc. has received a determination from the U.S. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2019 are open to audit for both federal and state purposes.

Leases

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

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

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

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

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

The School evaluated subsequent events through October 18, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 LINE OF CREDIT

On February 28, 2020, the School entered into a credit agreement with a bank for a line of credit which permits borrowing up to $168,000. Principal and interest payments of $2,628 are due monthly beginning in March of 2021 with an interest rate of 3.95% with final payment due in February of 2027. The line of credit is secured by any and all existing and subsequent security documents, including mortgages, security agreements, and collateral assignments by any Borrower or Guarantor. As of June 30, 2024 and 2023, the line of credit balance was $60,872 and $89,346, respectively.

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

Year Ending June 30,	Amount
2025	$ 29,643
2026	30,853
2027	376
Total	$ 60,872

NOTE 3 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2024	2023
Note Payable to Indiana Finance Authority	$ 106,009	$ 169,127
Note Payable to IFF	811,305	873,524
Common School Fund Loan	16,300	22,820
Total	933,614	1,065,471
Less: Current Portion	(144,347)	(139,577)
Long-Term Portion	$ 789,267	$ 925,894

Indiana Finance Authority Note Payable

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

IFF Note Payable

The note payable to IFF is payable in monthly installments of $10,028, including interest at 6.875% per annum, with the unpaid balance due on August 1, 2033. The note is secured by a leasehold mortgage, and furniture and equipment. The promissory note with IFF contains several financial and nonfinancial covenants with which the School is required to comply annually. The School was in compliance with all covenants as of June 30, 2024 and 2023.

NOTE 3 NOTES PAYABLE (CONTINUED)

Common School Fund Loan

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

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

Year Ending June 30,	Amount
2025	$ 144,347
2026	112,700
2027	79,687
2028	81,850
2029	87,658
Thereafter	427,372
Total	$ 933,614

NOTE 4 LEASES

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

The School entered into a capital lease financing agreement during the year ended June 30, 2020 for a piece of equipment. The original cost related to this asset was $18,698. At June 30 2024 and 2023, the cost and accumulated depreciation related to this asset was $11,981.

The following tables provide quantitative information concerning the School's leases for the years ended June 30, 2024 and 2023:

	2024	2023
Lease Cost:		
Finance Lease Cost	$ 4,132	$ 6,585
Interest on Lease Liabilities	327	516
Operating Lease Cost	134,775	136,672
Total Lease Cost	$ 139,234	$ 143,773
Other Information:		
Operating Cash Flows from Finance Leases	$ 327	$ 516
Operating Cash Flows from Operating Leases	154,316	147,666
Financing Cash Flows from Finance Leases	4,132	3,943
Weighted-Average Remaining Lease Term - Finance Leases	0.9 Years	1.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	4.8 Years	4.9 Years
Weighted-Average Discount Rate - Finance Leases	4.72%	4.72%
Weighted-Average Discount Rate - Operating Leases	4.00%	4.00%

NOTE 4 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating	Finance	Totals
2025	$ 64,860	$ 4,459	$ 69,319
2026	69,860	-	69,860
2027	76,335	-	76,335
2028	72,000	-	72,000
2029	78,000	-	78,000
Undiscounted Cash Flows	361,055	4,459	365,514
(Less) Imputed Interest	(32,807)	(129)	(32,936)
Total Present Value	$ 328,248	$ 4,330	$ 332,578
Short-Term Lease Liabilities	$ 50,247	$ 4,330	$ 54,577
Long-Term Lease Liabilities	278,001	-	278,001
Total	$ 328,248	$ 4,330	$ 332,578

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For both years ended June 30, 2024 and 2023, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

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

Retirement plan expense was $134,825 and $86,147 for the years ended June 30, 2024 and 2023, 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 $44,330 and $43,245 for the years ended June 30, 2024 and 2023, 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. Expenses under the agreement were $60,000 and $60,000 for the years ended June 30, 2024 and 2023, respectively.

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
2025	$ 60,000

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024, substantially all of the receivable balance was due from the state of Indiana. In addition, deposits maintained at Old National Bank are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000. Funds held at this financial institution exceed the FDIC insurance limit. To date, the School has not experienced losses in any of these accounts.

NOTE 8 LIQUIDITY

Under Accounting Standards Update (ASU) 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable as noted below at June 30:

	2024	2023
Financial Assets	$ 966,164	$ 866,624
Less: Those Unavailable for General Expenditures Within One Year: Extracurricular Account	(240,201)	(181,561)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 725,963	$ 685,063

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

THE BLOOMINGTON PROJECT SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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, 2023 TO JUNE 30, 2024



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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, 2023 TO JUNE 30, 2024

Office	Official	Term
President of Board of Directors	Mike Horvath	07/01/2023 – 06/30/2024
School Leader	Catherine Diersing	07/01/2023 – 06/30/2024
Business Manager	Lisa Jones	07/01/2023 – 06/30/2024

CliftonLarsonAllen LLP
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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, 2024, and have issued our report thereon dated October 18, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts Compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
October 18, 2024

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THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 01, 2023, to June 30, 2024.

THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed with Catherine Diersing, Lisa Jones, and Mike Horvath from the Board of Directors on October 18, 2024.

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Canaan Community Academy

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of Canaan, Inc. dba: Canaan Community Academy as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
November 26, 2024

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 455,947	$ 104,983
Grants Receivable	60,959	176,080
In-Kind Rent Receivable	721,997	895,821
Prepaid Expenses	54,636	8,838
Total Current Assets	1,293,539	1,185,722
PROPERTY AND EQUIPMENT		
Leasehold Improvements	591,973	403,273
Furniture and Equipment	596,514	564,692
Textbooks	141,309	141,309
Vehicles	380,631	380,631
Less: Accumulated Depreciation	(601,100)	(515,306)
Property and Equipment, Net	1,109,327	974,599
Operating Right of Use (ROU) Asset	-	1,444
Total Assets	$ 2,402,866	$ 2,161,765
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ -	$ 17,644
Accounts Payable and Accrued Expenses	176,432	134,116
Operating Lease Liability - Current Portion	-	1,444
Deferred Revenue	34,423	19,853
Total Current Liabilities	210,855	173,057
Total Liabilities	210,855	173,057
NET ASSETS		
Without Donor Restrictions	1,470,014	1,092,887
With Donor Restrictions	721,997	895,821
Total Net Assets	2,192,011	1,988,708
Total Liabilities and Net Assets	$ 2,402,866	$ 2,161,765

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, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	$ 1,796,128	$ -	$ 1,796,128	$ 1,348,976	$ -	$ 1,348,976
Grant Revenue	771,516	-	771,516	1,084,351	-	1,084,351
Student Fees	1,508	-	1,508	1,195	-	1,195
Contributions	9,168	-	9,168	17,264	-	17,264
Other Income	38,704	-	38,704	17,305	-	17,305
In-kind Contribution	-	-	-	-	938,132	938,132
Net Assets Released from Restrictions	173,824	(173,824)	-	158,063	(158,063)	-
Total Revenue and Support	2,790,848	(173,824)	2,617,024	2,627,154	780,069	3,407,223
EXPENSES						
Program Services	1,990,030	-	1,990,030	1,658,755	-	1,658,755
Management and General	423,691	-	423,691	291,419	-	291,419
Total Expenses	2,413,721	-	2,413,721	1,950,174	-	1,950,174
CHANGE IN NET ASSETS	377,127	(173,824)	203,303	676,980	780,069	1,457,049
Net Assets - Beginning of Year	1,092,887	895,821	1,988,708	415,907	115,752	531,659
NET ASSETS - END OF YEAR	$ 1,470,014	$ 721,997	$ 2,192,011	$ 1,092,887	$ 895,821	$ 1,988,708

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,057,926	$ 168,560	$ 1,226,486	$ 843,393	$ 119,567	$ 962,960
Employee Benefits	274,552	22,503	297,055	228,386	9,991	238,377
Classroom, Kitchen, and Office Supplies	69,993	22,209	92,202	59,363	20,652	80,015
Professional Services	88,916	105,740	194,656	77,264	53,952	131,216
Food Costs	62,979	-	62,979	58,493	-	58,493
Depreciation	85,794	-	85,794	59,702	-	59,702
Occupancy	235,740	-	235,740	207,759	-	207,759
Property Rental and Maintenance	46,212	-	46,212	60,481	-	60,481
Equipment	10,751	-	10,751	7,580	-	7,580
Insurance	-	49,635	49,635	-	38,517	38,517
Authorizer Oversight Fees	-	47,949	47,949	-	36,294	36,294
Contracted Transportation Services	28,509	-	28,509	34,330	-	34,330
Interest	-	635	635	-	1,631	1,631
Other	28,658	6,460	35,118	22,004	10,815	32,819
Total Functional Expenses	$ 1,990,030	$ 423,691	$ 2,413,721	$ 1,658,755	$ 291,419	$ 1,950,174

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 203,303	$ 1,457,049
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	85,794	59,702
In-Kind Contribution	173,824	(780,069)
Changes in Operating Assets and Liabilities:		
Grants Receivable	115,121	(95,753)
Prepaid Expenses	(45,798)	(402)
Accounts Payable and Accrued Expenses	42,316	(35,132)
Deferred Revenue	14,570	(96,547)
Net Cash Provided by Operating Activities	589,130	508,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(220,522)	(533,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Note Payable	(17,644)	(16,618)
NET CHANGE IN CASH	350,964	(41,562)
Cash - Beginning of Year	104,983	146,545
CASH - END OF YEAR	$ 455,947	$ 104,983
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 635	$ 1,631

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 200 students in grades kindergarten through eight and is sponsored by Ball State University.

Basis of Accounting

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

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment, and paid in monthly installments in July through June, coinciding with the academic school year. Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2024 and 2023, the School had $34,423 and $19,853 respectively, of deferred revenue for grant funds received in advance of related reimbursable expenses.

Cash

Cash consists of cash held in bank accounts. The School considers all demand accounts to be cash.

Grants Receivable and Revenue

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are measured at their fair values and are reported as an increase in net assets. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as Net Assets Released from Restrictions.

Taxes on Income

Friends of Canaan, Inc. has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

Classification of Net Assets

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

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

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All of the net assets with donor of restrictions of the School related to the in-kind rent receivable as further described in Note 2. The School did not have any net assets with donor restrictions that are perpetual in nature as of June 30, 2024 and 2023.

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.

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

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

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

Subsequent Events

The School evaluated subsequent events through November 26, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 IN-KIND RENT RECEIVABLE

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

NOTE 2 IN-KIND RENT RECEIVABLE (CONTINUED)

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

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

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

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 $67,318 and $51,562 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 LEASES

The School leases two copiers from a third party under a long-term, noncancelable lease agreement. The lease expired in 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $2,667 and $2,846 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 LEASES (CONTINUED)

	2024	2023
Lease Cost:		
Operating Lease Cost:	$ 2,667	$ 2,846
Total Lease Cost	$ 2,667	
Other Information:		
Operating Cash Flows from Operating Leases	$ (1,444)	$ (1,464)
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	-	-
Weighted-Average Remaining Lease Term - Operating Leases:	N/A	1 year
Weighted-Average Discount Rate - Operating Leases	N/A	3.00%
Short-Term Lease Liabilities	$ -	$ 1,444
Long-Term Lease Liabilities	-	-
Total	$ -	$ 1,444

Year Ending December 31,	Amount	Amount
2024		$ 1,444

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were $47,949 and $36,294 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2027 and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30 2024, substantially all of the receivable balance was due from the state of Indiana.

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable. Financial assets at June 30, 2024 and 2023 total $516,906 and $281,063, respectively, all of which are available to meet cash needs for general expenditures within a year.

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
OTHER REPORT
JUNE 30, 2024

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*.



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

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2023 TO JUNE 30, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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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, 2023 TO JUNE 30, 2024

Office	Official	Term
President of Board of Directors	David Herring	07/01/23 - 06/30/24
Chief Administrative Officer	Rhonda Pennington	07/01/23 - 06/30/24
Chief Operations Officer	Kristi Allard	07/01/23 - 06/30/24

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INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated November 26, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 26, 2024

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FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Canaan Community Academy has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for one (1) of the twenty-five (25) students tested. These 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: "'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).

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were four (6) instances of the 25 disbursement selections where Canaan Community Academy 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).

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on November 26, 2024 with Rhonda Pennington (Chief Administrative Officer) and Kristi Allard (Chief Operations Officer).

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

11-21-2024

To whom it may concern:
Canaan Community Academy(CCA) requires documents when students enroll. It is an online enrollment that parent/guardians complete including providing documents. Students who do not provide the required documents are contacted frequently by phone to provide the documents.

Canaan will continue procedures to collect the required documents. This will happen at enrollment. In addition the teachers are required to check each student's file for the appropriate documents each nine weeks. If a teacher discovers that a student is missing document(s) the office is notified. Then additional phone calls, emails, and DOJO messages will be completed in an effort to collect the required documents.

Unfortunately even with multiple attempts a few (very few) parents/guardians do not provide the needed documents. Homelessness is a contributing factor with 20% of the students experiencing this making it difficult if not impossible for their parents/guardians to provide the documents. Canaan will make every effort to correct students' missing documents.

Warmest regards,
Rhonda Pennington

Rhonda Pennington
Chief Administrative Officer

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

11-21-2024

To whom it may concern:
Canaan Community Academy(CCA) does have a Sales Tax Exemption Certificate. CCA makes every effort to not pay sales tax to vendors. Due to the rural location this can be challenging. CCA staff is small with everyone doing multiple jobs. The staff often purchases items that are needed; when they are at a store out of town (1.5-2 hours away) it is helpful to have them pick things up instead of the office staff leaving during the day for 4-5 hours. Also, staff may make purchases online for an item that is needed quickly; especially when it could prevent a staff member from driving over an hour to pick up item(s).
Canaan Community Academy will continue to make efforts to not pay sales tax plus look at additional ways to not pay sales tax to vendors.

Warmest regards,

Rhonda Pennington
Chief Administrative Officer

Community Montessori, Inc.

COMMUNITY MONTESSORI, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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COMMUNITY MONTESSORI, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Montessori, Inc. (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 17, 2024

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 3,723,674	$ 5,257,393
Investments	4,876,752	2,121,330
Accounts Receivable, Net	10,174	375,625
Prepaid Expenses	17,465	14,442
Total Current Assets	8,628,065	7,768,790
PROPERTY AND EQUIPMENT		
Land	150,296	150,296
Buildings and Improvements	13,569,296	13,413,401
Furniture and Equipment	227,188	189,609
Less: Accumulated Depreciation	(5,162,909)	(4,801,459)
Property and Equipment, Net	8,783,871	8,951,847
Operating Right of Use Asset, Net	7,069	9,854
Total Assets	$ 17,419,005	$ 16,730,491
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 284,467	$ 275,651
Accounts Payable and Accrued Expenses	367,131	340,806
Operating Lease Liability - Current Portion	2,866	2,785
Deferred Revenue	205,975	47,658
Refundable Advances	-	1,235,193
Total Current Liabilities	860,439	1,902,093
LONG-TERM LIABILITIES		
Operating Lease Liability - Net of Current Portion	4,203	7,069
Notes Payable, Net of Current Portion	3,728,424	4,012,663
Less: Unamortized Debt Issuance Costs	(33,628)	(36,228)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	3,694,796	3,976,435
Total Liabilities	4,559,438	5,885,597
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Without Donor Restrictions:		
Without Donor Restrictions	12,853,352	10,838,679
With Donor Restrictions	6,215	6,215
Total Net Assets	12,859,567	10,844,894
Total Liabilities and Net Assets	$ 17,419,005	$ 16,730,491

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	$ 120,201	$ -	$ 120,201	$ 3,939,466	$ -	$ 3,939,466
Program Fees	493,770	-	493,770	551,487	-	551,487
Grant Revenue	6,489,194	-	6,489,194	1,152,461	-	1,152,461
Student Fees	54,970	-	54,970	130,901	-	130,901
Contributions	41,617	-	41,617	5,081	-	5,081
Fundraising	15,836	-	15,836	29,707	5,000	34,707
Investment Gain, Net	188,304	-	188,304	85,271	-	85,271
Other	20,740	-	20,740	26,236	-	26,236
Net Assets Released from Restrictions	-	-	-	500	(500)	-
Total Revenue and Support	7,424,632	-	7,424,632	5,921,110	4,500	5,925,610
EXPENSES						
Program Services	4,604,076	-	4,604,076	4,036,817	-	4,036,817
Management and General	790,754	-	790,754	725,010	-	725,010
Fundraising	15,129	-	15,129	20,221	-	20,221
Total Expenses	5,409,959	-	5,409,959	4,782,048	-	4,782,048
CHANGE IN NET ASSETS	2,014,673	-	2,014,673	1,139,062	4,500	1,143,562
Net Assets - Beginning of Year	10,838,679	6,215	10,844,894	9,699,617	1,715	9,701,332
NET ASSETS - END OF YEAR	$ 12,853,352	$ 6,215	$ 12,859,567	$ 10,838,679	$ 6,215	$ 10,844,894

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	$ 2,702,840	$ 508,138	$ -	$ 3,210,978	$ 2,221,779	$ 473,105	$ -	$ 2,694,884
Employee Benefits	544,207	93,679	-	637,886	488,786	77,676	-	566,462
Staff Development and Recruitment	48,141	-	-	48,141	27,084	-	-	27,084
Professional Services	269,388	22,050	-	291,438	386,165	24,250	-	410,415
Program Expenses	51,617	-	-	51,617	21,371	-	-	21,371
Dues, Licenses, and Subscriptions	-	77,652	-	77,652	-	77,949	-	77,949
Advertising	-	8,249	-	8,249	-	3,940	-	3,940
Travel	-	2,427	-	2,427	-	3,001	-	3,001
Information Technology	69,263	-	-	69,263	40,606	-	-	40,606
Supplies	171,419	1,876	-	173,295	163,859	3,259	-	167,118
Occupancy	256,596	-	-	256,596	196,959	-	-	196,959
Depreciation	361,450	-	-	361,450	351,619	-	-	351,619
Interest	129,155	-	-	129,155	138,589	-	-	138,589
Insurance	-	60,669	-	60,669	-	47,117	-	47,117
Fundraising	-	-	15,129	15,129	-	-	20,221	20,221
Other	-	16,014	-	16,014	-	14,713	-	14,713
Total Functional Expenses	$ 4,604,076	$ 790,754	$ 15,129	$ 5,409,959	$ 4,036,817	$ 725,010	$ 20,221	$ 4,782,048

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 2,014,673	$ 1,143,562
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	361,450	351,619
Amortization	2,600	2,599
(Gain) Loss on Investments, Net	(188,304)	(85,271)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	365,451	630,383
Prepaid Expenses	(3,023)	(14,442)
Accounts Payable and Accrued Expenses	26,325	(62,940)
Refundable Advances	(1,235,193)	1,235,193
Deferred Revenue	158,317	(116,746)
Net Cash Provided by Operating Activities	1,502,296	3,083,957
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,677,000)	(971,157)
Proceeds from Sale of Investments	109,882	-
Purchase of Property and Equipment	(193,474)	(502,508)
Net Cash Used by Investing Activities	(2,760,592)	(1,473,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Notes Payable	(275,423)	(473,260)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,533,719)	1,137,032
Cash and Cash Equivalents - Beginning of Year	5,257,393	4,120,361
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,723,674	$ 5,257,393
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 117,911	$ 135,989

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 2023-2024 School year, the School served approximately 480 students in preschool through high school.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, the School has $121,396 and $-0-, respectively, 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 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, 2024, 2023 and 2022, the School has $84,579, $47,658 and $164,404, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Grants and Accounts Receivable

Grants receivable relate primarily to activities funded under grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements however there is uncertainty as to the final determination of eligibility on the Employee Retention Credit (ERC) funding thus the School has fully allowed for this receivable at June 30, 2023 (see Note 2). Subsequent to the year ended June 30, 2024, the School's ERC tax appeal prevailed and recognized the revenue and as of June 30, 2024, thus removing the grants receivable and related allowance. Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. As of June 30, 2024 and 2023, no allowance was deemed necessary relating to program fees.

Investments

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

Property and Equipment

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

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

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

Impairment of Long-Lived Assets

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

Deferred Revenue

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs include expenses incurred as part of the July 2016 refinancing of long-term debt. Amortization of the $52,041 in debt issuance costs is provided on a straight-line basis over the 20-year term of the related notes payable. Accumulated amortization was $18,413 and $15,813 as of June 30, 2024 and 2023, respectively. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

Subsequent Events

The School evaluated subsequent events through December 17, 2024**December 17, 2024**, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 EMPLOYEE RETENTION CREDIT

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

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

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

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

NOTE 2 EMPLOYER RETENTION CREDIT (CONTINUED)

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

Subsequent to the year ended June 30, 2024, the School's ERC tax appeal prevailed and the amount of $1,235,193 was recognized as revenue for the year ended June 30, 2024.

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

NOTE 3 INVESTMENTS

The School held the following investments as of June 30:

	2024	2023
Mutual Funds:		
Federated Govt Reserves A	$ 20,564	$ -
MFS Corporate Bond A	142,074	135,139
MFS Diversified Income A	160,240	148,979
MFS limited Maturity A	142,608	134,737
MFS Total Return Bond A	136,888	131,736
Pacific Life Fixed Annuity	1,073,172	1,035,584
Total	$ 4,876,752	$ 2,121,330

NOTE 4 FAIR VALUE MEASUREMENTS

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

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

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

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

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2024 and 2023.

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

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

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

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

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Federated Govt Reserves A	$ 20,564	$ 20,564	$ -	$ -
MFS Corporate Bond A	142,074	142,074	-	-
MFS Diversified Income A	160,240	160,240	-	-
MFS Limited Maturity A	142,608	142,608	-	-
MFS Total Return Bond A	136,888	136,888	-	-
Total Held at Fair Value	602,374	602,374	-	-
Pacific Life	1,073,172	-	1,073,172	-
Certificates of Deposit	3,201,206	3,201,206	-	-
Total Investment	$ 4,876,752	$ 3,803,580	$ 1,073,172	$ -

	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	$ 135,139	$ 135,139	$ -	$ -
MFS Diversified Income A	148,979	148,979	-	-
MFS limited Maturity A	134,737	134,737	-	-
MFS Total Return Bond A	131,736	131,736	-	-
Total Held at Fair Value	550,591	550,591	-	-
Pacific Life	1,035,584	-	1,035,584	-
Certificate of Deposit	535,155	535,155	-	-
Total Investment	$ 2,121,330	$ 1,085,746	$ 1,035,584	$ -

NOTE 5 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

Description	2024	2023
Note payable to German American Bancorp, payable $33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	$ 4,012,891	$ 4,288,314
Less: Current Portion	(284,467)	(275,651)
Long-Term Portion	$ 3,728,424	$ 4,012,663

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

Year Ending June 30,	Amount
2025	$ 284,467
2026	293,212
2027	302,225
2028	311,271
2029	321,084
Thereafter	2,500,632
Total	$ 4,012,891

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:

	2024	2023
Scholarships	$ 6,215	$ 6,215

During the years ended June 30, 2024 and 2023, net assets of $-0- and $500, 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 2% of state tuition support received. The charter remains in effect until June 30, 2023 and is renewable thereafter by mutual consent. Expense under this agreement was $65,371 and $63,429 for the years ended June 30, 2024 and 2023, respectively.

NOTE 8 LEASES

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expires in 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $3,024 for the years ended June 30, 2024 and 2023.

	2024	2023
Lease Cost:		
Operating Lease Cost:	$ 3,024	$ 3,024
Total Lease Cost	$ 3,024	$ 3,024
Other Information:		
Operating Cash Flows from Operating Leases	$ 3,024	$ 3,024
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	$ -	$ 12,560
Weighted-Average Remaining Lease Term - Operating Leases	2.3 Years	4.5 Years
Weighted-Average Discount Rate - Operating Leases	2.87%	2.87%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Amount
2025	$ 3,024
2026	3,024
2027	1,260
Undiscounted Cash Flows	7,308
Less: Imputed Interest	(239)
Total Present Value	$ 7,069
Short-Term Lease Liabilities	$ 2,866
Long-Term Lease Liabilities	4,203
Total	$ 7,069

NOTE 9 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is part of a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2024 and 2023, the School contributed 6.0% of compensation for eligible teaching personnel. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2023 (the latest year reported), TRF was approximately 93% 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 $54,381 and $48,488 for the years ended June 30, 2024 and 2023, respectively.

NOTE 10 RISKS AND UNCERTAINTIES

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

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

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

NOTE 11 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and cash equivalents, investments, and accounts receivable.

	2024	2023
Financial Assets	$ 8,610,600	$ 7,754,348
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restrictions by Donor with Time or Purpose	(6,215)	(6,215)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 8,604,385	$ 7,748,133

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

NOTE 12 FUNCTIONAL EXPENSE REPORTING

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

COMMUNITY MONTESSORI, INC
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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*.

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COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2023 TO JUNE 30, 2024



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COMMUNITY MONTESSORI, INC.
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COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Board President	Melissa Merida	07/01/2023 – 06/30/2024
Executive Director	Barbara Burke Fondren	07/01/2023 – 06/30/2024
Administrative Finance	Melissa Cole	07/01/2023 – 06/30/2024

CliftonLarsonAllen LLP
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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, 2024 and have issued our report thereon dated December 17, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 17, 2024

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COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on December 17, 2024 with Barbara Burke Fondren, Executive Director, and Melissa Cole, Administrative Finance.

COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024 that required an official response.



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Discovery Charter School

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

FINANCIAL STATEMENT

YEARS ENDED JUNE 30, 2024 AND 2023



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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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Duneland Charter School, Inc. dba: Discovery Charter School (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
October 17, 2024

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 2,189,323	$ 1,616,743
Grants Receivable, Net	173,255	142,116
Student Fees Receivable	-	7,820
Prepaid Expenses	43,012	48,626
Total Current Assets	2,405,590	1,815,305
PROPERTY AND EQUIPMENT		
Land	408,188	408,188
Buildings and Improvements	6,178,328	6,178,328
Furniture and Equipment	1,605,833	1,605,833
Textbooks	94,956	94,956
Work in Progress	21,833	-
Less: Accumulated Depreciation	(2,932,191)	(2,659,393)
Property and Equipment, Net	5,376,947	5,627,912
OTHER ASSETS		
Cash and Equivalents - Restricted for Debt Service	694,204	651,824
Cash and Equivalents - Restricted for Prepaid Interest	9,361	7,030
Security Deposits	-	10,770
Operating Right of Use (ROU) Asset	1,781	8,646
Total Other Assets	705,346	678,270
Total Assets	$ 8,487,883	$ 8,121,487
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Debt	$ 117,500	$ 117,500
Accounts Payable and Accrued Expenses	257,161	324,368
Refundable Advance	940,571	605,574
Operating Lease Liability - Current Portion	1,781	6,865
Total Current Liabilities	1,317,013	1,054,307
LONG-TERM LIABILITIES		
Debt, Net of Current Portion	6,646,250	6,763,750
Less: Unamortized Debt Issuance Cost	(259,478)	(271,545)
Operating lease Liability - Less Current Portion	-	1,781
Total Long-Term Liabilities	6,386,772	6,493,986
Total Liabilities	7,703,785	7,548,293
NET ASSETS		
Without Donor Restrictions	784,098	573,194
Total Liabilities and Net Assets	$ 8,487,883	$ 8,121,487

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, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 4,173,006	$ 4,050,163
Grant Revenue	1,387,767	1,254,829
Student Fees	129,067	228,111
Contributions	45,194	171,000
Interest Income	46,740	12,562
Other Income	23,941	72,822
Total Revenue and Support	5,805,715	5,789,487
EXPENSES		
Program Services	4,296,318	4,232,815
Management and General	1,298,493	1,523,108
Total Expenses	5,594,811	5,755,923
CHANGE IN NET ASSETS	210,904	33,564
Net Assets - Beginning of Year	573,194	539,630
NET ASSETS - END OF YEAR	$ 784,098	$ 573,194

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 2,314,583	$ 360,291	$ 2,674,874	$ 2,269,294	$ 448,210	$ 2,717,504
Employee Benefits	528,668	100,536	629,204	550,786	139,980	690,766
Staff Development	31,314	-	31,314	-	-	-
Professional Services	358,257	112,214	470,471	430,567	178,629	609,196
Repairs and Maintenance	-	4,010	4,010	-	9,468	9,468
Authorizer Oversight Fees	-	75,218	75,218	-	73,786	73,786
Food Services	209,020	-	209,020	215,261	-	215,261
Transportation Services	111,057	-	111,057	100,147	-	100,147
Travel	3,469	1,108	4,577	3,489	759	4,248
Classroom, Kitchen, and Office Supplies	310,109	42,564	352,673	201,269	47,213	248,482
Occupancy	99,795	-	99,795	121,042	-	121,042
Information Technology	36,014	25,122	61,136	39,899	22,220	62,119
Depreciation	272,798	-	272,798	288,992	-	288,992
Interest	12,067	472,894	484,961	12,069	474,069	486,138
Insurance	-	41,956	41,956	-	67,669	67,669
Advertising	-	12,888	12,888	-	15,860	15,860
Other	9,167	49,692	58,859	-	45,245	45,245
Total Expenses by Function	$ 4,296,318	$ 1,298,493	$ 5,594,811	$ 4,232,815	$ 1,523,108	$ 5,755,923

See accompanying Notes to Financial Statements.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 210,904	$ 33,564
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	272,798	288,992
Amortization	12,067	12,069
Changes in Operating Assets and Liabilities:		
Grants Receivable	(31,139)	(100,058)
Student Fees Receivable	7,820	(4,036)
Prepaid Expenses and Security Deposits	16,384	(13,849)
Accounts Payable and Accrued Expenses	(67,207)	47,662
Refundable Advance	334,997	605,574
Net Cash Provided by Operating Activities	756,624	869,918
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(21,833)	(148,060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(117,500)	(117,500)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	617,291	604,358
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	2,275,597	1,671,239
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	$ 2,892,888	$ 2,275,597
RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	$ 2,189,323	$ 1,616,743
Cash and Equivalents - Restricted for Debt Service	694,204	651,824
Cash and Equivalents - Restricted for Prepaid Interest	9,361	7,030
Total	$ 2,892,888	$ 2,275,597
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 472,894	$ 474,069

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Duneland Charter School, Inc. dba: Discovery Charter School (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 540 students in grades kindergarten through 12 and is sponsored by Ball State University.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, the School did not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant and Contribution Revenue

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

Cash and Cash Equivalents

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Student Fees Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements; however, there is uncertainty as to the final determination of eligibility on the Employer Retention Credit (ERC) funding thus the school has fully allowed for this receivable (see Note 10). Student fees receivable relate to unpaid student fees from the 2022-2023 school year as of June 30, 2023. The School believes that all balances will be collected and as such no allowance for doubtful accounts is deemed necessary for student fees receivable.

The carrying amount of student accounts receivable is reduced by a valuation allowance, if any, that reflects management's best estimate of amounts that will not be collected. The allowance for uncollectable accounts receivable is based on management's assessment of the collectability of specific accounts receivable based on a number of factors, including a history of past collection and write offs, current credit conditions for specific accounts, and any future outlook of market conditions that could impact collectability. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are charged off to the allowance. Management has determined that the allowance for credit losses was insignificant as of June 30, 2024 and 2023 and there was no material activity related to the allowance for credit losses for the year ended June 30, 2024.

Prepaid Expenses

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

Security Deposits

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

Property and Equipment

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

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

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, 2024 and 2023 was $102,584 and $90,517. Amortization expense was $12,069 for each year ended June 30, 2024 and 2023. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2024, 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.

Leases

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Subsequent Events

The School evaluated subsequent events through October 17, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

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

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

NOTE 3 DEBT

Debt was comprised of the following at June 30, 2024:

Description	2024	2023
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.	293,750	411,250
Total	6,763,750	6,881,250
Less: Current Portion	(117,500)	(117,500)
Long-Term Portion	$ 6,646,250	$ 6,763,750

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain financial covenants pertaining to cash reserves and minimum debt service coverage. The School was in compliance with covenants for June 30, 2024 and 2023.

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

Year Ending June 30,	Amount
2025	$ 117,500
2026	117,500
2027	223,750
2028	175,000
2029	190,000
Thereafter	5,940,000
Total	$ 6,763,750

NOTE 4 LEASES

The School leases two copiers from a third party under a long-term, noncancelable lease agreement. The lease expires in 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third party leases was $1,790 and $7,161 for the year ended June 30, 2024 and 2023, respectively.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2024 and 2023, respectively:

	2024	2023
Lease Cost:		
Operating Lease Cost:	$ 6,865	$ 7,161
Other Information:		
Operating Cash Flows from Operating Leases	$ 6,865	$ 7,161
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$ -	$ 15,113
Weighted-Average Remaining Lease Term - Operating Leases:	.3 years	1.3 years
Weighted-Average Discount Rate - Operating Leases	6.00%	6.00%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending December 31,	Amount
2025	$ 1,790
Undiscounted Cash Flows	1,790
Less: Imputed Interest	(9)
Total Present Value	$ 1,781
Short-Term Lease Liabilities	$ 1,781
Long-Term Lease Liabilities	-
Total	$ 1,781

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the year ended June 30, 2024 and 2023, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 93% and 85% 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 $122,260 an $145,934 during the year ended June 30, 2024 and 2023, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 2% of state tuition support. Payments under this charter agreement were $75,218 and $73,786 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

The School has a contract with All Square Roofing for completion of a new roof for a total of $54,067. A down payment was made of $18,383 prior to June 30, 2024. The remaining balance of $35,685 will be paid once the work is completed, which the School expects to complete the project during the next fiscal year.

NOTE 7 RISKS AND UNCERTAINTIES

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

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

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, 2024 and 2023, 100% and 95%, of the net 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.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 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.

	2024	2023
Financial Assets	$ 3,066,143	$ 2,425,533
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Cash and Cash Equivalents Restricted for Debt Service	(694,204)	(651,824)
Cash and Cash Equivalents Restricted for Construction	(9,361)	(7,030)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 2,362,578	$ 1,766,679

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

NOTE 10 EMPLOYEE RETENTION CREDIT

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

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

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

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

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of $605,574. During the year ended June 30, 2024, the School received ERC funding from the IRS in the amount of $334,997. Due to the eligibility uncertainty and ongoing IRS audit of the School’s ERC claim, the School has classified these funds as refundable advances.

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

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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*.

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SUPPLEMENTAL AUDIT REPORT

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL

PORTER COUNTY, INDIANA
JULY 1, 2023 TO JUNE 30, 2024



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DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 – JUNE 30, 2024

Office	Official	Term
President	Lisa Gonzalez	07/01/22 – 06/30/24
Treasurer	Suzanne Radzik	07/01/22 – 06/30/24
Principal	Debra Weller	07/01/22 – 06/30/24
Executive Director	Greg Guernsey	06/29/23 – 06/30/24

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INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

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

We have audited the financial statements of Duneland Charter School, Inc. dba: Discovery Charter School (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated October 17, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
October 17, 2024

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MILEAGE REIMBURSMENT

During our testing of the travel vouchers, we discovered 4 of the 7 items tested had incorrect mileage rates being used in the calculation for reimbursement. The 2022 rate was used to calculate reimbursements from 2023 and 2024. School Policy is to follow the federal mileage rate. The amount of $38.22 should have been reimbursed to employees for those sampled.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 – JUNE 30, 2024

The contents of this report were discussed with Greg Guernsey, Executive Director, Mariette Siler, Ball State University Charter Authorizer representative, and representatives from The Gabriele Group, outsourced accounting, on October 17, 2024. The School's official response has been made part of this report beginning on page 5.

RESPONSE TO SUPPLEMENTAL AUDIT JULY 1, 2023 - JUNE 30, 2024

We acknowledge that the outdated IRS Mileage Rate was incorrectly used for a portion of travel reimbursement checks to employees. We have since provided Employees with the updated IRS Mileage Rate, updated internal spreadsheets used to track mileage and calculate reimbursement, and reviewed policy to ensure proper review of reimbursements at all relevant levels (i.e. Employee, Superintendent, Business Manager).

In response to the Audit Results and Comments, Discovery Charter School has reviewed its Travel Policy outlined as follows:

- Employees Must Obtain Approval from Superintendent to Attend Meetings & Conferences
- Employees Must Provide Meeting & Conference Information and All Travel Receipts
- Employees Must Use Internal Spreadsheet Provided to Track Days Traveled and Mileage
- Employees Must Submit Above Mileage Tracker with Current IRS Mileage Rate for Reimbursement
- Both Superintendent Must Review Employee Reimbursement Request for Accuracy Related to:
    - Days Traveled
    - Miles Traveled
    - IRS Mileage Rate
    - Computation of Eligible Reimbursement

Employees and Management attest Travel Policy has been reviewed and will be reinforced.

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East Chicago Urban Enterprise Academy

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of East Chicago Urban Enterprise Academy, Inc. (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Board of Directors
East Chicago Urban Enterprise Academy, Inc.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 18, 2024

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 2,221,727	$ 1,199,265
Grants and Accounts Receivable	1,015,434	886,493
Prepaid Expenses	56,854	45,636
Total Current Assets	3,294,015	2,131,394
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,408,538	2,408,538
Furniture and Equipment	1,211,232	1,077,045
Less: Accumulated Depreciation	(1,980,070)	(1,755,065)
Property and Equipment, Net	1,639,700	1,730,518
OTHER ASSETS		
Security Deposit	7,803	7,803
Right-of-Use Asset - Operating	566,530	827,487
Total Other Assets	574,333	835,290
Total Assets	$ 5,508,048	$ 4,697,202
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 119,229	$ 110,472
Accounts Payable and Accrued Expenses	557,250	441,076
Deferred Revenue	398,061	101,356
Current Portion of Lease Liability - Operating	278,501	265,383
Total Current Liabilities	1,353,041	918,287
LONG-TERM LIABILITIES		
Lease Liability - Operating	298,024	570,586
Notes Payable, Net of Current Portion	96,018	223,620
Total Long-Term Liabilities	394,042	794,206
Total Liabilities	1,747,083	1,712,493
NET ASSETS WITHOUT DONOR RESTRICTIONS	3,760,965	2,984,709
Total Liabilities and Net Assets	$ 5,508,048	$ 4,697,202

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 3,774,764	$ 3,448,001
Grant Revenue	3,952,755	3,408,314
Student Fees	32,776	9,247
Contributions	41,149	1,277
Other Income	20,803	54,928
Total Revenue and Support	7,822,247	6,921,767
EXPENSES		
Program Services	5,769,896	5,123,581
Management and General	1,276,095	1,040,941
Total Expenses	7,045,991	6,164,522
CHANGE IN NET ASSETS	776,256	757,245
Net Assets - Beginning of Year	2,984,709	2,227,464
NET ASSETS - END OF YEAR	$ 3,760,965	$ 2,984,709

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 2,659,218	$ 326,510	$ 2,985,728	$ 2,669,439	$ 224,297	$ 2,893,736
Employee Benefits	900,073	83,292	983,365	744,182	64,699	808,881
Professional Services	472,688	19,886	492,574	314,038	8,797	322,835
Depreciation	225,005	-	225,005	236,661	-	236,661
Classroom, Kitchen, and Office Supplies	436,375	-	436,375	278,817	-	278,817
Food Costs	357,899	-	357,899	177,061	-	177,061
Insurance	-	37,337	37,337	-	42,657	42,657
Occupancy	386,613	-	386,613	398,254	-	398,254
Authorizer Oversight Fees	-	70,918	70,918	-	66,146	66,146
Management Services	-	674,789	674,789	-	600,580	600,580
Property Rental and Maintenance	43,271	-	43,271	66,100	-	66,100
Contract Services	-	-	-	1,795	-	1,795
Interest	-	22,403	22,403	-	20,945	20,945
Advertising	-	9,183	9,183	-	12,077	12,077
Travel	22,594	-	22,594	24,294	-	24,294
Information Technology	222,919	-	222,919	175,277	-	175,277
Other	43,241	31,777	75,018	37,663	743	38,406
Total Functional Expenses	$ 5,769,896	$ 1,276,095	$ 7,045,991	$ 5,123,581	$ 1,040,941	$ 6,164,522

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 776,256	$ 757,245
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Noncash Lease Expense	1,513	8,482
Depreciation	225,005	236,661
Changes in Operating Assets and Liabilities:		
Grants Receivable	(128,941)	(477,443)
Prepaid Expenses	(11,218)	(7,859)
Security Deposit	-	55,895
Accounts Payable and Accrued Expenses	116,174	131,353
Deferred Revenue	296,705	41,733
Net Cash Provided by Operating Activities	1,275,494	746,067
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(134,187)	(280,248)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(118,845)	(98,482)
NET CHANGE IN CASH	1,022,462	367,337
Cash - Beginning of Year	1,199,265	831,928
CASH - END OF YEAR	$ 2,221,727	$ 1,199,265
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 22,403	$ 20,945

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

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2024, 2023, and 2022, the School had $398,061, $101,356, and $59,623, respectively of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met and are included as deferred revenue in the statement of financial position.

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

Cash

The School considers all demand accounts to be cash.

Grants Receivable and Revenue

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

Contributions, Grants, and Fees

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

East Chicago Urban Enterprise Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was included in the accompanying financial statements.

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

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

Impairment of Long-Lived Assets

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

Leases

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

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

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

Adoption of New Accounting Principles

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended,* which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Reclassifications

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through December 18, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2024	2023
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.	$ 215,247	$ 334,092
Less: Current Portion	(119,229)	(110,472)
Long-Term Portion	$ 96,018	$ 223,620

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

Year Ending June 30,	Amount
2025	$ 119,229
2026	96,018
2027	-
Total	$ 215,247

NOTE 3 LEASES

The School leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $286,919 for the year ended June 30, 2024 and 2023 .

	2024	2023
Lease Cost:		
Operating Lease Cost	$ 286,919	$ 286,919
Other Information:		
Operating Cash Flows from Operating Leases	$ 285,407	$ 287,437
Weighted-Average Remaining Lease Term - Operating Leases	2.1 Years	3 Years
Weighted-Average Discount Rate - Operating Leases	2.87%	2.87%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating
2025	$ 278,501
2026	279,218
2027	35,564
Undiscounted Cash Flows	593,283
Less: Present Value Discount	(16,758)
Total Present Value	$ 576,525
Short-Term Lease Liability	$ 278,501
Long-Term Lease Liability	298,024
Total	$ 576,525

NOTE 4 RETIREMENT PLANS

Retirement benefits for School employees are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Substantially all full-time employees are eligible to participate.

Contribution requirements of plan members are established by the INPRS Board. Under the plans, the School contributes 7.5% of compensation for teaching faculty to TRF and 11.2% of compensation for other employees to PERF. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 95% and 85% funded, respectively.

NOTE 4 RETIREMENT PLANS (CONTINUED)

Retirement plan expense was $238,547 and $212,227 for the years ended June 30, 2024 and 2023, 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 $70,918 and $66,146 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2026 and is renewable thereafter by mutual consent.

The School has contracted with The Leona Group, LLC to provide financial, management, administrative and educational programming services. Under the terms of the agreement, the School agrees to pay an amount equal to 10% of revenues, as defined, for such services. The contract will expire June 30, 2026. Payments under this agreement were $674,789 and $600,580 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at Peoples Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

NOTE 7 FUNCTIONAL EXPENSE REPORTING

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash and grants receivable. Financial assets at June 30, 2024 and 2023 total $3,237,161 and $2,085,758, respectively, all of which are available to meet cash needs for general expenditures within one year.

While the School has $3,237,161 and $2,085,758 in financial assets available to meet cash needs for general expenditures within one year, it also has $1,353,041 and $918,287 in current liabilities as of June 30, 2024 and 2023, respectively, which must be paid using these available financial assets, future year state tuition support, or some combination of the two.

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

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
OTHER REPORT
JUNE 30, 2024

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of East Chicago Urban Enterprise Academy (the School), which comprise the statement of financial position at June 30, 2024, 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 18, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

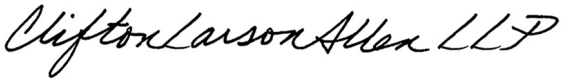
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Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 18, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Chicago Urban Enterprise Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School' major federal programs for the year ended June 30, 2024. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

Board of Directors
East Chicago Urban Enterprise Academy, Inc.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 18, 2024

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Passed-through Indiana Department of Education -				
Child Nutrition Cluster:				
National School Breakfast Program	10.553	N/A	$ -	$ 90,027
Cash Assistance - National School Lunch Program	10.555	N/A	-	271,832
After School Snack Program	10.555	N/A	-	2,682
Total Child Nutrition Cluster			-	364,541
Fresh Fruit and Vegetable Program	10.582	N/A	-	12,801
Total U.S. Department of Agriculture			-	377,342
Department of Education				
Passed-through Indiana Department of Education:				
Title I, Part A 2122	84.010	S010A220014	-	31,489
Title I, Part A 2223	84.010	S010A230014	-	601,379
Total Title I, Part A			-	632,868
Special Education Cluster (IDEA):				
Special Education Grants to States IDEA, Part B 2324	84.027	H027A230084	-	88,649
Special Education Grants to States IDEA, Part B Preschool	84.027	H173A230104	-	1,422
Special Education Grants to States IDEA, ARP	84.027X	H027X210084	-	22,221
IDEA Part B 611 Total			-	112,292
Special Education Grants to States IDEA, ARO	84.173X	H173X210104	-	1,649
Total Special Education Cluster			-	113,941
Supporting Effective Instruction State Grants, Title II - Part A:				
Title II, Part A 2223	84.367	S367A220013	-	16,992
Title II, Part A 2324	84.367	S367A230013	-	29,036
Total Title II, Part A			-	46,028

See accompanying Notes to Schedule of Expenditures of Federal Awards.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
JUNE 30, 2024

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed-Through to Subrecipients	Federal Expenditures
Department of Education (Continued)				
Passed-through Indiana Department of Education (Continued):				
Student Support & Academic Enrichment - Title IV:				
Title IV 2122	84.424	S424A210015	$ -	$ 9,928
Title IV 2223	84.424	S424A220015	-	24,713
Title IV 2324	84.424	S424A230015	-	8,358
Total Title IV			-	42,999
Education Stabilization Fund Program:				
COVID-19 ESSER Formula Fund II	84.425D	S425D210013	-	50,107
COVID-19 ESSER Formula Fund III - ARP	84.425U	S425U210013	-	1,999,594
Total Education Stabilization Fund Program			-	2,049,701
Total U.S. Department of Agriculture			-	2,885,537
Total Expenditures of Federal Awards			$ -	$ 3,262,879

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, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of East Chicago Urban Enterprise Academy, Inc. under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of East Chicago Urban Enterprise Academy, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of East Chicago Urban Enterprise Academy, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

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

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

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

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

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

LAKE COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
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JULY 1, 2023 TO JUNE 30, 2024

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EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Chairman of Board of Directors	John Artis	07/01/2023 – 06/30/2024
School Leader	Veronica Eskew	07/01/2023 – 06/30/2024
School Treasurer	Melinda Benkovsky	07/01/2023 – 06/30/2024

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of East Chicago Urban Enterprise Academy, Inc. (the School) as of and for the year ended June 30, 2024 and have issued our report thereon dated December 18, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments is a matter where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 18, 2024

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CAPITAL ASSETS

The School was unable to provide records showing a complete inventory was taken within the last two years as required.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Asset Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15).

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on December 12, 2024 with Ms. Veronica Eskew (School Leader), Mr. John Artis (Chairman of Board of Directors), Melinda Benkovsky and Renee Lindemann (Leona Group). The Official Response has been made a part of this report and may be found on page 5.

EAST CHICAGO URBAN ENTERPRISE ACADEMY

1402 E. Chicago Avenue | East Chicago, IN 46312 TEL: 219.392.3650 | FAX: 219.392.3652 ecuea.com

December 18, 2024

Corrective Action Plan:

The Academy is required to conduct a physical inventory every two years. The last physical inventory was conducted in FY2022. The Academy was scheduled to complete the next required inventory in FY2024, but was unable to complete the process prior to the end of the fiscal year. Going forward, management's CFO will work closely with the technology manager and school leadership team to ensure that physical inventories are completed on a timely basis . The staff accountant and CFO will monitor the timeline to inform the technology department of upcoming inventory requirements, and ensure appropriate scheduling every two years.

Responsible parties:
Chief Financial Officer
Technology Manager

Anticipated corrective action date:
June 30, 2025

Melinda Benkovsky

Melinda Benkovsky, Chief Financial Officer

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Geist Montessori Academy

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

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, (collectively, the School) which comprise the consolidated statements of financial position as of June 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis-of-a-Matter Regarding Correction of an Error

As discussed in Note 10 to the consolidated financial statements, certain errors resulting in understatement of amounts previously reported for grants receivable as of June 30, 2023 were discovered by management of the School during the current year. Accordingly, amounts reported for grants receivable, related revenue, and net assets have been restated in the 2024 consolidated financial statements now presented. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

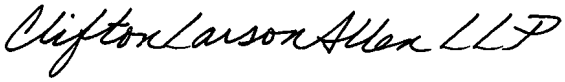
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures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

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

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

Supplementary Information

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 27, 2025

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	(As Restated) 2023
ASSETS		
CURRENT ASSETS		
Cash	$ 1,239,146	$ 633,515
Accounts Receivable:		
Grants	-	379,304
Other	1,005	-
Prepaid Expenses	6,473	3,279
Total Current Assets	1,246,624	1,016,098
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Building	6,504,810	6,504,810
Building Improvements	411,883	333,269
Furniture and Equipment	321,370	321,370
Textbooks	12,507	12,507
Less: Accumulated Depreciation	(1,234,737)	(1,034,294)
Property and Equipment, Net	6,562,081	6,683,910
OTHER ASSETS		
Interest Rate Swap Asset	-	62,120
Right-of-Use Asset - Operating, Net	-	25,926
Right-of-Use Asset - Financing, Net	58,218	-
Total Assets	$ 7,866,923	$ 7,788,054
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 311,357	$ 4,242,958
Accounts Payable and Accrued Expenses	273,742	184,415
Right-of-Use Liability - Operating, Current	-	13,294
Right-of-Use Liability - Financing, Current	13,707	-
Total Current Liabilities	598,806	4,440,667
LONG-TERM LIABILITIES		
Right-of-Use Liability - Operating, Noncurrent	-	12,632
Right-of-Use Liability - Financing, Noncurrent	45,256	-
Interest Rate Swap Liability	103,084	-
Notes Payable, Net of Current Portion	4,143,398	545,342
Less: Unamortized Debt Issuance Costs	-	(9,253)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	4,291,738	548,721
Total Liabilities	4,890,544	4,989,388
NET ASSETS WITHOUT DONOR RESTRICTIONS	2,976,379	2,798,666
Total Liabilities and Net Assets	$ 7,866,923	$ 7,788,054

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, 2024 AND 2023

	2024	(As Restated) 2023
REVENUE AND SUPPORT		
State Education Support	$ 2,236,195	$ 1,809,163
Grant Revenue (as Restated)	772,869	759,374
Student Fees	53,161	15,232
Contribution Income	6,729	6,196
Change in Value of Interest Rate Swap	(165,204)	56,825
Other Income	551,468	661,923
Total Revenue and Support	3,455,218	3,308,713
EXPENSES		
Program Services	2,233,032	1,416,964
Management and General	1,044,473	899,914
Total Expenses	3,277,505	2,316,878
CHANGE IN NET ASSETS	177,713	991,835
Net Assets - Beginning of Year	2,798,666	1,806,831
NET ASSETS - END OF YEAR	$ 2,976,379	$ 2,798,666

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, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,482,566	$ 306,786	$ 1,789,352	$ 917,690	$ 248,711	$ 1,166,401
Employee Benefits	307,577	81,464	389,041	152,227	59,750	211,977
Professional Services	138,372	97,127	235,499	132,094	101,467	233,561
Authorizer Oversight Fees	-	63,046	63,046	-	46,632	46,632
Food Costs	5,279	-	5,279	3,300	-	3,300
Property Rental and Equipment	56,906	-	56,906	39,175	-	39,175
Classroom, Kitchen, and Office Supplies	71,523	15,230	86,753	40,976	7,672	48,648
Occupancy	63,726	-	63,726	45,198	-	45,198
Depreciation	37,824	162,620	200,444	22,844	161,850	184,694
Insurance	-	33,036	33,036	-	26,979	26,979
Interest	-	217,763	217,763	-	232,754	232,754
Repairs and Maintenance	39,275	-	39,275	54,147	-	54,147
Lease Interest and Amortization	14,252	-	14,252	-	-	-
Student Transportation	-	-	-	900	-	900
Travel	5,222	-	5,222	307	-	307
Advertising	-	258	258	-	532	532
Other	10,510	67,143	77,653	8,107	13,566	21,673
Total Expenses by Function	$ 2,233,032	$ 1,044,473	$ 3,277,505	$ 1,416,965	$ 899,913	$ 2,316,878

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, 2024 AND 2023

	2024	(As Restated) 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 177,713	$ 991,835
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	200,444	184,694
Amortization	9,253	18,501
Change in Value of Interest Rate Swap	103,084	(56,825)
Changes in Operating Assets and Liabilities:		
Grants Receivable	379,304	(358,885)
Other Receivable	(1,005)	19,439
ROU Lease Activity	745	-
Prepaid Expenses	(3,194)	6,842
Accounts Payable and Accrued Expenses	89,327	55,805
Net Cash Provided by Operating Activities	955,671	861,406
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(78,615)	(105,041)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(4,242,958)	(369,076)
Issuance of Notes Payable	3,909,413	-
Proceeds Related to Terminated Interest Rate Swap	62,120	-
Net Cash Used by Financing Activities	(271,425)	(369,076)
NET CHANGE IN CASH	605,631	387,289
Cash - Beginning of Year	633,515	246,226
CASH - END OF YEAR	$ 1,239,146	$ 633,515
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 212,801	$ 246,248
Lease Obligation Incurred for Use of Financing Assets	$ 58,963	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montessori Academy at Geist, Inc. (GMA) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. GMA operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. During the 2023 – 2024 school year, GMA served approximately 240 students in grades preschool to eight by providing an alternative to the traditional public schools.

Effective December 26, 2018, GMA formed GMA Holding, LLC, a wholly owned subsidiary of the School. GMA Holding, LLC was established to own land and construct a school building for use by the School.

Principles of Consolidation

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

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2024 and 2023, the School does not have any conditional grants that have not been recognized as revenue in the consolidated statements of activities because conditions have not been met.

Revenue from student fees and other revenue is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the consolidated statements of financial position. As of June 30, 2024, 2023, and 2022, the School had $1,005, $-0-, and $19,439, respectively, of accounts receivable from student fees. Amounts received prior to service being performed are reported as deferred revenues in the consolidated statements of financial position. As of June 30, 2024, 2023, and 2022, the School has $6,430, $5,774, and $3,150, respectively, of deferred revenue from student fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

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 credit losses 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 credit losses is not deemed necessary.

Contributions, Grants, and Fees

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

Debt Issuance Cost

During January 2019, GMA Holding, LLC entered into a construction loan agreement with First Financial Bank, with maximum borrowings of $4,500,000. Total costs incurred to secure the financing were $92,508. Amortization is provided on a straight-line basis over the term of the agreement (60 months). Accumulated amortization as of June 30, 2024 and 2023 was $92,508 and $83,255, respectively, and was included in construction in progress during the construction phase and interest expense thereafter. As provided by Accounting Standard Updated (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 (IRC) as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the IRC 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, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

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

Property and Equipment

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

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

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

Impairment of Long-Lived Assets

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows. For the year ended, June 30, 2024 and 2023, the School has not identified impairment in any long-lived assets.

Changes in Accounting Principle

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

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

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

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

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

Subsequent Events

The School evaluated subsequent events through February 27, 2025, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2024	2023
Note payable to First Financial bank, payable in $13,003 monthly installments plus interest at 4.95% with balloon payment of $3,950,027 due in January 2024. This loan was terminated and replaced with Huntington note below.	$ -	$ 4,024,821
Note payable to Huntington bank, payable in variable monthly installments plus a variable interest rate due June 2029.	3,909,413	-
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.	545,342	763,479
Total	4,454,755	4,788,300
Less: Current Portion	(311,357)	(4,242,958)
Long-Term Portion	$ 4,143,398	$ 545,342

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

In January 2019, GMA Holding, LLC entered into an agreement with First Financial Bank for a construction loan of $4,500,000. Borrowings accrue interest at 2.00% above LIBOR (a total of 3.06% at June 30, 2023). On February 1, 2020, the construction loan converted to a 48-month term note, using a 240-month amortization period. The loan is subject to certain covenants of which management believes it was in compliance at June 30, 2023. In May of 2024, GMA Holding, LLC terminated the loan with First Financial Bank.

In May 2024, GMA Holding, LLC entered into an agreement with Huntington National Bank to refinance the construction loan previously held with First Financial Bank with a principal amount of $3,909,413. Borrowings accrue interest at a variable rate based on the Secured Overnight Financing Rate (SOFR). As of June 30, 2024, the SOFR rate was 5.32%. The loan will mature in June 2029 and contains certain covenants, some of which management believes it was in compliance with at June 30, 2024. For the 2024 fiscal year, management obtained a bank waiver for any covenants out of compliance.

NOTE 2 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2025	$ 311,357
2026	318,076
2027	216,212
2028	114,866
2029	3,494,244
Total	$ 4,454,755

NOTE 3 LEASES

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expire in August 2028. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $18,917 and $6,998 for the years ended June 30, 2024 and 2023, respectively.

	2024	2023
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	$ 13,070	$ -
Interest on Lease Liabilities	1,182	-
Operating Lease Cost	4,665	6,998
Total Lease Cost	$ 18,917	$ 6,998
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	$ 1,182	$ -
Operating Cash Flows from Operating Leases	$ 4,665	$ 6,998
Financing Cash Flows from Finance Leases	$ 12,326	$ -
Right-of-Use Obtained in Exchange for New Finance Lease Liabilities	$ 71,288	$ -
Right-of-Use Assets Terminated in Exchange for New Financing Lease Liabilities	$ (14,882)	$ -
Weighted-Average Remaining Lease Term - Finance Leases	4.1 Years	N/A
Weighted-Average Remaining Lease Term - Operating Leases	N/A	1.8 Years
Weighted-Average Discount Rate - Finance Leases	2.00%	N/A
Weighted-Average Discount Rate - Operating Leases	N/A	3.75%

NOTE 3 LEASES (CONTINUED)

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Finance	Totals
2025	$ 14,736	$ 14,736
2026	14,736	14,736
2027	14,736	14,736
2028	14,736	14,736
2029	2,456	2,456
Undiscounted Cash Flows	61,400	61,400
Less: Imputed Interest	(2,437)	(2,437)
Total Present Value	$ 58,963	$ 58,963
Short-Term Lease Liabilities	$ 13,707	$ 13,707
Long-Term Lease Liabilities	45,256	45,256
Total	$ 58,963	$ 58,963

NOTE 4 INTEREST RATE SWAP

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

The agreement that took effect on February 5, 2021 (in conjunction with the conversion of the construction loan to term) effectively changed GMA Holding, LLC's interest rate exposure on its floating rate note payable to 4.95%. This interest rate swap agreement matured on January 31, 2024. This agreement had a total notional principal in the amount of $-0- and $3,883,821 at June 30, 2024 and 2023, respectively.

In May 2024, GMA Holding, LLC entered into a new interest rate swap transaction with Huntington National Bank. This is guaranteed by GMA. GMA Holding, LLC uses the interest rate swap to convert its variable rate debt to a fixed rate as a cash-flow hedge. GMA Holding, LLC is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, GMA Holding, LLC does not anticipate nonperformance by the counterparty.

The agreement that took effect on May 30, 2024, effectively changed GMA Holding, LLC's interest rate exposure on its floating rate note payable to 2.30%. This interest rate swap agreement matures on June 5, 2029. This agreement had a total notional principal in the amount of $3,909,413 on June 30, 2024.

NOTE 4 INTEREST RATE SWAP (CONTINUED)

The effective portion of the gain or loss on the interest rate swap is reported as revenues and expenses in the consolidated statements of activities and change in net assets in the same period or periods during which the hedged transaction affects the consolidated statements of activities and change in net assets. Gains and losses on the interest rate swap representing either hedge ineffectiveness, or excluded from the assessment of hedge effectiveness, is recognized in the consolidated statements of activities and change in net assets as revenue and expenses. The First Financial Bank agreement was terminated in connection with the new agreement with Huntington National Bank described in Note 2 resulting in an change in value of $(165,204) being recorded for the year ending June 30, 2024.

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, 2024 and 2023, 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, 2023 (the latest year reported), TRF was approximately 85% 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 2024 and 2023.

Retirement plan expense for the years ended June 30, 2024 and 2023 was $77,321 and $45,543, 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 $63,046 and $46,632 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana and cash deposits. Cash deposits are maintained at First Financial Bank and Huntington National Bank and are insured up to the Federal Deposit Insurance Corporation insurance limit. From time to time during the year the School's deposit accounts exceed this limit.

NOTE 8 LIQUIDITY

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

	2024	(As Restated) 2023
Financial Assets	$ 1,240,151	$ 1,012,819
Less: Those Unavailable for General Expenditures Within One Year	-	-
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 1,240,151	$ 1,012,819

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 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2024, the School determined that it had incorrectly accounted for grant activity associated with the Employee Retention Credit (ERC) grant program as described in Note 11. Previously, the School had not recognized the ERC receivable and revenue at the time the barrier had been met with the filing of the amended 941 filings in February 2023. The School did not include $278,991 of grant receivable for the year ended June 30, 2023.

The following consolidated statement of financial position line items for fiscal year 2023 were affected by the restatement.

	June 30, 2023		
	As Reported	Restatement	As Restated
Grants Receivable	$ 100,313	$ 278,991	$ 379,304
Total Current Assets	737,107	278,991	1,016,098
Total Assets	7,509,063	278,991	7,788,054
Net Assets Without Donor Restrictions	2,519,675	278,991	2,798,666
Total Liabilities and Net Assets	7,509,063	278,991	7,788,054

The following consolidated statement of activities and changes in net assets line items for fiscal year 2023 were affected by the restatement.

	June 30, 2023		
	As Reported	Restatement	As Restated
Revenue and Support:			
Grant Revenue	$ 480,383	$ 278,991	$ 759,374
Total Revenue and Support	3,029,722	278,991	3,308,713
Change in Net Assets	712,844	278,991	991,835
Net Assets, End of Year	2,519,675	278,991	2,798,666

The following consolidated statement of cash flow items for fiscal year 2023 were affected by the restatement.

	June 30, 2023		
	As Reported	Restatement	As Restated
Cash Flows from Operating Activities:			
Change in Net Assets	$ 712,844	$ 278,991	$ 991,835
Changes in			
Operating Assets and Liabilities			
Grants Receivable	(79,894)	(278,991)	(358,885)

The following consolidating statement of activities and changes in net assets line items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	As Reported	Restatement	As Restated
School Net Assets - Beginning of Year	$ 2,264,372	$ 278,991	$ 2,543,363
Total Net Assets - Beginning of Year	2,519,675	278,991	2,798,666

NOTE 11 GOVERNMENT ASSISTANCE GRANT – EMPLOYEE RETENTION CREDIT

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

For the second quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $86,007.

For the second quarter of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $192,984.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and related revenue of $278,991, during the year ended June 30, 2023, as restated. The ERC funds have been received in full as of July 2023.

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

SUPPLEMENTARY INFORMATION

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.			GMA		
	School	Pre-K	Total	Holding, LLC	Eliminations	Total
ASSETS						
CURRENT ASSETS						
Cash	$ 1,049,423	$ -	$ 1,049,423	$ 189,723	$ -	$ 1,239,146
Accounts Receivable:						
Other	1,005	-	1,005	-	-	1,005
Due from Affiliated Entity	2,840,221	396,786	3,237,007	-	(3,237,007)	-
Prepaid Expenses	6,473	-	6,473	-	-	6,473
Total Current Assets	3,897,122	396,786	4,293,908	189,723	(3,237,007)	1,246,624
PROPERTY AND EQUIPMENT						
Land	-	-	-	546,248	-	546,248
Building	-	-	-	6,504,810	-	6,504,810
Leasehold Improvements	411,883	-	411,883	-	-	411,883
Furniture and Equipment	321,370	-	321,370	-	-	321,370
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	(520,845)	-	(520,845)	(713,892)	-	(1,234,737)
Property and Equipment, Net	224,915	-	224,915	6,337,166	-	6,562,081
OTHER ASSETS						
Investment In LLC	(350,629)	-	(350,629)	-	350,629	-
Right-of-Use Asset - Operating, Net	4,156,607	-	4,156,607	-	(4,156,607)	-
Right-of-Use Asset - Financing, Net	58,218	-	58,218	-	-	58,218
Total Assets	$ 7,986,233	$ 396,786	$ 8,383,019	$ 6,526,889	$ (7,042,985)	$ 7,866,923
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current Portion of Notes Payable	$ 218,137	$ -	$ 218,137	$ 93,220	$ -	$ 311,357
Accounts Payable and Accrued Expenses	248,942	-	248,942	24,800	-	273,742
Right of Use Liability - Operating, Current	185,081	-	185,081	-	(185,081)	-
Right of Use Liability - Financing, Current	13,707	-	13,707	-	-	13,707
Due to Affiliated Entity	396,786	-	396,786	2,840,221	(3,237,007)	-
Total Current Liabilities	1,062,653	-	1,062,653	2,958,241	(3,422,088)	598,806
LONG-TERM LIABILITIES						
Right of Use Liability - Operating, Noncurrent	3,971,526	-	3,971,526	-	(3,971,526)	-
Right of Use Liability - Financing, Noncurrent	45,256	-	45,256	-	-	45,256
Interest Rate Swap Liability	-	-	-	103,084	-	103,084
Notes Payable, Net of Current Portion	327,205	-	327,205	3,816,193	-	4,143,398
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	4,343,987	-	4,343,987	3,919,277	(3,971,526)	4,291,738
Total Liabilities	5,406,640	-	5,406,640	6,877,518	(7,393,614)	4,890,544
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	2,579,593	396,786	2,976,379	(350,629)	350,629	2,976,379
Total Liabilities and Net Assets	$ 7,986,233	$ 396,786	$ 8,383,019	$ 6,526,889	$ (7,042,985)	$ 7,866,923

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Montessori Academy at Geist, Inc.			GMA		
	School	Pre-K	Total	Holding, LLC	Eliminations	Total
REVENUE AND SUPPORT						
State Education Support	$ 2,236,195	$ -	$ 2,236,195	$ -	$ -	$ 2,236,195
Grant Revenue	772,869	-	772,869	-	-	772,869
Student Fees	53,161	-	53,161	-	-	53,161
Contributions	6,729	-	6,729	-	-	6,729
Change in Value of Interest Rate Swap	-	-	-	(165,204)	-	(165,204)
Change in Investment in LLC	(239,544)	-	(239,544)	-	239,544	-
Other Income	256,141	295,327	551,468	372,000	(372,000)	551,468
Total Revenue and Support	3,085,551	295,327	3,380,878	206,796	(132,456)	3,455,218
EXPENSES						
Program Services	2,451,188	153,844	2,605,032	-	(372,000)	2,233,032
Management and General	598,133	-	598,133	446,340	-	1,044,473
Total Expenses	3,049,321	153,844	3,203,165	446,340	(372,000)	3,277,505
CHANGE IN NET ASSETS	36,230	141,483	177,713	(239,544)	239,544	177,713
Net Assets - Beginning of Year (As Restated)	2,543,363	255,303	2,798,666	(111,085)	111,085	2,798,666
NET ASSETS - END OF YEAR	$ 2,579,593	$ 396,786	$ 2,976,379	$ (350,629)	$ 350,629	$ 2,976,379

MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
OTHER REPORT
JUNE 30, 2024

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

MONTESSORI ACADEMY AT GEIST, INC.

HANCOCK COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



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MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Board President	Debi Dobbins	07/01/2023 – 06/30/2024
Executive Director	Jennifer Gosch	07/01/2023 – 06/30/2024
Assistant Executive Director	Jamie Rahmany	07/01/2023 – 06/30/2024

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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. and GMA Holding, LLC (collectively, the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated February 27, 2025. 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 27, 2025

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PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – MATERIAL WEAKNESS AND SIGNIFICANT DEFICIENCIES

An audit adjustment to beginning net assets related to the Employee Retention Credit (ERC) grant program for $278,991 in the previous fiscal year was detected as a result of audit procedures. Given the uncertain nature of the ERC program and School eligibility under IRS audit, the receipts under this program were adjusted into grant income and to a refundable advance as of June 30, 2023, and also adjusted into beginning net assets as of June 30, 2024. The total ERC claim was recognized as grants receivable and grant revenue of $278,991. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around grant receivables and related loss contingencies are an important element of internal controls.

Three audit adjustments were made related to the School's interest rate swap derivative valuation for $103,084, accrued interest payables and expenses for the new debt acquired for $24,800, and to accounts payable and expenses for $21,933 in the current fiscal year as a result of audit procedures. A balance of the derivative was not recorded at its fair value as of year-end in accordance with the applicable financial reporting framework. Additionally, the associated interest expense incurred was not accrued for during the fiscal year. This resulted in a $127,884 understatement of liabilities and expenses. Additionally, the accrual accounting lacked appropriate review for cutoff of payables and expenses as of June 30, 2024. Costs for legal fees incurred during the fiscal year had not been accrued as of year-end. Both of these adjustments were material, but not pervasive in nature to the overall consolidated financial statements and are considered significant deficiencies in internal controls. Proper procedures around recording the fair value of derivatives, accruing interest expenses, and review of cutoff for payables and expenses are an important element of internal controls.

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

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

AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. During our testing of ADM, we noted there was one (1) student out of 60 students tested where the School did not maintain consistent and complete enrollment records.

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

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were provided to Jennifer Gosch, Executive Director, Jamie Rahmany, Assistant Director, and Stephanie Edwards, Operations Manager, on January 8, 2025.

February 26, 2025

GEIST MONTESSORI ACADEMY

Many improvements have been made over the last several years to the systems of operations and organization at Geist Montessori Academy. As we continue to strengthen our systems, we understand there were a few audit findings for this past year. Our response to the findings is as follows:

ADM Testing

One student from the ADM sample did not have all of the required documents for enrollment. To address this, our Registrar will complete an audit of all student files to ensure that each file contains the required documents. Should a student file be missing any of the required documents, parents of students with incomplete files will be contacted to provide the missing documentation within a designated time frame. All attempts to reach parents of students with incomplete files will be documented and placed in the student file for record-keeping purposes.

Preparation of Financial Statements

Geist Montessori Academy qualified for, and received, ERC funding in the amount of $278,991 for COVID-19 relief. Upon auditing these funds, it was found that the ERC funds were documented incorrectly on our financial reporting statements. These funds should have been recorded on the previous audit (2023) but instead were recorded on the 2024 audit. Since finding this mistake, Geist Montessori Academy has restated financial statements to properly reflect the correct time frame of ERC fund deposits.

In the fall of 2024, Geist Montessori Academy began the process of refinancing the property loan. Geist Montessori Academy went through the entire loan refinance process with Charter School Capital (now operating under the name Grow Schools), however, towards the end of the process, Charter School Capital informed GMA that they could not meet the deadline requirements of the current loan and then withdrew from their partnership with GMA. During the refinance process, the School Board President at the time hired a third-party law firm to review the refinancing documents without consulting the finance department within GMA first for approval. GMA later received an unexpected invoice from the law firm in the amount of $21,933.46 for legal fees. After addressing this with the School Board, measures were put into place to ensure that any future financial matters be sent to the finance department at GMA for approval before the School Board may move forward with any potential partnerships outside of GMA.

Jennifer Gosch, Executive Director, jgosch@gma.k12.in.us
Jamie Rahmany, Assistant Executive Director, jrahmany@gma.k12.in.us
Stephanie Edwards, Operations Manager, sedwards@gma.k12.in.us



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Hoosier College and Career Academy

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

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hoosier Academy, Inc. dba: Hoosier College and Career Academy (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of a Matter – Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 23, 2024

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 1,170,054	$ 752,764
Accounts Receivable:		
Grants	586,370	607,553
Prepaid Expenses	9,135	9,410
Total Current Assets	1,765,559	1,369,727
PROPERTY AND EQUIPMENT		
Furniture and Equipment	29,051	29,051
Less: Accumulated Depreciation	(29,051)	(29,051)
Property and Equipment, Net	-	-
Right-of-Use Asset - Operating, Net	22,392	64,377
Total Assets	$ 1,787,951	$ 1,434,104
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
K12 Classroom, LLC	$ 1,006,603	$ 958,240
Other	757,445	411,095
Right-of-Use Liability - Operating, Current Portion	12,994	41,985
Total Current Liabilities	1,777,042	1,411,320
Right-of-Use Liability - Operating, Noncurrent Portion	9,398	22,392
Total Liabilities	1,786,440	1,433,712
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,511	392
Total Liabilities and Net Assets	$ 1,787,951	$ 1,434,104

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 7,503,235	$ 6,041,335
Grant Revenue	1,344,570	1,054,911
Contributions and Donations	117	153
Other	1,489	971
Total Revenue and Support	8,849,411	7,097,370
EXPENSES		
Program Services	8,407,559	6,719,993
Management and General	440,733	376,985
Total Expenses	8,848,292	7,096,978
CHANGE IN NET ASSETS	1,119	392
Net Assets - Beginning of Year	392	-
NET ASSETS - END OF YEAR	$ 1,511	$ 392

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 2,726,762	$ -	$ 2,726,762	$ 2,445,985	$ -	$ 2,445,985
Employee Benefits	756,121	-	756,121	624,585	-	624,585
Staff Development and Recruitment	7,941	-	7,941	16,813	-	16,813
Professional Services	1,360,676	132,202	1,492,878	778,340	110,240	888,580
Advertising	19,842	-	19,842	9,847	-	9,847
Management Services	-	-	-	-	10,172	10,172
Food Costs	831	-	831	540	-	540
Authorizer Oversight Fees	-	189,426	189,426	-	143,895	143,895
Equipment Rental and Maintenance	5,743	-	5,743	5,279	-	5,279
Classroom and Office Supplies and Fees	3,288,021	9,764	3,297,785	2,674,052	4,100	2,678,152
Travel	17,024	-	17,024	1,113	-	1,113
Occupancy	78,019	-	78,019	59,640	-	59,640
Other	146,579	109,341	255,920	103,799	108,578	212,377
Total Functional Expenses	$ 8,407,559	$ 440,733	$ 8,848,292	$ 6,719,993	$ 376,985	$ 7,096,978

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,119	$ 392
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Changes in Operating Assets and Liabilities:		
Accounts Receivable	21,183	(49,633)
Prepaid Expenses	275	(159)
Accounts Payable and Accrued Expenses	394,713	(166,670)
Net Cash Provided (Used) by Operating Activities	417,290	(216,070)
Cash - Beginning of Year	752,764	968,834
CASH - END OF YEAR	$ 1,170,054	$ 752,764

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

- *Hoosier Academies Indianapolis* is a blended learning program serving students in grades K-12, which ceased operations as a charter school effective August 1, 2021.
- *Hoosier College and Career Academy* is a fully virtual or online program serving students in grades 7-12 who have struggled in their education.

Enrollment during the 2023-2024 school year ranged between approximately 780 and 1100 students in for the fall and spring semesters, respectively. Each of the schools is a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University.

Accounting Estimates

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

Revenue Recognition

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

A portion of Hoosier Academy's revenue is the product of cost reimbursement grants. Therefore, Hoosier Academy recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023 and 2022, Hoosier Academy has $-0- of conditional grants that have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Grants Revenue

Hoosier Academy receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2024 and 2023.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

Accounts Receivable

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

Property and Equipment

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

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

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, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require Hoosier Academy to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. Hoosier Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

The U.S. federal and state income tax returns of Hoosier Academy are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Net position and changes in net position are unchanged as a result of the reclassifications.

Leases

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Hoosier Academy evaluated subsequent events through December 23, 2024, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 LEASES

Hoosier Academy leases office equipment and operating facilities under from third parties under long-term, noncancelable lease agreements. The leases expire at various dates from 2024 through 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was $40,876 and $44,561 for the years ended June 30, 2024 and 2023, respectively.

Lease Cost:	2024	2023
Operating Lease Cost	$ 40,876	$ 44,561
Other Information:		
Operating Cash Flows from Operating Leases	$ 43,447	$ 41,561
Weighted-Average Remaining Lease Term - Operating Leases	2.2 Years	2.1 Years
Weighted-Average Discount Rate - Operating Leases	3.49%	3.50%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating
2025	$ 13,447
2026	4,159
2027	2,515
2028	3,144
Undiscounted Cash Flows	23,265
Less: Imputed Interest	(873)
Total Present Value	$ 22,392
Short-Term Lease Liabilities	$ 12,994
Long-Term Lease Liabilities	9,398
Total	$ 22,392

NOTE 3 COMMITMENTS

Hoosier Academy operates its schools under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, Hoosier Academy has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Payments under the charter agreements were $189,426 and $143,895 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect for Hoosier Academy until June 30, 2027 and is renewable thereafter by mutual consent.

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 services purchased aggregated $1,259,230 and $673,613 for the years ended June 30, 2024 and 2023, respectively. This agreement remains in effect until June 30, 2027.

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

For the years ended June 30, 2024 and 2023, service fees were reduced as follows:

	Other Service Fees
Year Ended June 30, 2024:	
Charges per Contract	$ 1,946,502
Credit Issued by K12 Classroom LLC	(687,272)
Net Charges	$ 1,259,230
Year Ended June 30, 2023:	
Charges per Contract	$ 1,563,369
Credit Issued by K12 Classroom LLC	(889,756)
Net Charges (Credits)	$ 673,613

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

NOTE 4 RETIREMENT PLANS

Hoosier Academy provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiemployer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2024 and 2023, Hoosier Academy contributed 6.0% 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, 2023 (the latest year reported), TRF was approximately 93% 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 6.0% of compensation, as defined. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2024 or 2023. Retirement plan expense under both plans was $166,129 and $123,760 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 RISKS AND UNCERTAINTIES

Hoosier Academy provides educational instruction services to families residing in Marion and surrounding counties in Indiana, and to students throughout the state of Indiana through its virtual curriculum and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect Hoosier Academy. Additionally, Hoosier Academy is subject to monitoring and audit by state and federal agencies. Those examinations could result in additional liability to be imposed.

Financial instruments that potentially subject Hoosier Academy to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024 and 2023, substantially all of the receivable balance was due from the state of Indiana.

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

NOTE 6 LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2024 and 2023 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, 2024 total $1,756,424, all of which are available to meet cash needs for general expenditures within one year. Financial assets at June 30, 2023 total $1,360,317, all of which are available to meet cash needs for general expenditures within one year.

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

NOTE 7 FUNCTIONAL EXPENSE REPORTING

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

SUPPLEMENTARY INFORMATION

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier College and Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 1,511	$ 1,168,543	$ 1,170,054
Accounts Receivable:			
Grants	-	586,370	586,370
Prepaid Expenses	-	9,135	9,135
Total Current Assets	1,511	1,764,048	1,765,559
PROPERTY AND EQUIPMENT			
Furniture and Equipment	-	29,051	29,051
Less: Accumulated Depreciation	-	(29,051)	(29,051)
Property and Equipment, Net	-	-	-
Right of Use Asset - Operating, Net	-	22,392	22,392
Total Assets	$ 1,511	$ 1,786,440	$ 1,787,951
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses:			
K12 Classroom, LLC	$ -	$ 1,006,603	$ 1,006,603
Other	-	757,445	757,445
Right of Use Liability - Operating, Current Portion	-	12,994	12,994
Total Current Liabilities	-	1,777,042	1,777,042
Right of Use Liability - Operating, Noncurrent Portion	-	9,398	9,398
Total Liabilities	-	1,786,440	1,786,440
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,511	-	1,511
Total Liabilities and Net Assets	$ 1,511	$ 1,786,440	$ 1,787,951

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier College and Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 211,401	$ 541,363	$ 752,764
Accounts Receivable:			
Grants	-	607,553	607,553
Prepaid Expenses	-	9,410	9,410
Total Current Assets	211,401	1,158,326	1,369,727
PROPERTY AND EQUIPMENT			
Furniture and Equipment	-	29,051	29,051
Less: Accumulated Depreciation	-	(29,051)	(29,051)
Property and Equipment, Net	-	-	-
Right of Use Asset - Operating, Net	-	64,377	64,377
Total Assets	$ 211,401	$ 1,222,703	$ 1,434,104
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses:			
K12 Classroom, LLC	$ 203,701	$ 754,539	$ 958,240
Other	7,308	403,787	411,095
Right of Use Liability - Operating, Current Portion	-	41,985	41,985
Total Current Liabilities	211,009	1,200,311	1,411,320
Right of Use Liability - Operating, Noncurrent Portion	-	22,392	22,392
Total Liabilities	211,009	1,222,703	1,433,712
NET ASSETS WITHOUT DONOR RESTRICTIONS	392	-	392
Total Liabilities and Net Assets	$ 211,401	$ 1,222,703	$ 1,434,104

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier College and Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ -	$ 7,503,235	$ 7,503,235
Grant Revenue	-	1,344,570	1,344,570
Contributions and Donations	-	117	117
Other	1,489	-	1,489
Total Revenue and Support	1,489	8,847,922	8,849,411
EXPENSES			
Program Services	-	8,407,559	8,407,559
Management and General	370	440,363	440,733
Total Expenses	370	8,847,922	8,848,292
CHANGE IN NET ASSETS	1,119	-	1,119
Net Assets - Beginning of Year	392	-	392
NET ASSETS - END OF YEAR	$ 1,511	$ -	$ 1,511

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier College and Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ -	$ 6,041,335	$ 6,041,335
Grant Revenue	-	1,054,911	1,054,911
Contributions and Donations	-	153	153
Other	666	305	971
Total Revenue and Support	666	7,096,704	7,097,370
EXPENSES			
Program Services	-	6,719,993	6,719,993
Management and General	274	376,711	376,985
Total Expenses	274	7,096,704	7,096,978
CHANGE IN NET ASSETS	392	-	392
Net Assets - Beginning of Year	-	-	-
NET ASSETS - END OF YEAR	$ 392	$ -	$ 392

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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

Supplemental Audit Report of Hoosier Academy, Inc. dba: Hoosier College and Career Academy

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

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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
Hoosier Academy, Inc.
dba: Hoosier College and Career Academy
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Hoosier Academy, Inc. dba: Hoosier College and Career Academy (the School), which comprise the statement of financial position as of June 30, 2024, 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 23, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 23, 2024

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hoosier Academy, Inc. dba: Hoosier College and Career Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 23, 2024

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A210014	$ -	$ 153,449
Total - 84.010			-	153,449
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	H027A220084	-	368
Special Education Grants to States	84.027	H027A230084	-	209,467
Total - 84.027			-	209,835
Title II Supporting Effective Instruction State Grants	84.367	S367A200013	-	561
Title II Supporting Effective Instruction State Grants	84.367	S367A230013	-	16,471
Total - 84.367			-	17,032
Title IV Supporting Effective Instruction State Grants	84.424A	S424A230015	-	10,005
Total - 84.424A			-	10,005
COVID 19: Educational Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	-	65,744
COVID 19: Educational Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U200013	-	723,792
Total - 84.425			-	789,536
Total Department of Education			-	1,179,857
Total Expenditures of Federal Awards			$ -	$ 1,179,857

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Hoosier Academy, Inc. dba: Hoosier College and Career Academy (Hoosier Academy) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Hoosier Academy, it is not intended to and does not present the financial position, changes in net assets or cash flows of Hoosier Academy.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

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

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.425	Educational Stabilization Fund

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

Auditee qualified as low-risk auditee? ____x____ yes _____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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

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HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2023 TO JUNE 30, 2024

CPAs | CONSULTANTS | WEALTH ADVISORS

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HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
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HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Board President	Jayme Short-DeLeon	07/01/2023 – 06/30/2024
Head of School	David Rarick	07/01/2023 – 06/30/2024
Board Treasurer	Gary Meyer	07/01/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (Hoosier Academy) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 23, 2024. As part of our audit, we tested Hoosier Academy's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe Hoosier Academy was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 23, 2024

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AVERAGE DAILY MAINTENANCE (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Hoosier Academy, Inc. DBA: Hoosier College and Career Academy (Hoosier Academy) has adopted a policy requiring birth certificates, immunization records, and proof of residency. The process used did not result in maintaining consistent and complete enrollment records. Hoosier Academy had 1 of 90 students missing documentation as required by the policy (student was missing a birth certificate).

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

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. The process used to determine eligible pupil status resulted in two (2) student (fall) of the 90 tested being included in the ADM count that did not meet the qualifications of an eligible pupil due to students being unenrolled prior to the count day but were 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).

Hoosier Academy 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 Hoosier Academy (specifically Insight School of Indiana) because of incorrect reporting.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on December 17, 2024 with Jayme Short-Deleon (Board President), Gary Meyer (Board Treasurer), and representatives from K12, Inc. The Official Response has been made a part of this report and may be found on page 5.

HOOSIER
COLLEGE anc CAREER
ACADEMY
POWERED BY STRIDE K12

5650 Caito Drive
Indianapolis, IN 46226
317.495.6494
Fax: 317.454.0670
Website: https://hcca.k12.com

To Whom it may concern:

ADM Testing and Enrollment Documentation – Response by HOS

Background: The audit findings revealed that Hoosier Academy Indianapolis and Insight School of Indiana (now Hoosier College and Career Academy) have implemented a policy requiring the submission of birth certificates, immunization records, and proof of residency. In response, the Head of School (HOS) acknowledges the need to review this policy to ensure its alignment with all statutory and regulatory requirements governing charter schools. If deemed necessary, the HOS will propose changes to enhance the policy's consistency with relevant guidelines, thereby facilitating the maintenance of accurate and comprehensive enrollment records. Concurrently, district administration is committed to diligently acquiring all necessary enrollment documents during onboarding and throughout the academic year.

Moreover, the HOS acknowledges the need to continue corrective actions to ensure all students meet the qualifications of an eligible pupil and that those who are unenrolled prior to the count date are excluded from the date reporting and certification. Steps are currently in place to correct this oversight in documentation.

Summary: The district administration will take corrective action to address the ADM testing and enrollment documentation findings and work to ensure full compliance with the requirements set forth by the Indiana Department of Education. The identification of missing documentation for 1 out of 90 students and the inclusion of two students out of 90 who were incorrectly identified for count underscores the need for continued progress. School officials are committed to refining the enrollment process, ensuring that all necessary documents are consistently available in accordance with the stipulations outlined in the Indiana Code, thereby preventing future discrepancies. School officials will contact the IDOE to determine possible steps to correct any overpayment applicable to Hoosier.

Sincerely,



David Rarick

Executive Director

Hoosier Academy, Inc.



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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, 2024 AND 2023



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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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 16, 2025

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 12,785,558	$ 11,672,966
Grants Receivable	3,463,965	3,374,109
Total Current Assets	16,249,523	15,047,075
PROPERTY AND EQUIPMENT		
Leasehold Improvements	95,900	95,900
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(156,963)	(137,158)
Property and Equipment, Net	33,881	53,686
Total Assets	$ 16,283,404	$ 15,100,761
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to Connections Academy of Indiana, LLC	$ 5,677,812	$ 9,621,861
Accounts Payable and Accrued Expenses	1,245,602	1,287,085
Deferred Revenue	31,900	22,888
Total Current Liabilities	6,955,314	10,931,834
NET ASSETS WITHOUT DONOR RESTRICTIONS	9,328,090	4,168,927
Total Liabilities and Net Assets	$ 16,283,404	$ 15,100,761

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 44,085,558	$ 43,270,407
Grant Revenue	9,671,187	8,088,995
Contributions	-	93,700
Other	41,542	10,025
Total Revenue and Support	53,798,287	51,463,127
EXPENSES		
Program Services	41,959,752	43,317,281
Management and General	6,679,372	7,044,761
Total Expenses	48,639,124	50,362,042
CHANGES IN NET ASSETS	5,159,163	1,101,085
Net Assets - Beginning of Year	4,168,927	3,067,842
NET ASSETS - END OF YEAR	$ 9,328,090	$ 4,168,927

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 12,701,818	$ -	$ 12,701,818	$ 12,981,437	$ -	$ 12,981,437
Employee Benefits	3,952,964	-	3,952,964	4,065,743	-	4,065,743
Staff Development and Recruitment	224,135	45,453	269,588	265,588	7,911	273,499
Authorizer Fees	-	1,157,293	1,157,293	-	1,222,259	1,222,259
Professional Services	2,179,945	341,028	2,520,973	1,660,249	351,780	2,012,029
School Administration and Support Services	6,686,469	3,872,716	10,559,185	7,105,171	4,298,079	11,403,250
Classroom and Office Supplies	9,023,501	-	9,023,501	9,572,508	-	9,572,508
Technology	5,691,822	-	5,691,822	5,872,281	-	5,872,281
Testing	560,241	-	560,241	809,901	-	809,901
Occupancy	29,799	-	29,799	30,160	-	30,160
Travel	32,112	-	32,112	24,834	-	24,834
Depreciation	19,805	-	19,805	20,881	-	20,881
Equipment	6,973	-	6,973	11,879	-	11,879
Repairs and Maintenance	2,302	-	2,302	7,201	-	7,201
Insurance	-	5,154	5,154	-	5,078	5,078
Other	847,866	1,257,728	2,105,594	889,448	1,159,654	2,049,102
Total Functional Expenses	$ 41,959,752	$ 6,679,372	$ 48,639,124	$ 43,317,281	$ 7,044,761	$ 50,362,042

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 5,159,163	$ 1,101,085
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	19,805	20,881
Changes in Operating Assets and Liabilities:		
Grants Receivable	(89,856)	(978,763)
Due to Connections Academy of Indiana, LLC	(3,944,049)	1,681,928
Accounts Payable and Accrued Expenses	(41,483)	104,648
Deferred Revenue	9,012	(12,451)
Net Cash Provided by Operating Activities	1,112,592	1,917,328
Cash - Beginning of Year	11,672,966	9,755,638
CASH - END OF YEAR	$ 12,785,558	$ 11,672,966

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Indiana Online Learning Options, Inc. (IOL) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana, and is the governing body of two virtual public charter schools, Indiana Connections Academy (INCA) and Indiana Connections Career Academy (INCC). The 2017-2018 school year was the first year of operations for INCC. Both INCA and INCC (together referred to as the Schools) operate under Indiana Code 20-24 and are sponsored by Ball State University. The Schools are available to students residing in the state of Indiana and provide educational instruction to approximately 6,100 students in grades kindergarten through 12.

Accounting Estimates

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

Revenue Recognition

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

A portion of IOL's revenue is the product of cost reimbursement grants. Therefore, IOL recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, 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, 2024 and 2023.

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, 2024 and 2023.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and State Tuition Support Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. IOL believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. IOL believes that all balances will be collected.

Property and Equipment

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

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

Leasehold Improvements	3 to 7 Years
Furniture and Equipment	5 to 7 Years

Impairment of Long-Lived Assets

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

Taxes on Income

IOL has received a determination from the Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, IOL would be subject to tax on income unrelated to its tax-exempt purpose. For the periods ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

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

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

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

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

IOL's facility costs for the year ended June 30, 2024 and 2023 was $29,799 and $30,160, respectively.

Subsequent Events

The School evaluated subsequent events through January 16, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RETIREMENT PLANS

IOL's personnel are eligible to participate in a 401(k) retirement plan sponsored by Pearson Online & Blended Learning, LLC. Under the plan, IOL matches 100% of employee contributions up to 3% of compensation and 50% of employee contributions for the next 3% of compensation. IOL may also make additional discretionary contributions. No discretionary contributions were made in 2024 and 2023. Retirement plan expense for the years ended June 30, 2024 and 2023 was $299,740 and $265,948, respectively.

NOTE 3 COMMITMENTS

INCA and INCC operate under a single charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, IOL agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was $1,157,293 and $1,222,259 for the years ended June 30, 2024 and 2023, respectively. The charters remain in effect until June 30, 2026 and are renewable thereafter by mutual consent.

IOL has contracted with Connections Academy of Indiana, LLC to provide instructional materials and services as well as administrative and technology services to IOL. As compensation for these services, IOL negotiates a schedule of fees for services for each year of the term of agreement, which remains in effect until June 30, 2026.

Connections Academy of Indiana, LLC has agreed to make a contribution and/or issue credits against the amounts billed for services and products provided, if needed, to ensure that IOL does not end a fiscal year with a financial deficit. The total contribution was $-0- and $93,700 for the years ended June 30, 2024 and 2023, respectively, and the credits issued to IOL were $-0- for the years ended June 30, 2024 and 2023.

Such fees were as follows for the years ended June 30:

	2024	2023
Enrollment/Unit-Based Fees	$ 16,915,826	$ 17,040,151
Revenue-Based Fees	12,095,094	12,031,784
Total	29,010,920	29,071,935
Less: Total Contribution and Credits Issues	-	(93,700)
Net Fees	$ 29,010,920	$ 28,978,235

NOTE 4 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, 2024 and 2023, substantially all of the receivable balance was due from the state of Indiana.

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

NOTE 5 LIQUIDITY

Under ASU 2016-14, IOL is required to disclose the assets it has available at June 30, 2024 and 2023, 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, 2024 and 2023 totaling $16,249,523 and $15,047,075 respectively, all of which are available to meet cash needs for general expenditures within the next year.

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

NOTE 6 FUNCTIONAL EXPENSE REPORTING

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

INDIANA ONLINE LEARNING OPTIONS, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 10,402,577	$ 2,382,981	$ 12,785,558
Grants Receivable	2,867,220	596,745	3,463,965
Due from (to) Intercompany	424,032	(424,032)	-
Total Current Assets	13,693,829	2,555,694	16,249,523
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(156,963)	-	(156,963)
Property and Equipment, Net	33,881	-	33,881
Total Assets	$ 13,727,710	$ 2,555,694	$ 16,283,404
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 3,436,261	$ 2,241,551	$ 5,677,812
Accounts Payable and Accrued Expenses	1,066,832	178,770	1,245,602
Deferred Revenue	21,959	9,941	31,900
Total Current Liabilities	4,525,052	2,430,262	6,955,314
NET ASSETS WITHOUT DONOR RESTRICTIONS	9,202,658	125,432	9,328,090
Total Liabilities and Net Assets	$ 13,727,710	$ 2,555,694	$ 16,283,404

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 9,311,427	$ 2,361,539	$ 11,672,966
Grants Receivable	2,611,411	762,698	3,374,109
Due from (to) Intercompany	327,630	(327,630)	-
Total Current Assets	12,250,468	2,796,607	15,047,075
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(137,158)	-	(137,158)
Property and Equipment, Net	53,686	-	53,686
Total Assets	$ 12,304,154	$ 2,796,607	$ 15,100,761
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Academy of Indiana, LLC	$ 6,970,790	$ 2,651,071	$ 9,621,861
Accounts Payable and Accrued Expenses	1,151,687	135,398	1,287,085
Deferred Revenue	22,888	-	22,888
Total Current Liabilities	8,145,365	2,786,469	10,931,834
NET ASSETS WITHOUT DONOR RESTRICTIONS	4,158,789	10,138	4,168,927
Total Liabilities and Net Assets	$ 12,304,154	$ 2,796,607	$ 15,100,761

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 39,138,355	$ 4,947,203	$ 44,085,558
Grant Revenue	8,466,807	1,204,380	9,671,187
Other Income	1,562	39,980	41,542
Total Revenue and Support	47,606,724	6,191,563	53,798,287
EXPENSES			
Program Services	36,632,139	5,327,613	41,959,752
Management and General	5,930,716	748,656	6,679,372
Total Expenses	42,562,855	6,076,269	48,639,124
CHANGES IN NET ASSETS	5,043,869	115,294	5,159,163
Net Assets - Beginning of Year	4,158,789	10,138	4,168,927
NET ASSETS - END OF YEAR	$ 9,202,658	$ 125,432	$ 9,328,090

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	$ 38,429,484	$ 4,840,923	$ 43,270,407
Grant Revenue	7,117,030	971,965	8,088,995
Contribution Revenue	-	93,700	93,700
Other Income	8,396	1,629	10,025
Total Revenue and Support	45,554,910	5,908,217	51,463,127
EXPENSES			
Program Services	38,166,678	5,150,603	43,317,281
Management and General	6,286,334	758,427	7,044,761
Total Expenses	44,453,012	5,909,030	50,362,042
CHANGES IN NET ASSETS	1,101,898	(813)	1,101,085
Net Assets - Beginning of Year	3,056,891	10,951	3,067,842
NET ASSETS - END OF YEAR	$ 4,158,789	$ 10,138	$ 4,168,927

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

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 16, 2025

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

Board of Directors
Indiana Online Learning Options, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Indiana Online Learning Options, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

Board of Directors
Indiana Online Learning Options, Inc.

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

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 16, 2025

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Education:			
Passed-Through from Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A220014	$ 22,218
Title I Grants to Local Educational Agencies	84.010	S010A230014	1,071,488
Total Assistance Listing Number 84.010			1,093,706
Special Education Cluster (IDEA)			
Passed-Through from Indiana Department of Education:			
Special Education Grants to States	84.027A	H027A230084	1,159,956
Special Education Preschool Grants	84.173A	H173A220104	18,015
Total Special Education Cluster (IDEA)			1,177,971
Passed-Through from Indiana Department of Education:			
English Language Acquisition State Grants	84.365A	S365A230014	12,654
English Language Acquisition State Grants	84.365A	S365A220015	1,801
Total Assistance Listing Number 84.365			14,455
Passed-Through from Indiana Department of Education:			
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A220013	22,198
Improving Teacher Quality State Grants)	84.367	S367A230013	140,111
Total Assistance Listing Number 84.367			162,309
Passed-Through from Indiana Department of Education:			
Student Support and Academic Enrichment Program	84.424A	S424A220015	7,556
Student Support and Academic Enrichment Program	84.424A	S424A230015	39,005
Total Assistance Listing Number 84.424			46,561
Passed-Through from Indiana Department of Education:			
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U200013	3,269,106
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	437,962
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425W	S425W210015	15,713
Total Assistance Listing Number 84.425			3,722,781
Total U.S. Department of Education			6,217,783
Total Expenditures of Federal Awards			$ 6,217,783

See accompanying Notes to Schedule of Expenditures of Federal Awards.

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Indiana Online Learning Options, Inc. (the School) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

The School did not make any federal awards to subrecipients during the year ended June 30, 2024.

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.425	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? ____x____ yes _____ no

Section II – Financial Statement Findings

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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SUPPLEMENTAL AUDIT REPORT OF INDIANA ONLINE LEARNING OPTIONS, INC.

MARION COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



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INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
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INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
President of Board of Directors	Stacy Taylor	07/01/2023 – 06/30/2024
Executive Director	Kelly Simone	07/01/2023 – 06/30/2024
Board Treasurer	Andrew Norris	07/01/2023 – 06/30/2024

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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, 2024, and have issued our report thereon dated January 16, 2025. As part of our audit, we tested IOL's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 16, 2025

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INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024.

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on January 3, 2025, with the School's Executive Director Kelly Simone and representatives from Pearson Education.

INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024 that required an official response.

Global
INDEPENDENT
NETWORK MEMBER

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Lighthouse Academies of Northwest Indiana
(for East Chicago Lighthouse Charter School
and Gary Lighthouse Charter School)

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NWILCS, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2025, on our consideration of NWILCS's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of NWILCS's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NWILCS's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 24, 2025

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 8,246,339	$ 7,017,264
Cash - Restricted for Bond Interest	400,120	396,044
Accounts Receivable:		
Grants	8,790,049	5,979,699
Other	66,150	49,226
Prepaid Expenses	52,101	289,613
Total Current Assets	17,554,759	13,731,846
PROPERTY AND EQUIPMENT, NET	15,948,198	15,413,048
OTHER ASSETS		
Cash - Restricted for Debt Service	1,682,430	1,689,288
Cash - Restricted for Property Repairs and Replacement	533,103	370,467
Right-of-Use Asset, Net	464,726	376,739
Total Other Assets	2,680,259	2,436,494
Total Assets	$ 36,183,216	$ 31,581,388
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	$ 335,000	$ 375,000
Accounts Payable and Accrued Expenses	1,345,043	1,881,847
Right-of-Use Liability, Current	175,001	169,318
Total Current Liabilities	1,855,044	2,426,165
LONG-TERM LIABILITIES		
Right-of-Use Liability, Noncurrent	289,725	207,421
Bonds Payable	17,648,332	17,983,332
Less: Unamortized Debt Issuance Costs	(188,925)	(198,141)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	17,459,407	17,785,191
Total Liabilities	19,604,176	20,418,777
NET ASSETS, WITHOUT DONOR RESTRICTIONS	16,579,040	11,162,611
Total Liabilities and Net Assets	$ 36,183,216	$ 31,581,388

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 15,147,860	$ 13,949,196
Grant Revenue	15,791,749	17,767,651
Student Fees	82,001	96,572
Contributions	754	23,072
Interest	149,459	86,583
Other	90,834	17,947
Total Revenue and Support	31,262,657	31,941,021
EXPENSES		
Program Services	22,312,015	23,457,829
Management and General	3,534,213	3,536,099
Total Expenses	25,846,228	26,993,928
CHANGES IN NET ASSETS	5,416,429	4,947,093
Net Assets - Beginning of Year	9,177,138	4,230,045
NET ASSETS - END OF YEAR	$ 14,593,567	$ 9,177,138

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Salaries and Wages	$ 11,203,601	$ 1,414,879	$ 12,618,480
Employee Benefits	2,666,701	189,071	2,855,772
Staff Development and Recruitment	401,406	169,378	570,784
Academic Services - Lighthouse Academics	361,958	-	361,958
Authorizer Oversight Fee	-	244,036	244,036
Food Service	1,040,949	35,942	1,076,891
Transportation Service	1,391,518	-	1,391,518
Information Technology	614,171	506,598	1,120,769
Other Professional Services	184,974	619,066	804,040
Equipment Rental and Expenses	22,293	4,646	26,939
Classroom, Kitchen, and Office Supplies	1,388,923	51,544	1,440,467
Occupancy	977,669	218,576	1,196,245
Rent	14,880	71,261	86,141
Depreciation	732,687	-	732,687
Interest	1,310,285	9,216	1,319,501
Total Expenses by Function	$ 22,312,015	$ 3,534,213	$ 25,846,228

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries and Wages	$ 9,283,860	$ 2,387,227	$ 11,671,087
Employee Benefits	2,649,484	141,875	2,791,359
Staff Development and Recruitment	57,106	7,948	65,054
Academic Services - Lighthouse Academics	-	125,179	125,179
Authorizer Oversight Fee	-	266,246	266,246
Food Service	946,697	-	946,697
Transportation Service	961,999	-	961,999
Information Technology	105,868	-	105,868
Other Professional Services	1,731,176	417,366	2,148,542
Equipment Rental and Expenses	894,818	-	894,818
Classroom, Kitchen, and Office Supplies	3,628,180	53,939	3,682,119
Occupancy	990,218	55,913	1,046,131
Depreciation	648,610	-	648,610
Interest	1,334,269	-	1,334,269
Other	225,544	80,406	305,950
Total Expenses by Function	$ 23,457,829	$ 3,536,099	$ 26,993,928

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$ 5,416,429	$ 4,947,093
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	732,687	648,610
Amortization	9,216	9,216
Changes in Certain Assets and Liabilities:		
Grants Receivable	(2,810,350)	(2,761,571)
Other Receivables	(16,924)	5,570
Prepaid Expenses	237,512	(150,231)
Accounts Payable and Accrued Expenses	(536,804)	(684)
Net Cash Provided by Operating Activities	3,031,766	2,698,003
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,267,837)	(708,253)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Bonds Payable	(375,000)	(355,000)
NET CHANGE IN CASH AND RESTRICTED CASH	1,388,929	1,634,750
Cash and Restricted Cash - Beginning of Year	9,473,063	7,838,313
CASH AND RESTRICTED CASH - END OF YEAR	$ 10,861,992	$ 9,473,063
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash - Unrestricted	$ 8,246,339	$ 7,017,264
Cash - Restricted for Bond Interest	400,120	396,044
Cash - Restricted for Debt Service	1,682,430	1,689,288
Cash - Restricted for Property Repairs and Replacement	533,103	370,467
Cash and Restricted Cash - End of Year	$ 10,861,992	$ 9,473,063
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 1,310,287	$ 1,325,052

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Northwest Indiana Lighthouse Charter Schools (NWILCS), a public benefit nonprofit organization incorporated under the laws of the state of Indiana, is the organizer and governing body of two charter schools located in Indiana. Both schools are public charter schools established under Indiana Code 20-24 and are sponsored by Ball State University. Gary Lighthouse Charter School served approximately 1,100 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 470 students in grades kindergarten through eight during the 2023 - 2024 school year.

Accounting Estimates

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

Revenue Recognition

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

A portion of NWILCS's revenue is the product of cost reimbursement grants. Accordingly, NWILCS recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

NWILCS receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. When restricted support is received and the restriction is satisfied in the current year, the activity is reported in net assets without donor restrictions. NWILCS did not have any conditional grants or contributions as of June 30, 2024 and 2023.

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, 2024 and 2023.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

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

Property and Equipment

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

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

Building and Improvements	30 Years
Furniture and Equipment	3 to 5 Years

Impairment of Long-Lived Assets

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

Debt Issuance Costs

NWILCS incurred debt issuance costs totaling $258,046 associated with securing financing under Indiana Finance Authority Education Facilities Revenue Bonds. Amortization of the debt issuance costs is provided on a straight-line basis over the term of the bonds (27 years). Accumulated amortization was $69,121 and $59,905 as of June 30, 2024 and 2023, respectively. Amortization expense was $9,216 for the years ended June 30, 2024 and 2023. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs,* debt issuance costs are presented on the statements of financial position as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

NWILCS has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, NWILCS would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

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

Change in Accounting Principles

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

NWILCS determines if an arrangement is a least at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the statement of financial position.

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

Reclassifications

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

Subsequent Events

NWILCS evaluated subsequent events through January 24, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

Cash

Restricted for bond interest is reserved for the payment of interest on the bond semi-annually. Funds are placed in the account monthly to cover one-sixth of the semi-annual interest payment.

Restricted for debt service is reserved for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements.

Restricted for property repairs and replacement was established with the bond proceeds and represents resources available for repairing and replacing facilities.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of June 30:

	2024	2023
Land	$ 1,245,200	$ 1,245,200
Buildings and Improvements	18,712,042	17,908,695
Furniture and Equipment	703,832	526,222
Construction in Progress	342,115	55,235
Subtotal	21,003,189	19,735,352
Less: Accumulated Depreciation	(5,054,991)	(4,322,304)
Total	$ 15,948,198	$ 15,413,048

NOTE 4 BONDS PAYABLE

NWILCS purchased its facilities with Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2016 with original amounts totaling $19,950,000. Principal is payable in annual installments that increase from $280,000 to $1,575,000, beginning in December 2018 and maturing in December 2044. Interest payments are made semi-annually at rates ranging from 6.25% to 7.25% in accordance with the bond agreements. The bonds are secured by land, buildings, and improvements.

The Indiana Finance Authority Educational Facilities Revenue Bond agreements contain certain covenants requiring:

- submission of audited financial statements within 150 days after the end of the fiscal year or, if audited, financial statements are not available at that time, unaudited financial statements, and audited financial statements within 10 business days after availability;

- a minimum 45 day cash on hand as of June 30, 2019 and each annual reporting period thereafter (35 days cash on hand as of June 30, 2018); and

- meeting a minimum debt service coverage ratio of 1.15 to 1.00, measured annually.

NWILCS was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2024.

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

Year Ending June 30,	Amount
2025	$ 335,000
2026	425,000
2027	455,000
2028	485,000
2029	520,000
Thereafter	15,763,333
Total	$ 17,983,333

NOTE 5 LEASES

NWILCS leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2029. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Right-of-use assets obtained in exchange for new operating lease liabilities was $307,367 and $605,233 for the years ended June 30, 2024 and 2023, respectively. Lease expense associated with all third-party leases was $224,314 and $243,060 for the years ended June 30, 2024 and 2023, respectively.

	2024	2023
Lease Cost:		
Operating Lease Cost	$ 224,314	$ 243,060
Other Information:		
Operating Cash Flows from Operating Leases	$ 221,683	$ 240,420
Weighted-Average Remaining Lease Term - Operating Leases	3.5 Years	3.1 Years
Weighted-Average Discount Rate - Operating Leases	4.19 %	3.53 %

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

Year Ending June 30,	Operating
2025	$ 188,163
2026	152,423
2027	51,293
2028	51,293
2029	51,293
Undiscounted Cash Flows	494,465
(Less) Imputed Interest	(29,740)
Total Present Value	$ 464,726
Short-Term Lease Liabilities	$ 175,001
Long-Term Lease Liabilities	289,725
Total	$ 464,726

NOTE 6 RETIREMENT PLAN

For the year ended June 30, 2023, all NWILCS personnel were employees of Lighthouse Academies, Inc., which provides management services to the School. NWILCS personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, NWILCS matches 100% of employee contributions up to 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the School Board of Directors. No discretionary contributions were made during the years ended June 30, 2023. Retirement plan expense was $98,685 for the years ended June 30, 2023.

NOTE 6 RETIREMENT PLAN (CONTINUED)

For the year ended June 30, 2024, the Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 21 years of age and have at least 30 days of employment. Under the Plan, the Corporation matches up to 4% of each participant's contributions for the plan year

Retirement plan expense was $198,225 for the year ended June 30, 2024.

NOTE 7 COMMITMENTS

The School has contracted with Lighthouse Academies, Inc. to provide management, administrative, and educational programming services for each of its schools. Under the terms of the agreements, The School has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services, plus any necessary travel costs. This agreement was terminated during the year ended June 30, 2023. Expense under the agreement for both academic oversight and travel costs was $125,179 for the year ended June 30, 2023.

The School's two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Total expense under the charter agreements was $244,036 and $266,246 for the years ended June 30, 2024 and 2023, respectively.

NOTE 8 RISKS AND UNCERTAINTIES

NWILCS provides education services to families residing in Lake and surrounding counties of Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the state of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect NWILCS. Additionally, NWILCS is subject to monitoring and audit by state and federal agencies. These examinations may result in additional liability to be imposed.

Financial instruments that potentially subject NWILCS to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024 and 2023, substantially all receivable balances were due from the state of Indiana.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the NWILCS is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The NWILCS's financial assets include cash, restricted cash, grants receivable, and other receivables.

	2024	2023
Financial Assets	$ 19,718,191	$ 15,501,988
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	(2,615,653)	(2,455,799)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 17,102,538	$ 13,046,189

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

NOTE 10 FUNCTIONAL EXPENSE REPORTING

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

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
OTHER REPORT
JUNE 30, 2024

The reports presented herein were prepared in addition to another official report prepared for Northwest Indiana Lighthouse Charter Schools as listed below:

Supplemental Audit Report of Northwest Indiana Lighthouse Charter Schools

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

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 2,327,561	$ 5,918,778	$ -	$ 8,246,339
Cash - Restricted for Bond Interest	320,096	80,024	-	400,120
Accounts Receivable:				
Grants	6,675,326	2,114,723	-	8,790,049
Related Party Accounts Receivable	1,518,445	-	(1,518,445)	-
Other Receivables	46,224	19,926	-	66,150
Prepaid Expenses	48,051	4,050	-	52,101
Total Current Assets	10,935,703	8,137,501	(1,518,445)	17,554,759
PROPERTY AND EQUIPMENT, NET	12,565,362	3,382,836	-	15,948,198
OTHER ASSETS				
Cash - Restricted for Debt Service	1,345,944	336,486	-	1,682,430
Cash - Restricted for Property Repairs and Replacement	405,819	127,284	-	533,103
Right-of-Use Asset, Net	413,257	51,469	-	464,726
Total Other Assets	2,165,020	515,239	-	2,680,259
Total Assets	$ 25,666,085	$ 12,035,576	$ (1,518,445)	$ 36,183,216
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 268,000	$ 67,000	$ -	$ 335,000
Accounts Payable and Accrued Expenses	1,097,210	247,833		1,345,043
Accounts Payable Related Party	-	1,518,445	(1,518,445)	-
Right-of-Use Liability, Current	145,404	29,597	-	175,001
Total Current Liabilities	1,510,614	1,862,875	(1,518,445)	1,855,044
LONG-TERM LIABILITIES				
Right of Use Liability, Noncurrent	267,853	21,872	-	289,725
Bonds Payable	14,208,665	3,439,667	-	17,648,332
Less: Unamortized Debt Issuance Costs	(151,995)	(36,930)	-	(188,925)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	14,056,670	3,402,737	-	17,459,407
Total Liabilities	15,835,137	5,287,484	(1,518,445)	19,604,176
NET ASSETS, WITHOUT DONOR RESTRICTIONS	9,830,948	6,748,092	-	16,579,040
Total Liabilities and Net Assets	$ 25,666,085	$ 12,035,576	$ (1,518,445)	$ 36,183,216

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 3,256,150	$ 3,761,114	$ -	$ 7,017,264
Cash - Restricted for Bond Interest	316,835	79,209	-	396,044
Accounts Receivable:				
Grants	3,911,786	2,067,913	-	5,979,699
Related Party Accounts Receivable	531,619	680,328	(1,211,947)	-
Other Receivables	29,300	19,926	-	49,226
Prepaid Expenses	191,722	97,891	-	289,613
Total Current Assets	8,237,412	6,706,381	(1,211,947)	13,731,846
PROPERTY AND EQUIPMENT, NET	12,393,471	3,019,577	-	15,413,048
OTHER ASSETS				
Cash - Restricted for Debt Service	1,351,430	337,858	-	1,689,288
Cash - Restricted for Property Repairs and Replacement	277,184	93,283	-	370,467
Right-of-Use Asset, Net	308,270	68,469		376,739
Total Other Assets	1,936,884	499,610	-	2,436,494
Total Assets	$ 22,567,767	$ 10,225,568	$ (1,211,947)	$ 31,581,388
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	$ 300,000	$ 75,000	$ -	$ 375,000
Accounts Payable and Accrued Expenses	698,555	1,183,292	-	1,881,847
Accounts Payable Related Party	680,328	531,619	(1,211,947)	-
Right-of-Use Liability, Current	136,776	32,542	-	169,318
Total Current Liabilities	1,815,659	1,822,453	(1,211,947)	2,426,165
LONG-TERM LIABILITIES				
Right-of-Use Liability, Noncurrent	171,494	35,927	-	207,421
Bonds Payable	14,476,665	3,506,667	-	17,983,332
Less: Unamortized Debt Issuance Costs	(159,410)	(38,731)	-	(198,141)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	14,488,749	3,503,863	-	17,992,612
Total Liabilities	16,304,408	5,326,316	(1,211,947)	20,418,777
NET ASSETS, WITHOUT DONOR RESTRICTIONS	6,263,359	4,899,252	-	11,162,611
Total Liabilities and Net Assets	$ 22,567,767	$ 10,225,568	$ (1,211,947)	$ 31,581,388

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 10,687,412	$ 4,460,448	$ -	$ 15,147,860
Grant Revenue	11,667,738	4,124,011	-	15,791,749
Student Fees	42,829	39,172	-	82,001
Contributions	504	250	-	754
Interest	113,126	36,333	-	149,459
Other	55,189	35,645	-	90,834
Total Revenue and Support	22,566,798	8,695,859	-	31,262,657
EXPENSES				
Program Services	16,247,461	6,064,554	-	22,312,015
Management and General	2,751,748	782,465	-	3,534,213
Total Expenses	18,999,209	6,847,019	-	25,846,228
CHANGES IN NET ASSETS	3,567,589	1,848,840	-	5,416,429
Net Assets - Beginning of Year	6,263,359	4,899,252	-	11,162,611
NET ASSETS - END OF YEAR	$ 9,830,948	$ 6,748,092	$ -	$ 16,579,040

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 9,998,582	$ 3,950,614	$ -	$ 13,949,196
Grant Revenue	12,964,217	4,803,434	-	17,767,651
Student Fees	73,899	22,673	-	96,572
Contributions	21,838	1,234	-	23,072
Interest	68,800	17,783	-	86,583
Other	9,821	8,126	-	17,947
Total Revenue and Support	23,137,157	8,803,864	-	31,941,021
EXPENSES				
Program Services	17,118,411	6,339,418	-	23,457,829
Management and General	2,725,512	810,587	-	3,536,099
Total Expenses	19,843,923	7,150,005	-	26,993,928
CHANGES IN NET ASSETS	3,293,234	1,653,859	-	4,947,093
Net Assets - Beginning of Year	2,970,125	3,245,393	-	6,215,518
NET ASSETS - END OF YEAR	$ 6,263,359	$ 4,899,252	$ -	$ 11,162,611

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

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

We have audited, in accordance with the generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statement of financial position as of June 30, 2024, 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 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

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Report on Compliance and Other Matters

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

NWILCS's Response to Findings

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 24, 2025

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

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwest Indiana Lighthouse Charter Schools January 24, 2025' (NWILCS) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NWILCS's major federal programs for the year ended June 30, 2024. NWILCS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, NWILCS complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 to be a material weakness and 2024-003 to be a significant deficiency.

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

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 24, 2025

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education:				
Child Nutrition Cluster:				
School Breakfast Lunch Program	10.553	N/A	$ -	$ 351,137
National School Lunch Program	10.555	N/A	-	786,923
Total Child Nutrition Cluster			-	1,138,060
Total U.S. Department of Agriculture			-	1,138,060
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220014, S010A230014, S010A240014	-	2,955,509
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A220084, H027A230084, H027A240084	-	475,857
Special Education ARP	84.173	H173A220104, H173A220104, H173A230104	-	11,480
Total for Special Education Cluster			-	487,337
English Language Acquisition State Grants	84.365	S365A230014, S365A240014	-	22,607
Supporting Effective Instruction to State Grants	84.367	S367A210013, S367A220013, S367A230013	-	316,853
Student Support and Academic Enrichment Grants	84.424	S424A210015, S424A220015, S424A230015	-	248,927
Education Stabilization Fund Program:				
COVID-19 ESSER Formula Fund II	84.425D	S425D210013	-	1,805,477
COVID-19 ESSER Formula Fund III	84.425U	S425D210013	-	6,143,986
COVID-19 ESSER Formula Fund III McKenny Vento	84.425W	S425W210015	-	21,902
Total Education Stabilization Fund Program			-	7,971,365
Total U.S. Department of Education			-	12,002,598
Total Federal Awards Expended			$ -	$ 13,140,658

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Indiana Lighthouse Charter Schools (NWILCS) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NWILCS, it is not intended to and does not present the financial position, changes in net assets or cash flows of NWILCS.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

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

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

1. Internal control over major federal programs:
   - Material weakness(es) identified? ____x____ yes _____ no
   - Significant deficiency(ies) identified? ____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

Assistance Listing Number(s)	**Name of Federal Program or Cluster**
84.425	Education Stabilization Fund Program

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

Auditee qualified as low-risk auditee? _____ yes ____x____ no

Section II – Financial Statement Findings

2024 – 001: Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. Various significant audit adjustments were proposed and posted through the audit process. The adjustments were a necessary step in ensuring the financial statements were fairly stated in accordance with U.S. GAAP.

Criteria or specific requirement: In an ideal control setting, NWILCS would have a comprehensive control procedure to ensure that the financial statements, including disclosures are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable U.S. GAPP.

Context: While performing audit procedures, it was noted that management did not have appropriate procedures in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: It is possible that a misstatement of the NWILCS' financial statements could occur and not be prevented or detected by the NWILCS' internal control.

Cause: NWILCS' controls were not able to detect the adjustments made as part of the audit. NWILCS does not have a comprehensive review process to ensure that the financial statements, including disclosures, are complete and accurate.

Repeat finding: No.

Recommendation: We recommend that management review controls related to financial statement preparation review at the end of each period. Financial statement preparation should include a review of reconciliations and balances to ensure that financial statement line items are properly stated and classified. Internally prepared financial statements should also be reviewed by members of management outside the finance department on a periodic (monthly or quarterly).

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

Section II – Financial Statement Findings (Continued)

2024 – 002: Interfund Activity

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. Interfund activity for Gary and East Chicago had not been reviewed on a stand-alone basis to ensure the activity was properly reflected in each school.

Criteria or specific requirement: In an ideal control setting, NWILCS would have a comprehensive control procedure to ensure that the financial statements are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable U.S. GAAP and NWILCS' operations.

Context: While performing audit procedures, it was noted that management did not have appropriate procedures in place to provide reasonable assurance that interfund activity is reasonable based upon operations of NWILCS.

Effect: It is possible that a misstatement of the NWILCS' financial statements could occur and not be prevented or detected by the NWILCS' internal control.

Cause: NWILCS' controls were not able to detect the adjustments made as part of the audit. NWILCS does not have a comprehensive review process to ensure that the stand alone financial statements for both Gary and East Chicago are complete and accurate.

Repeat finding: No.

Recommendation: We recommend that management review controls related to interfund activity on a regular basis (monthly or quarterly) to ensure that total activity accurately reflects both Gary and East Chicago on a standalone basis and is reasonable.

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

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 003: Allowable Costs

Federal Agency: U.S. Department Education
Federal Program Name: Education Stabilization Fund
Assistance Listing Number: 84.425
Pass-Through Agency: Indiana Department of Education
Pass-Through Numbers: S425D210013, S425D210013, S425W210015
Award Period: July 1, 2023 – June 30, 2024
Type of Finding:

- Significant Deficiency in Internal Control Over Compliance
- Other Matters

Criteria or specific requirement: The Compliance Supplement requires that compensation for personal services be charged to the federal grant based upon approved actual time worked on the program and not based on an allocation or budget (2 CFR 200.430(i)).

Condition: While performing audit procedures, it was noted that payroll expenses were charged to the grant program but were not supported with time and effort documentation and was for an employee bonus.

Questioned costs: $6,631

Context: During the process of obtaining an understanding of internal controls and processing of payroll expenditures, we noted payroll charge to the grant did not have time and effort documentation for amounts charged to the grant and included a bonus employee charged to the grant inaccurately.

Cause: Salary figures for salaried employees were charged to the federal grant based on unsupported work actually performed for the program and inaccurate payroll costs were charged to the grant for an employee bonus.

Effect: NWILCS has not fully followed compliance attributes with the allowable costs principles set forth by the Compliance Supplement related to allocation of salaries being charged based on approved time worked for a program. Personnel need to reinforce policies to ensure control procedures are in place to ensure salaries charged to a grant are appropriately based on actual approved time worked in a program.

Repeat finding: No.

Recommendation: We recommend NWILCS ensure policies and procedures for payroll expenditures for grant programs be charged to the federal grant based on approved hours worked in the program.

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

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

2024 – 004: Reporting

Federal Agency: U.S. Department Education
Federal Program Name: Education Stabilization Fund
Assistance Listing Number: 84.425
Pass-Through Agency: Indiana Department of Education
Pass-Through Numbers: S425D210013, S425D210013, S425W210015
Award Period: July 1, 2023 – June 30, 2024
Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Other Matters

Criteria or specific requirement: Grantees must submit an annual performance report with data on expenditures, planned expenditures, subrecipients, and uses of funds, including for mandatory reservations. Amounts reports must be supported by the unit's records. Per 2 CFR 200.303, The non-Federal entity must: (a) Establish and maintain effective internal control over the federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States of the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: While performing audit procedures, it was noted that NWILCS did not file the required annual report that was due during the audit period.

Questioned costs: None.

Context: During audit testing, it was noted that the annual reporting was not completed by NWILCS as required during the audit period.

Cause: The reporting requirement was missed due to management's oversight.

Effect: NWILCS has not fully followed compliance attributes with the reporting requirements set forth by the Compliance Supplement. Personnel need to reinforce policies to ensure control procedures are in place to ensure all required grant compliance items are reviewed, approved, and completed in accordance with grant requirements.

Repeat finding: No.

Recommendation: We recommend that NWILCS implement procedures and controls to ensure the required reports are accurate and completed timely.

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

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SUPPLEMENTAL AUDIT REPORT OF

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS

LAKE COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



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NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
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NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
President of Board of Directors	Alyse Nicholson	07/01/2023 – 06/30/2024
Superintendent	Jessica Beasley	07/01/2023 – 06/30/2024
Controller	Jonathan Tebeleff	07/01/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

We have audited the financial statements of Northwest Indiana Lighthouse Charter Schools (NWILCS) as of and for the year ended June 30, 2024, and have issued our report thereon dated January 24, 2025. 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 NWILCS was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 24, 2025

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AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, NWILCS 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 (4) students (1 fall, 3 spring) of the 60 tested for enrollment at East Chicago Lighthouse Charter School (ECLCS) and four (4) students (4 spring) of the 60 tested for enrollment at Gary Lighthouse Charter School (GLCS). The students at ECLCS and GLCS were missing the proof of residency documentation, enrollment packet documentation, and/or birth certificate as required by the School's policy.

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

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

TRAVEL – MILEAGE REIMBURSEMENT

During our testing of the travel vouchers, we discovered 1 of the 1 mileage reimbursement tested for ECLCS and 1 of the 1 mileage reimbursement tested for GLCS had incorrect mileage rates being used in the calculation for reimbursement. The 2022 rate was used to calculate reimbursements from 2023 and 2024. NWILCS policy is to follow the federal mileage rate. The amount of $13.89 should have been reimbursed to employees for those tested.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

CAPITAL ASSETS

NWILCS was unable to provide records showing a complete inventory was taken within the last two years as required.

Every charter school must have a complete inventory of all capital assets owned which reflects their acquisition value. Such inventory must be recorded on the applicable Capital Asset Ledger. A complete inventory shall be taken for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 15)

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed on December 27, 2024 with Jessica Beasley (Superintendent), Latrice Franklin (Deputy Director of People and School Administration), and David Sevier (Director of Finance). Official response has been made part of this report and may be found starting on page 5.

December 30, 2024

RE: Response to Northwest Indiana Lighthouse Charter School Supplemental Audit Report

Average Daily Attendance (ADM) Testing

Response: Northwest Indiana Lighthouse Charter Schools, requires the following documents to be in full compliance with both state and organizational criteria:

- Northwest Indiana Lighthouse Charter Schools has amended its required criteria to be in alignment with state requirements for enrollment.
    - Birth Certificate
    - Proof of Residency
    - Copy of a State Issued ID
- We regularly audit all student files
- There is ample outreach to families to secure all documentation; however, we follow all IDOE requirements which allows students to be registered without the documentation and no penalty for not having all documentation on file

2901 Carlson Drive Suite 383,
Hammond, IN 46323
(219) 880-1762
nwilcs.org

December 30, 2024

RE: Response to Northwest Indiana Lighthouse Charter Schools Supplemental Audit Report

Travel - Mileage Reimbursement

Response: Moving forward, we will update our forms and ensure we are using the correct mileage reimbursement amount of $0.49 per mile for all employees per the current guidance. The team will be sure to update its policy in accordance with given guidance around reimbursement.

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Hammond, IN 46323
(219) 880-1762
nwilcs.org

December 30, 2024

RE: Response to Northwest Indiana Lighthouse Charter Schools Supplemental Audit Report

Capital Assets Inventory

Response:

We will develop and update our procedure that allows for a physical inventory account in May of every other year, as this is a two year requirement starting with this school year to be completed as soon as possible.

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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, 2024 AND 2023



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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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Northern Rush County Schools, Incorporated dba: Mays Community Academy, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Rush County Schools, Incorporated dba: Mays Community Academy as of June 30, 2024 and 2023, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

The accompanying financial statements have been prepared assuming that the entity will continue as a going concern. As discussed in Note 1 to the financial statements, the School has experienced significant decreases in enrollment for the previous School years, which has required the School to seek out additional borrowings and utilize cash reserves. The decrease in enrollment significantly reduces revenue for operations and repayment on the additional borrowings. Management's evaluation of the events and conditions and management's plans regarding these matters also are described in Note 1. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Rush County Schools, Incorporated dba: Mays Community Academy's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northern Rush County Schools, Incorporated dba: Mays Community Academy's internal control. Accordingly, no such opinion is expressed.

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

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Rush County Schools, Incorporated dba: Mays Community Academy's ability to continue as a going concern for a reasonable period of time.

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 28, 2024

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 87,820	$ 63,067
Grants Receivable	11,280	38,590
Total Current Assets	99,100	101,657
PROPERTY AND EQUIPMENT		
Land	88,400	88,400
Buildings and Improvements	783,331	783,331
Furniture and Equipment	296,829	296,829
Software and Textbooks	90,082	90,082
Vehicles	5,000	5,000
Less: Accumulated Depreciation	(510,139)	(459,648)
Property and Equipment, Net	753,503	803,994
OTHER ASSETS		
Security Deposit	3,900	3,900
Total Assets	$ 856,503	$ 909,551
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 246,635	$ 94,957
Accounts Payable and Accrued Expenses	79,886	98,528
Total Current Liabilities	326,521	193,485
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	197,974	359,948
Total Liabilities	524,495	553,433
NET ASSETS WITHOUT DONOR RESTRICTIONS	332,008	356,118
Total Liabilities and Net Assets	$ 856,503	$ 909,551

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, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 1,105,637	$ 1,151,516
Grant Revenue	561,681	782,923
Student Fees	118,037	72,933
Contributions	1,273	682
Fundraising and Other Income	38,817	46,299
Total Revenue and Support	1,825,445	2,054,353
EXPENSES		
Program Services	1,368,858	1,588,724
Management and General	480,697	546,860
Total Expenses	1,849,555	2,135,584
CHANGE IN NET ASSETS	(24,110)	(81,231)
Net Assets - Beginning of Year	356,118	437,349
NET ASSETS - END OF YEAR	$ 332,008	$ 356,118

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 707,458	$ 223,225	$ 930,683	$ 832,063	$ 269,774	$ 1,101,837
Employee Benefits	173,753	21,769	195,522	197,551	27,427	224,978
Staff Development	2,597	-	2,597	3,481	-	3,481
Professional Services	88,228	114,895	203,123	88,470	134,601	223,071
Repairs and Maintenance	-	16,540	16,540	-	30,698	30,698
Authorizer Oversight Fees	-	26,171	26,171	-	26,628	26,628
Food Costs	55,725	-	55,725	57,966	-	57,966
Transportation	152,996	-	152,996	166,217	-	166,217
Information Technology	2,126	-	2,126	3,040	-	3,040
Advertising	-	368	368	-	8	8
Classroom, Kitchen, and Office Supplies	39,555	12,412	51,967	55,922	6,585	62,507
Occupancy	42,598	-	42,598	52,492	-	52,492
Depreciation	50,491	-	50,491	54,456	-	54,456
Interest	-	57,466	57,466	-	43,705	43,705
Insurance	52,359	-	52,359	76,276	-	76,276
Other	972	7,851	8,823	790	7,434	8,224
Total Functional Expenses	$ 1,368,858	$ 480,697	$ 1,849,555	$ 1,588,724	$ 546,860	$ 2,135,584

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ (24,110)	$ (81,231)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	50,491	54,456
Changes in Operating Assets and Liabilities:		
Grants Receivable	27,310	204,152
Accounts Payable and Accrued Expenses	(18,642)	(37,874)
Net Cash Provided by Operating Activities	35,049	139,503
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	960,400	83,376
Repayment of Notes Payable	(970,696)	(306,846)
Net Cash Used by Financing Activities	(10,296)	(223,470)
NET CHANGE IN CASH	24,753	(83,967)
Cash - Beginning of Year	63,067	147,034
CASH - END OF YEAR	$ 87,820	$ 63,067
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 57,466	$ 43,705

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 120 and 150 students during the years ended June 30, 2024 and 2023, respectively, in grades kindergarten through eight.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees, 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, 2024 and 2023, the School did not have any such deferred revenue.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Grants

The School receives income from contributions and grants that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The School did not have any net assets with donor restrictions as of June 30, 2024 and 2023.

Cash

Cash consists of cash held in bank accounts. There were no cash equivalents at June 30, 2024 and 2023.

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.

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	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)

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, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2019 are open to audit for both federal and state purposes.

Leases

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Reclassifications

Certain amounts in 2023 have been reclassified for comparative purposes to conform with the presentation in 2024. The reclassifications have no effect on the previously stated net income or equity.

Subsequent Events

The School evaluated subsequent events through December 28, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Going Concern Considerations

The accompanying financial statements have been prepared assuming the School will continue as a going concern. For the year ended June 30, 2024, the School saw a significant decrease in enrollment, resulting in a decrease of state education support of approximately $46,000, requiring the School to have continued reliance on financing sources. Subsequent enrollment for the Fall 2024 semester enrollment at only 101 enrolled students. The School continues to have more current liabilities than current assets and experienced a decrease in net assets for the year ended June 30, 2024. If this trend continues, these factors could threaten the School's ability to continue as a going concern.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern Considerations (Continued)

The School's management is aware of the challenging financial situation and has implemented several measures to improve its finances. To manage costs for the 2024-2025 school year, management has streamlined our staff to match the number of students served. A standalone administrative role has been eliminated, with the responsibilities of this role now divided among three other roles in the administrative structure, resulting in savings of $60,000. Additionally, the School is not participating in certain grants that it has previously engaged in, due to a reduction in funding from the state, which has increased our share of funds required to maintain the program at previous levels, resulting in savings $20,000 annually. Management has also analyzed the costs associated with group health insurance benefits for employees. Due to the small number of participants in the group health plan, the cost to employees compared to the benefits was considered too high for employees to continue with the program. Insurance costs for the group were rising significantly, and many of the School's employees found that they could receive cheaper benefits through their spouses' plans than through the School's group health policy. Consequently, management decided to eliminate the group health plan, saving over $120,000 per year. Management also reviewed the School's vendor contracts and chose to eliminate a monthly service contract for technology services. The School now has an employee capable of handling general IT issues and will only engage the outside vendor for major problems as they arise, resulting in savings around $43,000 annually. Total expected savings from these decisions is approximately $243,000 or 13% of total expenses for the year ended June 30, 2024.

While we have observed a decrease in enrollment trends, we are actively seeking new families from our community and those relocating to work at a new factory in our area. We are collaborating with individuals, the local chamber of commerce, and a service provider to enhance our professional marketing and recruitment processes.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2024	2023
Note payable to Charter School Capital, due monthly based upon timing and receipts of state basic aid funding	$ 160,000	$ 82,400
Note payable (resulting from refinance of previous loan and lines of credit in October 2022) to FCN Bank with monthly installments of $7,057 including interest at 6.5% annum, maturing in October 2027.	243,758	315,312
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.	40,851	57,193
Total	444,609	454,905
Less: Current Portion	(246,635)	(94,957)
Long-Term Portion	$ 197,974	$ 359,948

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

Year Ending June 30,	Amount
2025	$ 246,635
2026	91,343
2027	88,195
2028	18,436
Total	$ 444,609

NOTE 3 LINES OF CREDIT

During the year ended June 30, 2019, the School entered into two line of credit arrangements with FCN Bank. The first line of credit has a $300,000 borrowing capacity and incurred interest at 6.5% per annum, maturing October 2019. This was extended to October 2022 with an interest rate of 5%. The second line of credit has a $120,000 borrowing capacity and incurred interest at 6.5% per annum, maturing August 2019. This was extended to October 2022 with an interest rate of 4.5%. The balance of the lines of credit as of June 30, 2023 was $410,000, but was refinance in October 2022 to the term note payable as described in Note 2.

NOTE 4 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board.

Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2024 and 2023, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 93% and 85% funded, respectively. The School's total retirement expense was $29,889 and $32,169 for the years ended June 30, 2024 and 2023, 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 $26,171 and $26,628 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2024 and is renewable thereafter by mutual consent. During the year ended June 30, 2023, the charter was amended to extend the term for one year through June 30, 2024. During the year ended June 30, 2024, the School withdrew the charter renewal application with Ball State University thus the current charter ended June 30, 2024 as the School is working with Ball State University for a new charter authorizer. In May 2024, the School signed with a new charter authorizer Grace College. As the sponsoring organization, Grace College exercises certain oversight responsibilities. Under this charter, the School has agreed to pay Grace College an annual administrative fee equal to 3% of state tuition support. No payments were made under this charter during the year ended June 20, 2024. The charter term is for fifteen (15) years.

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 $100,300 and $111,462 for the years ended June 30, 2024 and 2023, respectively.

NOTE 6 RISKS AND UNCERTAINTIES

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

NOTE 6 RISKS AND UNCERTAINTIES (CONTINUED)

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at FCN Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable which total $99,100 and $101,657 in 2024 and 2023, 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.

NOTE 8 FUNCTIONAL EXPENSE REPORTING

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

NOTE 9 RELATED PARTY TRANSACTIONS

The School contracts with a transportation company that is owned by the husband of the Board Treasurer. The School uses the transportation company for busing services and also employs two relatives of the Board Treasurer. Expenses under this relationship during the years ended June 30, 2024 and 2023 were $152,996 and $186,274, respectively, for transportation.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 56,995	$ 30,825	$ -	$ 87,820
Grants Receivable	11,280	-	-	11,280
Due from Academy	-	237,984	(237,984)	-
Total Current Assets	68,275	268,809	(237,984)	99,100
PROPERTY AND EQUIPMENT				
Land	88,400	-	-	88,400
Buildings and Improvements	783,331	-	-	783,331
Furniture and Equipment	296,829	-	-	296,829
Software and Textbooks	90,082	-	-	90,082
Vehicles	5,000	-	-	5,000
Less: Accumulated Depreciation	(510,139)	-	-	(510,139)
Property and Equipment, Net	753,503	-	-	753,503
OTHER ASSETS				
Security Deposit	3,900	-	-	3,900
Total Assets	$ 825,678	$ 268,809	$ (237,984)	$ 856,503
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ 246,635	$ -	$ -	$ 246,635
Accounts Payable and Accrued Expenses	76,728	3,158	-	79,886
Due to Pre-K	237,984	-	(237,984)	-
Total Current Liabilities	561,347	3,158	(237,984)	326,521
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	197,974	-	-	197,974
Total Liabilities	759,321	3,158	(237,984)	524,495
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	66,357	265,651	-	332,008
Total Liabilities and Net Assets	$ 825,678	$ 268,809	$ (237,984)	$ 856,503

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
SCHEDULE OF ACTIVITIES
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,105,637	$ -	$ 1,105,637
Grant Revenue	561,281	400	561,681
Student Fees	4,217	113,820	118,037
Contributions	1,273	-	1,273
Fundraising and Other Income	38,817	-	38,817
Total Revenue and Support	1,711,225	114,220	1,825,445
EXPENSES			
Program Services	1,329,400	39,458	1,368,858
Management and General	480,697	-	480,697
Total Expenses	1,810,097	39,458	1,849,555
CHANGE IN NET ASSETS	(98,872)	74,762	(24,110)
Net Assets - Beginning of Year	165,229	190,889	356,118
NET ASSETS (DEFICIT) - END OF YEAR	$ 66,357	$ 265,651	$ 332,008

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NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2023 TO JUNE 30, 2024



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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, 2023 TO JUNE 30, 2024

Office	Official	Term
Board President	Nansi Custer	07/01/2023 – 06/30/2024
Board Treasurer	Marcia Schwering	07/01/2023 – 06/30/2024
School Leader	Lauren Yoke	09/15/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Rush County Schools, Inc.
dba: Mays Community Academy
Mays, Indiana

We have audited the financial statements of Northern Rush County Schools, Inc. dba: Mays Community Academy (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 28, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 28, 2024

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NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024.

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed with Nansi Custer, Board President, and Kevin Davis, Indiana Charters on December 19, 2024.

NORTHERN RUSH COUNTY SCHOOLS, INC.
DBA: MAYS COMMUNITY ACADEMY
RUSH COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2023 TO JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024 that required an official response.

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Neighbors' New Vistas High School

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neighbors' Educational Opportunities, Inc. (the Corporation), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

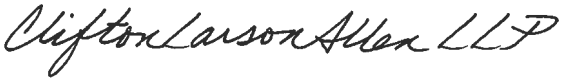
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors
Neighbors' Educational Opportunities, Inc.

Supplementary Information

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 22, 2025

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 235,380	$ 246,090
Grants Receivable	162,600	205,848
Other Receivables	297	9,714
Total Current Assets	398,277	461,652
PROPERTY AND EQUIPMENT		
Land	835,000	835,000
Buildings and Improvements	3,995,998	3,995,998
Furniture and Equipment	547,244	547,244
Construction in Progress	1,001,728	285,967
Less: Accumulated Depreciation	(1,429,395)	(1,322,835)
Property and Equipment, Net	4,950,575	4,341,374
OTHER ASSETS		
Prepaid Expenses	-	7,763
Operating Right of Use (ROU) Asset	-	3,235
Total Other Assets	-	10,998
Total Assets	$ 5,348,852	$ 4,814,024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 162,508	$ 316,648
Current Lease Liability	-	3,235
Accounts Payable and Accrued Expenses	157,609	126,217
Security Deposit	2,882	2,882
Total Current Liabilities	322,999	448,982
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	2,798,626	2,869,930
Total Liabilities	3,121,625	3,318,912
NET ASSETS		
Without Donor Restrictions	2,227,227	1,495,112
Total Liabilities and Net Assets	$ 5,348,852	$ 4,814,024

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 1,176,600	$ 1,123,080
Grant Revenue	1,441,899	1,605,945
Student Fees	9,542	14,641
Rental Income	45,642	57,525
Contributions	585,068	9,127
Fundraising and Other Income	1,728	1,566
Total Revenue and Support	3,260,479	2,811,884
EXPENSES		
Program Services	1,788,630	1,816,674
Management and General	739,734	883,105
Total Expenses	2,528,364	2,699,779
CHANGE IN NET ASSETS	732,115	112,105
Net Assets - Beginning of Year	1,495,112	1,383,007
NET ASSETS - END OF YEAR	$ 2,227,227	$ 1,495,112

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 1,026,962	$ 404,380	$ 1,431,342	$ 1,017,269	$ 420,414	$ 1,437,683
Employee Benefits	144,785	85,374	230,159	135,233	58,509	193,742
Staff Development	14,531	-	14,531	1,927	-	1,927
Authorizer Oversight Fees	-	30,791	30,791	-	29,673	29,673
Educational Content	59,872	-	59,872	60,184	-	60,184
Food Costs	28,898	-	28,898	22,532	-	22,532
Equipment	132,075	-	132,075	89,777	-	89,777
Classroom Office Supplies	64,976	10,501	75,477	49,114	11,279	60,393
Professional Services	42,132	64,107	106,239	47,133	188,278	235,411
Occupancy	81,132	-	81,132	101,990	-	101,990
Contracted IT Services	67,382	-	67,382	59,148	-	59,148
Travel	529	2,728	3,257	46,889	1,261	48,150
Insurance	-	19,716	19,716	-	28,540	28,540
Advertising	-	7,390	7,390	-	22,504	22,504
Depreciation	106,560	-	106,560	176,846	-	176,846
Interest	10,337	105,900	116,237	7,138	111,637	118,775
Other	8,459	8,847	17,306	1,494	11,010	12,504
Total Functional Expenses	$ 1,788,630	$ 739,734	$ 2,528,364	$ 1,816,674	$ 883,105	$ 2,699,779

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 732,115	$ 112,105
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	106,560	176,846
Noncash Lease Expense	-	3,235
Changes in Operating Assets and Liabilities:		
Grants Receivable	43,248	473,038
Other Receivables and Security Deposit	17,180	(5,628)
Accounts Payable and Accrued Expenses	31,392	23,463
Net Cash Provided by Operating Activities	930,495	783,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(715,761)	(289,201)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings on Line of Credit	-	(55,000)
Principal Payments of Notes Payable	(225,444)	(282,384)
Net Cash Used by Financing Activities	(225,444)	(337,384)
NET CHANGE IN CASH	(10,710)	156,474
Cash - Beginning of Year	246,090	89,616
CASH - END OF YEAR	$ 235,380	$ 246,090
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 116,237	$ 118,775

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 140 students during 2023-2024. The Corporation also operates a comprehensive adult education program and an official testing site for the State of Indiana's High School Equivalency diploma.

Accounting Estimates

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

Revenue Recognition

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

A portion of the Corporation's revenue is the product of cost reimbursement grants. Therefore, the Corporation recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, the Corporation does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant, Contribution, and Fundraising Revenue

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

Rental Income

Rental income is recognized when the rental event takes place and/or time period occurs.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Receivables

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The Corporation believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable, included in other receivables, relate to unpaid student fees from the 2023-2024 school year. The Corporation believes that all balances will be collected.

The School uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their full value with no allowance for credit losses.

Security Deposits

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

Property and Equipment

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

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

Buildings and Improvements	37.5 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The Corporation has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Corporation would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, 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.

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

Subsequent Events

The Corporation evaluated subsequent events through January 22, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2024	2023
Note payable to Indiana State Board of Education, payable of $57,633 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, due July 2026.	$ 466,005	$ 541,574
Note payable to 1st Source Bank, payable in monthly installments of $21,230 including interest at 4.25% per annum, with a balloon payment due March 2026, secured by mortgage on Corporation facilities.	2,345,229	2,495,104
EIDL note payable to 1st Source Bank, payable in monthly installments, beginning in September 2022, of $641 including interest at 2.75% per annum, due September 2051, secured by property owned by Corporation.	149,900	149,900
Total	2,961,134	3,186,578
Less: Current Portion	(162,508)	(316,648)
Long-Term Portion	$ 2,798,626	$ 2,869,930

NOTE 2 NOTES PAYABLE (CONTINUED)

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

Year Ending June 30,	Amount
2025	$ 162,508
2026	2,371,396
2027	185,173
2028	107,193
2029	4,024
Thereafter	130,840
Total	$ 2,961,134

Subsequent to year end, in December 2024, the Corporation entered into a promissory note of approximately $550,000 to provide funding for an additional project on campus. The note matures in June 2026.

NOTE 3 LINE OF CREDIT

The Corporation maintains a revolving bank line of credit that expires on April 5, 2025. There were no such balances borrowed against this line of credit as of June 30, 2024 and 2023. Interest, which varies with the bank's prime rate with a floor of 4.25%, was 10.00% and 9.75% on June 30, 2024 and 2023, respectively, and is payable monthly.

NOTE 4 LEASES

The School leases a copier from a third party under a long-term, noncancelable lease agreement. The lease expired in September 2023. The school chose to renew this lease month by month through June 30, 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third party leases was $12,967 and $12,967 for the years ended June 30, 2024 and 2023, respectively.

NOTE 5 RETIREMENT PLAN

The Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 18 years of age and have at least 60 days of employment. Under the Plan, the Corporation matches up to 3% of each participant's contributions for the plan year.

Retirement plan expenses totaled $13,481 and $11,260 during the years ended June 30, 2024 and 2023, 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 $30,791 and $29,673 for the years ended June 30, 2024 and 2023, respectively.

The Corporation has outstanding agreements with Chester, Inc for two building projects, the Cavern Project and the Creekside Early Learning Project. The total cost of these agreements is to not exceed $1,709,834. As of June 30, 2024, the Corporation has paid $497,711 towards the total agreement cost.

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, 2024 and 2023, 99% and 98% of the receivable balance was due from the state of Indiana, respectively.

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

NOTE 8 GOVERNMENT ASSISTANCE GRANT – EMPLOYEE RETENTION CREDIT

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

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $198,806.

NOTE 8 GOVERNMENT ASSISTANCE GRANT – EMPLOYEE RETENTION CREDIT (CONTINUED)

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $462,309.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and related revenue of $482,431 during the year ended June 30, 2022.

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of $661,115 plus interest.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the Corporation is required to disclose the assets it has available at June 30, 2024 and 2023, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the Corporation include cash, grants, and student fees receivable. Financial assets available at June 30, 2024 and 2023, were $398,277 and $461,652, 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 10 FUNCTIONAL EXPENSE REPORTING

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

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Neighbors' Educational Opportunities, Inc.	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 238,001	$ (129,264)	$ 126,643	$ 235,380
Grants Receivable	46,867	115,733	-	162,600
Other Receivables	297	-	-	297
Total Current Assets	285,165	(13,531)	126,643	398,277
PROPERTY AND EQUIPMENT				
Land	-	-	835,000	835,000
Buildings and Improvements	-	38,600	3,957,398	3,995,998
Furniture and Equipment	525,902	21,342	-	547,244
Construction in Progress	-	-	1,001,728	1,001,728
Less: Accumulated Depreciation	(525,902)	(59,942)	(843,551)	(1,429,395)
Property and Equipment, Net	-	-	4,950,575	4,950,575
Total Assets	$ 285,165	$ (13,531)	$ 5,077,218	$ 5,348,852
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	$ -	$ -	$ 162,508	$ 162,508
Accounts Payable and Accrued Expenses	152,954	4,655	-	157,609
Interfund Activity	(223,108)	(205,809)	428,917	-
Security Deposit	-	-	2,882	2,882
Total Current Liabilities	(70,154)	(201,154)	594,307	322,999
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	466,005	-	2,332,621	2,798,626
Total Liabilities	395,851	(201,154)	2,926,928	3,121,625
NET ASSETS (DEFICIT)				
Without Donor Restrictions	(110,686)	187,623	2,150,290	2,227,227
Total Liabilities and Net Assets (Deficit)	$ 285,165	$ (13,531)	$ 5,077,218	$ 5,348,852

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Neighbors' Educational Opportunities, Inc.	Eliminations	Total
REVENUE AND SUPPORT					
State Education Support	$ 1,176,600	$ -	$ -	$ -	$ 1,176,600
Grant Revenue	709,771	345,553	386,575	-	1,441,899
Student Fees	663	19	8,860	-	9,542
Rental Income	50,085	8,165	174,389	(186,997)	45,642
Contributions	1,032	8,600	575,436	-	585,068
Fundraising and Other Income	1,728	95,605	-	(95,605)	1,728
Total Revenue and Support	1,939,879	457,942	1,145,260	(282,602)	3,260,479
EXPENSES					
Program Services	1,161,863	373,316	349,056	(95,605)	1,788,630
Management and General	503,940	157,480	265,311	(186,997)	739,734
Total Expenses	1,665,803	530,796	614,367	(282,602)	2,528,364
TRANSFERS	36,014	97,953	(133,967)	-	-
CHANGES IN NET ASSETS	310,090	25,099	396,926	-	732,115
Net Assets (Deficit) - Beginning of Year	(420,776)	162,524	1,753,364	-	1,495,112
NET ASSETS (DEFICIT) - END OF YEAR	$ (110,686)	$ 187,623	$ 2,150,290	$ -	$ 2,227,227

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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*.



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SUPPLEMENTAL AUDIT REPORT

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
President, Board of Directors	Francis Vega	07/01/23 - 06/30/24
Executive Director	Rebeca Reiner	07/01/23 - 06/30/24
Business Manager	Jennifer Jennings	07/01/23 - 06/30/24

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INDEPENDENT AUDITORS' REPORT

School Officials
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

We have audited the financial statements of Neighbors' Educational Opportunities, Inc. (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated January 22, 2025. 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 22, 2025

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NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

INTERNAL CONTROL OVER FINANCIAL REPORTING IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – MATERIAL WEAKNESS

During our testing, we noted that the School did not complete and maintain documentation that appropriate reviews and approvals on reconciliations and journal entries had been completed. Our audit procedures also identified material audit adjustments related to accruals and annual depreciation. The School had changes in outsourced services providers for accounting during the audit period that attributed to these documented procedures not being maintained to document the School's internal controls over financial reporting being completed. However, the School did complete and maintain a compensating control for the monthly financial statements overall.

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

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

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT DOCUMENTS

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for three (3) students (1 fall, 2 spring) of the 28 tested for enrollment The student birth certificate and proof of residence was unable to be located due to change in personnel at the School.

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

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

TRAVEL – MILEAGE REIMBURSEMENT

During our testing of the travel vouchers, we discovered 3 of the 8 items tested had incorrect mileage rates being used in the calculation for reimbursement. The 2022 rate was used to calculate reimbursements from 2023 and 2024. School Policy is to follow the federal mileage rate. The amount of $23.57 should have been reimbursed to employees for those sampled.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed with Rebecca Reiner, Executive Director, and Jennifer Jennings, Business Manager, on January 9, 2025. The Official response has been made part of this report and can be found on page 6.

NEO Neighbors' Educational Opportunities

Neighbors' New Vistas High School and NEO Adult Education
5201 US Highway 6 Portage, IN 46368 219.850.4448 www.neoadulted.org

January 22, 2025

CliftonLarsonAllen LLP
9365 Counselor's Row, Suite 200
Indianapolis, IN 46240 - 6418

To whom it may concern,

Below are the official responses to the findings in the preliminary (draft) Supplemental Audit Report from CliftonLarsonAllen.

Internal Control:
NEO will review and establish internal processes for filing reports to ensure adequate time to complete all aspects of required financial reports on time. NEO will also complete and maintain documentation that appropriate reviews and approvals on reconciliations and journal entries made through QuickBooks have been approved. Signatures of the financial partner and NEO's business manager will be included in the documentation presented to the Board each month.

Average Daily Membership (ADM) Testing-Enrollment Documents
NEO has reviewed our enrollment process for students enrolling in Neighbors's New Vistas High School to ensure that the process ensures that all required documents are in the students' folders including a copy of the student's birth certificate and proof of residency, or, if they are not, that we save documentation of our efforts to collect required documentation not provided at the time of enrollment, including an email to parent, guardian, and/or student stating the need for missing required documents and, if the documents are still not provided, a copy of the email will be put in the students' file to show that an attempt was made to collect the documents.

Travel -Milage Reimbursement.
The milage rates on NEO's Mileage Reimbursement form that is filled out by the employee to get approval for travel will be updated on an annual basis to ensure the correct rate is being used for the reimbursement.

Sincerely,

Jennifer Jennings
Business Manager
(219)841-6875
jjennings@neoadulted.org

NEO



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Options Charter Schools
(for Options Indiana, Options Noblesville, and Options Westfield

OPTIONS CHARTER SCHOOLS AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2024



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter Schools and Affiliates
Noblesville, Indiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Options Charter Schools and Affiliates (the School), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the School as of June 30, 2024, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the 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 27, 2025, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 27, 2025

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

CURRENT ASSETS	
Cash	$ 1,346,540
Grants Receivable	624,899
Prepaid Expenses	74,249
Interest Rate Swap	450,487
Total Current Assets	2,496,175
PROPERTY AND EQUIPMENT	
Land	1,313,089
Building and Improvements	3,368,367
Leasehold Improvements	140,163
Automobiles	221,735
Furniture and Equipment	3,056,481
Total Property and Equipment	8,099,835
Less: Accumulated Depreciation	(1,096,045)
Property and Equipment, Net	7,003,790
OTHER ASSETS	
Right-of-Use Assets - Operating Leases, Net	1,135,930
Total Assets	$ 10,635,895

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Current Portion of Note Payable	$ 372,829
Security Deposit	3,200
Accounts Payable and Accrued Expenses	721,017
Right-of-Use Liability - Operating, Current	273,416
Total Current Liabilities	1,370,462
LONG-TERM LIABILITIES	
Note Payable, Net of Current Portion	3,470,472
Right-of-Use Liability - Operating, Net of Current Portion	862,514
Total Long-Term Liabilities	4,332,986
Total Liabilities	5,703,448
NET ASSETS, WITHOUT DONOR RESTRICTIONS	4,932,447
Total Liabilities and Net Assets	$ 10,635,895

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2024

REVENUE AND SUPPORT	
State Education Support	$ 10,031,731
Contributions and Donations	39,422
Grant Revenue	3,390,160
Student Fees	1,633
Other Income	1,750
Loss on Interest Rate Swap	(33,999)
Total Revenue and Support	13,430,697
EXPENSES	
Program Services	10,300,011
Management and General	2,435,652
Total Expenses	12,735,663
CHANGE IN NET ASSETS	695,034
Net Assets - Beginning of Year	4,237,413
NET ASSETS - END OF YEAR	$ 4,932,447

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Salaries and Wages	$ 5,765,488	$ 1,057,783	$ 6,823,271
Employee Benefits	2,334,738	447,144	2,781,882
Occupancy	508,075	59,799	567,874
Scholarships	3,000	-	3,000
Professional Services	545,235	426,232	971,467
Depreciation	236,357	1,871	238,228
Classroom and Office Supplies	643,497	7,862	651,359
Authorizer Oversight Fees	-	208,851	208,851
Food Service	55,770	-	55,770
Insurance	-	70,806	70,806
Transportation	99,399	14,345	113,744
Interest	-	114,948	114,948
Other	108,452	26,011	134,463
Total Expenses by Function	$ 10,300,011	$ 2,435,652	$ 12,735,663

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 695,034
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	238,228
Loss on Interest Rate Swap	33,999
Changes in Operating Assets and Liabilities:	
Grants Receivable	180,160
Prepaid Expenses	(12,226)
Accounts Payable and Accrued Expenses	177,972
Net Cash Provided by Operating Activities	1,313,167
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(181,974)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Paid on Note Payable	(367,450)
NET CHANGE IN CASH	763,743
Cash - Beginning of Year	582,797
CASH - END OF YEAR	$ 1,346,540
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	$ 118,900

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Options Charter Schools (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates three public charter schools established under Indiana Code 20-24 and is sponsored by Ball State University. The School serves approximately 1,050 students in grades six to twelve by providing an alternative to traditional education programs.

Principles of Consolidation

The consolidated financial statements include the accounts of the School and its affiliate Options in Education Foundation, Inc. (Foundation) and its single member LLC's OCS Westfield, LLC and OCS Noblesville, LLC (LLC's). The School and the Foundation are consolidated due to being under common control through common board members and having a financial interest among the School and the LLC's. The LLC's were formed to hold and maintain the properties in which the School operates. All significant intercompany accounts and transactions have been eliminated in consolidation.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as Deferred Revenues in the consolidated statement of financial position. As of June 30, 2024, the School has approximately $-0- of conditional grants that have not been recognized as revenue in the consolidated statement of activities and change in net assets because conditions have not been met.

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

Grant Revenue

Grant revenues relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Donations, Grant Revenue, and Student Fees

The School receives income from contributions and donations and grant revenue that support certain school activities. Grant revenues relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to Net Assets Without Donor Restrictions and reported in the consolidated statement of activities and change in net assets as Net Assets Released from Restrictions. The School, Foundation, and LLC's did not have any net assets with donor restrictions as of June 30, 2024.

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, 2024.

Property and Equipment

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

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

Building and Leasehold Improvements	5 to 40 Years
Automobiles	5 to 7 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

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

Advertising

The School and LLC's expense advertising costs as they are incurred. Advertising expense for the year ended June 30, 2024 totaled $150,133.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The School and Foundation have received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization; however, the School and Foundation would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2024, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

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

Recently Issued Accounting Pronouncements

In July of 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* as amended, which modifies the measurement of expected credit losses. The School adopted this guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's consolidated financial statements but did change how the allowance for credit losses is determined.

The carrying amount of accounts receivable is reduced by a valuation allowance, if any, that reflects management's best estimate of amounts that will not be collected. The allowance for uncollectable accounts receivable is based on management's assessment of the collectability of specific accounts receivable based on a number of factors, including a history of past collection and write offs, current credit conditions for specific accounts, and any future outlook of market conditions that could impact collectability. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are charged off to the allowance. Management has determined that the allowance for credit losses was insignificant as of June 30, 2024 and there was no material activity related to the allowance for credit losses for the year ended June 30, 2024.

Leases

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

Subsequent Events

The School, Foundation, and LLC's have evaluated subsequent events through February 27, 2025, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

At June 30, 2024, the notes payable consisted of the following:

Description	
Note payable to the Indiana State Board of Education, payable $112,900 semi-annually (January 1 and July 1) plus interest at 1.00% per annum.	$ 564,501
Construction note payable to First Financial Bank, subject to conversion to mini-permanent term loan for 108 months upon completion of construction. Loan was converted to term in July 2021 and is due July 2030. Interest at 3.27%, secured by building and guaranteed by the School and Foundation.	3,278,800
Total	3,843,301
Less: Current Portion	(372,829)
Notes Payable, Net of Current Portion	$ 3,470,472

NOTE 2 NOTES PAYABLE (CONTINUED)

The note payable to the Indiana State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant. The school paid $233,138 on this loan in the year ending June 30, 2024.

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

Year Ending June 30,	Amount
2025	$ 372,829
2026	377,717
2027	269,868
2028	161,676
2029	167,569
Thereafter	2,493,642
Total	$ 3,843,301

The note payable to First Financial Bank contains certain reporting and financial covenants. As of June 30, 2024, the School was in compliance with the financial covenants.

NOTE 3 INTEREST RATE SWAP AND FAIR VALUE

Interest Rate Swap

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

The agreement that took effect on July 1, 2021 (in conjunction with the conversion of the construction loan to term) effectively changes OSC Westfield, LLC's interest rate exposure on its floating rate note payable to 3.27%. This interest rate swap agreement matures on July 24, 2030. This agreement had a total notional principal in the amount of $ 3,278,800 at June 30, 2024.

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

NOTE 3 INTEREST RATE SWAP AND FAIR VALUE (CONTINUED)

Fair Value Measurements

The following method and assumption were used by the School in estimating the fair value of its financial instruments:

Fair value of the interest rate swap is determined using pricing models developed based on the fallback (SOFR) swap rate and other observable market data. The value was determined after considering the potential impact of collateralization and netting agreements, adjusted to reflect nonperformance risk of both the counterparty and the School. Fair value is estimated based on pricing models that utilize significant observable inputs, such as relevant interest rates, that reflect assumptions market participants would use in pricing the instruments. These inputs fall within Level 2 of the fair value hierarchy.

Fair Value Hierarchy

The School applies the provisions of Accounting Standards Codification (ASC) ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The asset's 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 need to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the School has the ability to access at the measurement date. The School did not have any such assets or liabilities as of June 30, 2024.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The School had the interest rate swap valued at $450,487 as of June 30, 2024 as a level 2 asset.

Level 3 – Unobservable inputs for the asset or liability. The School did not have any such assets or liabilities as of June 30, 2024.

The amount of total losses of ($33,999) is included the change in net assets for the year relates to assets still held at June 30 2024.

NOTE 4 LINE OF CREDIT

On June 2, 2022, the School entered into a $150,000 line of credit with First Financial Bank that remained in effect until June 2, 2023, which was renewed through November 2, 2023 and then subsequently renewed January 1, 2024 through January 1 2026 and was increased to $400,000 through January 1, 2026. The line bears interest at a floating rate per annum equal to the Prime Rate plus 0.750% with a floor of 1.000% (8.500% at June 30, 2024), is secured by all assets of the School, Foundation, and LLC's, and guaranteed by the Foundation and LLC's. The line has no amounts drawn against it as of June 30, 2024.

The line of credit is subject to the same financial covenants described at Note 2.

NOTE 5 LEASES

The School leases equipment under a long-term, noncancelable lease agreements. The leases expire through 2031. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

The operating lease cost for the year ended June 30, 2024 was $341,822.

The following tables provide quantitative information concerning the School's leases for the year ended June 30, 2024:

Lease Cost:	
Operating Lease Cost	$ 341,822
Other Information:	
Operating Cash Flows from Operating Leases	$ 341,822
Weighted-Average Remaining Lease Term - Operating Leases	6.2 Years
Weighted-Average Discount Rate - Operating Leases	3.01%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating
2025	$ 273,416
2026	274,152
2027	214,562
2028	158,315
2029	32,737
Thereafter	403,701
Undiscounted Cash Flows	1,356,883
Less: Imputed Interest	(220,953)
Total Present Value	$ 1,135,930
Short-Term Lease Liabilities	$ 273,416
Long-Term Lease Liabilities	862,514
Total	$ 1,135,930

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 $208,851 for the year ended June 30, 2024. Subsequent to year-end, the school terminated the agreement with Ball State University and entered into a new charter agreement with Trine University. The agreement with Trine University went into effect January 1, 2025.

NOTE 7 RELATED PARTIES

The School also employs a member of the superintendent's family. The School paid this individual $66,163 during the year ended June 30, 2024.

NOTE 8 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 9.0% of compensation for electing teaching faculty to TRF and 14.2% of compensation for other electing employees to PERF. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

TRF eligible employees can also elect to participate in a School-sponsored 403(b) plan in lieu of the State of Indiana – INPRS plan. The School contributes 9.0% of participant compensation to the 403(b) plan.

Full-time employees may also choose to participate in a voluntary salary reduction 403(b) plan. The School will match the employee's contribution up to 1% of their gross wages.

Retirement plan expense was $719,919 for the year ended June 30, 2024.

NOTE 9 RISKS AND UNCERTAINTIES

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

NOTE 9 RISKS AND UNCERTAINTIES (CONTINUED)

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

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

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024, 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 and grants receivable totaling $1,971,439 at June 30, 2024, of which $1,346,540 is available to meet cash needs for general expenditures within a year.

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

NOTE 11 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the consolidated statement of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. Certain expenses have been allocated between program services and management and general expenses. Employee benefits, transportation, office supplies, and other expenses are allocated based on individual employees' function. Occupancy and depreciation expenses are allocated based on their location due to the schools and the administrative facilities are at discreet locations.

NOTE 12 GOVERNMENT ASSISTANCE GRANT – EMPLOYEE RETENTION CREDIT

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

For the second quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of $155,601.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and related grant revenue of $155,601, during the year ended June 30, 2024.

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

OPTIONS CHARTER SCHOOLS AND AFFILIATES
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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

Supplemental Audit Report of Options Charter Schools

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

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Options Charter Schools			Options in Education	OCS	OCS		
	Noblesville	Westfield	Virtual	Foundation, Inc.	Noblesville, LLC	Westfield, LLC	Eliminations	Total
ASSETS								
CURRENT ASSETS								
Cash	$ 182,484	$ 306,841	$ 647,880	$ 89,771	$ 113,212	$ 6,352	$ -	$ 1,346,540
Grants Receivable	187,470	168,723	268,706	-	-	-	-	624,899
Related Party Receivable	-	-	-	-	-	34,891	(34,891)	-
Prepaid Expenses	10,378	17,513	36,974	-	-	9,384	-	74,249
Interest Rate Swap	-	-	-	-	-	450,487	-	450,487
Total Current Assets	380,332	493,077	953,560	89,771	113,212	501,114	(34,891)	2,496,175
PROPERTY AND EQUIPMENT								
Land	-	-	-	-	-	1,313,089	-	1,313,089
Building and Improvements	-	-	-	-	-	3,368,367	-	3,368,367
Leasehold Improvements	15,360	17,374	107,429	-	-	-	-	140,163
Automobiles	-	41,527	180,208	-	-	-	-	221,735
Furniture and Equipment	273,071	66,307	184,622	-	2,363,399	169,082	-	3,056,481
Total Property and Equipment	288,431	125,208	472,259	-	2,363,399	4,850,538	-	8,099,835
Less: Accumulated Depreciation	(123,591)	(77,498)	(115,490)	-	(476,624)	(302,842)	-	(1,096,045)
Property and Equipment, Net	164,840	47,710	356,769	-	1,886,775	4,547,696	-	7,003,790
OTHER ASSETS								
Investment in LLCs	-	-	-	3,761,830	-	-	(3,761,830)	-
Right-of-Use Assets - Operating Leases, Net	1,054,154	2,023,284	272,872	-	-	-	(2,214,380)	1,135,930
Total Assets	$ 1,599,326	$ 2,564,071	$ 1,583,201	$ 3,851,601	$ 1,999,987	$ 5,048,810	$ (6,011,101)	$ 10,635,895
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Current Portion of Note Payable	$ -	$ -	$ 225,800	$ -	$ -	$ 147,029	$ -	$ 372,829
Security Deposit			-	-	1,600	1,600	-	3,200
Accounts Payable and Accrued Expenses	196,448	193,333	326,269	-	4,967	-	-	721,017
Right-of-Use Liability - Operating, Current	242,332	268,245	100,013	-	-	-	(337,174)	273,416
Total Current Liabilities	438,780	461,578	652,082	-	6,567	148,629	(337,174)	1,370,462
LONG-TERM LIABILITIES								
Note Payable, Net of Current Portion	-	-	338,701	-	-	3,131,771	-	3,470,472
Right-of-Use Liability - Operating, Net of Current Portion	811,822	1,755,039	172,859	-	-	-	(1,877,206)	862,514
Total Long-Term Liabilities	811,822	1,755,039	511,560	-	-	3,131,771	(1,877,206)	4,332,986
Total Liabilities	1,250,602	2,216,617	1,163,642	-	6,567	3,280,400	(2,214,380)	5,703,448
NET ASSETS WITHOUT DONOR RESTRICTIONS	348,724	347,454	419,559	3,851,601	1,993,420	1,768,410	(3,796,721)	4,932,447
Total Liabilities and Net Assets	$ 1,599,326	$ 2,564,071	$ 1,583,201	$ 3,851,601	$ 1,999,987	$ 5,048,810	$ (6,011,101)	$ 10,635,895

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Options Charter Schools			Options in Education	OCS	OCS		
	Noblesville	Westfield	Virtual	Foundation, Inc.	Noblesville, LLC	Westfield, LLC	Eliminations	Total
REVENUE AND CONTRIBUTED SUPPORT								
REVENUE AND SUPPORT								
State Education Support	$ 3,009,519	$ 2,708,567	$ 4,313,645	$ -	$ -	$ -	$ -	$ 10,031,731
Contributions and Donations	-	-	-	39,422	-	-	-	39,422
Grant Revenue	1,016,615	914,953	1,457,148	1,444	-	-	-	3,390,160
Student Fees	-	-	-	1,633	-	-	-	1,633
Rent Revenue	-	-	-	-	84,000	264,000	(348,000)	-
Other Income	-	-	-	1,750	-	-	-	1,750
Change in Investment in LLCs	-	-	-	19,769	-	-	(19,769)	-
Loss on Interest Rate Swap	-	-	-	-	-	(33,999)	-	(33,999)
Total Revenue and Support	4,026,134	3,623,520	5,770,793	64,018	84,000	230,001	(367,769)	13,430,697
EXPENSES								
Program Services	2,926,921	2,963,659	4,558,296	14,812	61,296	123,026	(348,000)	10,300,011
Management and General	692,132	700,819	913,818	18,974	349	109,561	-	2,435,652
Total Expenses	3,619,053	3,664,478	5,472,114	33,786	61,645	232,587	(348,000)	12,735,663
CHANGE IN NET ASSETS	407,081	(40,958)	298,679	30,232	22,355	(2,586)	(19,769)	695,034
Net Assets - Beginning of Year	(58,357)	388,412	120,880	3,821,369	1,971,065	1,770,996	(3,776,952)	4,237,413
NET ASSETS - END OF YEAR	$ 348,724	$ 347,454	$ 419,559	$ 3,851,601	$ 1,993,420	$ 1,768,410	$ (3,796,721)	$ 4,932,447

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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
Options Charter Schools and Affiliates
Noblesville, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Options Charter Schools and Affiliates (the School), which comprise the consolidated statement of financial position at June 30, 2024, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 27, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 27, 2025

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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
Options Charter Schools and Affiliates
Noblesville, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Options Charter Schools and Affiliates' (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024 the School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School's complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 27, 2025

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education				
Passed through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010A	S010A210014	$ -	$ 217,652
Total - 84.010			-	217,652
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027A	H027A220084	-	146,062
Total - 84.027			-	146,062
Charter School Program	84.282A	72229	-	190,083
Charter School Program	84.282A	73655	-	281,175
Charter School Program	84.282D	S282D190002	-	88,445
Total - 84.282			-	559,703
Student Support and Academic Enrichment Program	84.424A	S424A210015	-	10,000
Student Support and Academic Enrichment Program	84.424F	S424F220015	-	152,556
Total - 84.424			-	162,556
COVID 19: Educational Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	-	84,519
Total - 84.425			-	84,519
Total Department of Education			-	1,170,492
Total Expenditures of Federal Awards			$ -	$ 1,170,492

See accompanying Notes to Schedule of Expenditures of Federal Awards.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Options Charter Schools and Affiliates (the School) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING

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

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

OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

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

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

Auditee qualified as low-risk auditee? _____ yes ____x____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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



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SUPPLEMENTAL AUDIT REPORT
OF
OPTIONS CHARTER SCHOOLS

HAMILTON COUNTY, INDIANA

JULY 1, 2023 TO JUNE 30, 2024



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OPTIONS CHARTER SCHOOLS
HAMILTON COUNTY, INDIANA
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OPTIONS CHARTER SCHOOLS
HAMILTON COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
Chairman of Board of Directors	Travis Carmean	07/01/2023 – 06/30/2024
School President and CEO	Mike Gustin	07/01/2023 – 06/30/2024
Vice President	Jake Brandau	07/01/2023 – 06/30/2024
CFO	Jack Colwell	07/01/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter Schools
Noblesville, Indiana

We have audited the consolidated financial statements of Options Charter Schools (the School) as of and for the year ended June 30, 2024 and have issued our report thereon dated February 27, 2025. 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 27, 2025

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AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. During our testing of ADM, we noted there were three (3) students out of 90 selections where the School did not maintain consistent and complete enrollment records.

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

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

OPTIONS CHARTER SCHOOLS
HAMILTON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed with Jack Colwell, CFO, Jake Brandau, Vice President, and Mike Gustin, CEO, on December 27, 2024. The Official Response has been made a part of this report and may be found starting on page 5.

Options Schools
BELONG. BELIEVE. ACHIEVE.

Date: Dec. 30th, 2024

To: CliftonLarsonAllen LLP

From: Jacob Brandau, Vice President

Reason: **Audit Response for Options Schools, Inc.**

Issue One: ADM TESTING
Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance from the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. During our testing of ADM, we noted there were three (3) students out of 90 selections where the School did not maintain consistent and complete enrollment records.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) that substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil." An eligible pupil is a student who 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 the 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)

Issue One: Response
The missing documents are related to students who enrolled prior to the 20/21 school year. We have since instituted the creation of a central office enrollment team to request, receive, and manage all of the enrollment documents for new students and existing students who have been in our system since as early as the 17/18 school year.
Additionally, with the increased oversight of ADM count information, OCS has instituted an ADM testing internal control that will consist of monthly samples of student registration, attendance, and proof of residency by the CFO to ensure completeness and accuracy of records per the SBOA's guidelines.



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Premier Arts Academy

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024



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PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Premier Arts Incorporated dba Premier Arts Academy
Elkhart, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Premier Arts Incorporated dba Premier Arts Academy (Premier Arts), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the period February 2, 2023 through June 30, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premier Arts, as of June 30, 2024 and the changes in its net assets and its cash flows for the period February 2, 2023 through June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 28, 2025

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

CURRENT ASSETS		
Cash	$	76,169
Investments		11,388
Accounts Receivable, Net of Allowance for Credit Losses		31,030
Grants Receivable		60,797
Prepaid Expenses and Other Current Assets		4,500
Total Current Assets		183,884
PROPERTY AND EQUIPMENT		
Equipment		450,875
Furniture and Fixtures		121,507
Leasehold Improvements		604,608
Land Improvements		1,997
Construction In Progress		272,626
Less: Accumulated Depreciation		(323,262)
Property and Equipment, Net		1,128,351
OTHER ASSETS		
Right-of-Use Assets Operating, Net		218,777
Right-of-Use Assets Financing, Net		314,318
Total Other Assets		533,095
Total Assets	$	1,845,330

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	$	341,000
Accrued Liabilities		41,121
Notes Payable and Long-term Debt, Current Portion		345,184
Right-of-Use Liability - Operating, Current Portion		133,800
Right-of-Use Liability - Financing, Current Portion		88,162
Total Current Liabilities		949,267
LONG-TERM LIABILITIES		
Right-of-Use Liability - Operating, Net of Current Portion		84,977
Right-of-Use Liability - Financing, Net of Current Portion		226,156
Total Long-Term Liabilities		311,133
Total Liabilities		1,260,400
NET ASSETS WITHOUT DONOR RESTRICTIONS		584,930
Total Liabilities and Net Assets	$	1,845,330

See accompanying Notes to Financial Statements.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024

REVENUE AND SUPPORT	
State Education Support	$ 1,489,413
Grant Revenue	1,056,572
Contributions	568,715
Student Fees	56,867
Program Services	192,616
Investment Income	782
Fundraising and Special Events	2,541
Total Revenue and Support	3,367,506
EXPENSES	
Program Services	2,347,103
Management and General	867,328
Total Expenses	3,214,431
CHANGES IN NET ASSETS	153,075
Net Assets - Beginning of Year	431,855
NET ASSETS - END OF YEAR	$ 584,930

See accompanying Notes to Financial Statements.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024

	Program Services	Management and General	Total
Salaries and Wages	$ 1,099,855	$ 182,171	$ 1,282,026
Payroll Taxes and Fringe Benefits	206,595	66,057	272,652
Professional Fees and Contract Services	117,545	48,227	165,772
Supplies	290,549	80,726	371,275
Professional Development	8,758	-	8,758
Occupancy	312,804	6,850	319,654
Insurance	-	21,681	21,681
Repairs and Maintenance	13,116	3,264	16,380
Curricular Materials	126,964	-	126,964
Authorizer Oversight Fees	-	40,553	40,553
Miscellaneous	25,886	15,344	41,230
Utilities	1,358	62,010	63,368
Depreciation and Amortization	5,492	250,794	256,286
Interest Expense	-	71,035	71,035
Food Service	90,320	-	90,320
Technology	47,861	18,616	66,477
Total Functional Expenses	$ 2,347,103	$ 867,328	$ 3,214,431

See accompanying Notes to Financial Statements.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF CASH FLOWS
PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	$	153,075
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation		159,845
Provision for Credit Losses		4,190
Unrealized and Realized (Gain) on Investments		(716)
Changes in Operating Assets and Liabilities:		
Accounts Receivable		(35,220)
Grants Receivable		(60,797)
Prepaid Expenses		(4,500)
Accrued Expenses		250,000
Net Cash Provided by Operating Activities		465,877
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments		23
Purchases of Investments		(743)
Purchases of Property and Equipment		(619,210)
Net Cash Used by Investing Activities		(619,930)
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings under LOC agreement		300,859
Payments under LOC agreement		(25,000)
Proceeds from Notes Payable		100,000
Principal Paid on Note Payable		(170,675)
Net Cash Provided by Financing Activities		205,184
NET CHANGE IN CASH		51,131
Cash - Beginning of Year		25,038
CASH - END OF YEAR	$	76,169
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	$	71,035
Property and Equipment Additions Financed Through Accounts Payable and Accrued Expenses	$	127,065
Assets Acquired Through Lease Agreements	$	533,095

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Premier Arts Incorporated dba Premier Arts Academy (Premier Arts) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. Premier Arts operates as a public charter school established under Indiana Code 20-24 serving approximately 190 students in grades kindergarten through sixth and is sponsored by Ball State University.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, Premier Arts 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 Premier Arts' revenue is the product of cost reimbursement grants. Therefore, Premier Arts 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, 2024, Premier Arts does not have any conditional grants that have not been recognized as revenue in the statement of activities and changes in net assets.

Premier Arts receives income from grants that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. There were no such restricted revenues during the period February 2, 2023 through June 30, 2024.

Premier Arts 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. Premier Arts 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 changes in net assets as net assets released from restriction. Premier Arts did not have any net assets with donor restrictions as of June 30, 2024.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Revenue from student fees and program services is recognized when the control of the promised good or service is transferred to the student and/or program participant, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service being performed are reported as deferred revenue in the statement of financial position. As of June 30, 2024, Premier Arts did not have any such deferred revenue.

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. Cash equivalents consist of a checking account and short-term investments.

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 changes 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. Premier Arts' investments consist of a cash equivalent bank account held for investment and assets held by the Community Foundation of Elkhart County.

Accounts Receivable

Accounts receivable relate primarily to student and program fees collected annually from Premier Arts' students. Accounts receivable were $35,220 and $0 as of June 30, 2024 and February 2, 2023, respectively. These accounts receivable are reviewed for collectability annually. Premier Arts provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, current economic conditions and certain forward-looking information. As of June 30, 2024, an allowance of $4,190 deemed necessary relating to student and program fees.

Grants Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. Premier Arts believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Premier Arts believes that all balances will be collected.

Property and Equipment

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

Equipment	7 to 40 Years
Furniture and Fixtures	5 to 7 Years
Leasehold Improvements	3 to 7 Years
Land Improvements	15 Years

Impairment of Long-Lived Assets

On an ongoing basis, Premier Arts reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. Premier Arts 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

Premier Arts 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, Premier Arts would be subject to tax on income unrelated to its tax-exempt purpose. For the tax period ended June 30, 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require Premier Arts to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. Premier Arts 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 Premier Arts are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Leases

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

Subsequent Events

Premier Arts evaluated subsequent events through January 28, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 LINE OF CREDIT

On June 14, 2023, Premier Arts entered into a credit agreement with a bank for a line of credit which permits borrowing up to $400,000. Principal and interest payments are due monthly beginning in July 2023 with a variable interest rate (9.25% at June 30, 2024) and matured on June 10, 2024 and was renewed through June 10, 2025. The line of credit is secured by any and all property owed at the time of the agreement and acquired after. As of June 30, 2024, the line of credit balance was $275,859.

NOTE 3 NOTE PAYABLE

On September 8, 2023, Premier Arts entered into a promissory note agreement with a bank for $100,000. Principal and interest payments are due monthly beginning in October 2023 with a variable interest rate (8.50% at June 30, 2024) until August 2025. As of June 30, 2024, note payable balance was $69,325.

NOTE 4 LEASE

Premier Arts leases equipment and facilities under a long-term, noncancelable lease agreements. The leases expire at various times through 2029. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning Premier Arts' leases for the year ended June 30, 2024:

Lease Cost:	
Finance Lease Cost	$ 64,215
Interest on Lease Liabilities	26,492
Operating Lease Cost	82,333
Total Lease Cost	$ 173,040
Other Information:	
Operating Cash Flows from Finance Leases	$ 26,492
Operating Cash Flows from Operating Leases	82,150
Financing Cash Flows from Finance Leases	52,932
Weighted-Average Remaining Lease Term - Finance Leases	4.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	2.2 Years
Weighted-Average Discount Rate - Finance Leases	8.74%
Weighted-Average Discount Rate - Operating Leases	8.91%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating	Finance	Totals
2025	$ 133,800	$ 88,162	$ 221,962
2026	61,050	88,162	149,212
2027	45,000	88,162	133,162
2028	-	88,162	88,162
2029	-	22,040	22,040
Undiscounted Cash Flows	239,850	374,688	614,538
(Less) Imputed Interest	(21,073)	(60,370)	(81,443)
Total Present Value	$ 218,777	$ 314,318	$ 533,095
Short-Term Lease Liabilities	$ 133,800	$ 88,162	$ 221,962
Long-Term Lease Liabilities	84,977	226,156	311,133
Total	$ 218,777	$ 314,318	$ 533,095

NOTE 5 RETIREMENT PLANS

Premier Arts 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 period February 2, 2023 through June 30, 2024, Premier Arts contributed 6.0% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should Premier Arts elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. Premier Arts' contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

Retirement plan expense was $91,759 for the period February 2, 2023 through June 30, 2024 and 2023, respectively.

NOTE 6 COMMITMENTS

Premier Arts operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, Premier Arts 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 $40,553 for the period February 2, 2023 through June 30, 2024. The charter remains in effect until June 30, 2028 and are renewable thereafter by mutual consent.

During the period February 2, 2023 through June 30, 2024, Premier Arts entered into a construction contract for the build out of an annex operating location. As of June 30, 2024, the contract was approximately $350,000. The remaining portion yet to be paid as of June 30, 2024 was approximately $80,000.

NOTE 7 RISKS AND UNCERTAINTIES

Premier Arts provides education instruction services to families residing in Elkhart 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 Premier Arts. Additionally, Premier Arts is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on Premier Arts.

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

Financial instruments that potentially subject Premier Arts to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024, substantially all of the receivable balance was due from the state of Indiana.

Premier Arts 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, Premier Arts has not experienced losses in any of these accounts.

NOTE 8 LIQUIDITY

Under ASU 2016-14, Premier Arts is required to disclose the assets it has available at June 30, 2024, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Premier Arts' financial assets include cash, investments, accounts receivable and grants receivable. Financial assets at June 30, 2024 totaled $179,384 all of which are available to meet cash needs for general expenditures within the next year. Premier Arts also has a line of credit available to assist with the cash needs of Premier Arts (see Note 2).

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

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
OTHER REPORT
PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024

The reports presented herein were prepared in addition to another official report prepared for Premier Arts Incorporated dba Premier Arts Academy as listed below:

Supplemental Audit Report of Premier Arts Incorporated dba Premier Arts Academy

The Supplemental Audit Report contains the results of 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.*

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Premier Arts Academy	Premier Arts, Inc.	Eliminations	Total
ASSETS				
CURRENT ASSETS				
Cash	$ 48,387	$ 27,782	$ -	$ 76,169
Investments	-	11,388	-	11,388
Accounts Receivable, Net	31,030	-	-	31,030
Grants Receivable	60,797	-	-	60,797
Prepaid Expenses and Other Current Assets	4,500	-	-	4,500
Total Current Assets	144,714	39,170	-	183,884
PROPERTY AND EQUIPMENT, NET				
Equipment	-	450,875	-	450,875
Furniture and Fixtures	-	121,507	-	121,507
Leasehold Improvements	579,617	24,991	-	604,608
Land Improvements	-	1,997	-	1,997
Construction In Progress	272,626	-	-	272,626
Less: Accumulated Depreciation	(133,099)	(190,163)	-	(323,262)
Property and Equipment, Net	719,144	409,207	-	1,128,351
OTHER ASSETS				
Right-of-Use Assets Operating, Net	218,777	-	-	218,777
Right-of-Use Financing, Net	314,318	-	-	314,318
Total Other Assets	533,095	-	-	533,095
Total Assets	$ 1,396,953	$ 448,377	$ -	$ 1,845,330
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable	$ 338,148	$ 2,852	$ -	$ 341,000
Accrued Liabilities	41,121	-	-	41,121
Notes Payable and Long-Term Debt, Current Portion	345,184	-	-	345,184
Right-of-Use Liability - Operating Operating, Current Portion	133,800	-	-	133,800
Right-of-Use Liability - Financing, Current Portion	88,162	-	-	88,162
Total Current Liabilities	946,415	2,852	-	949,267
LONG-TERM LIABILITIES				
Right-of-Use Liability - Operating, Net of Current Portion	84,977	-	-	84,977
Right-of-Use Liability - Financing, Net of Current Portion	226,156	-	-	226,156
Total Long-Term Liabilities	311,133	-	-	311,133
Total Liabilities	1,257,548	2,852	-	1,260,400
NET ASSETS WITHOUT DONOR RESTRICTIONS	139,405	- 445,525	-	584,930
Total Liabilities and Net Assets	$ 1,396,953	$ 448,377	$ -	$ 1,845,330

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS
PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Premier Arts Academy	Premier Arts, Inc.	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	$ 1,489,413	$ -	$ -	$ 1,489,413
Grant Revenue	1,056,572	-	-	1,056,572
Contributions	410,805	157,910	-	568,715
Student Fees	56,867	-	-	56,867
Program Services	-	192,616	-	192,616
Investment Income	-	782	-	782
Fundraising and Special Events	-	2,541	-	2,541
Total Revenue and Support	3,013,657	353,849	-	3,367,506
EXPENSES				
Program Services	2,067,598	279,505	-	2,347,103
Management and General	806,654	60,674	-	867,328
Total Expenses	2,874,252	340,179	-	3,214,431
CHANGES IN NET ASSETS	139,405	13,670	-	153,075
Net Assets - Beginning of Year	-	431,855	-	431,855
NET ASSETS - END OF YEAR	$ 139,405	$ 445,525	$ -	$ 584,930

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PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

FOR THE PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024



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PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
SUPPLEMENTAL AUDIT REPORT
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PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
SCHOOL OFFICIALS
FOR THE PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024

Office	Official	Term
Board Chairman	Eric Shultz	02/02/2023 – 06/30/2024
Head of School	Ashley Molyneaux	02/02/2023 – 06/30/2024
Business Manager	Elizabeth Osowski	02/02/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

School Officials
Premier Arts Incorporated dba Premier Arts Academy
Elkhart, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Premier Arts Incorporated dba Premier Arts Academy (Premier Arts) as of and for the period February 2, 2023 through June 30, 2024, and have issued our report thereon dated January 28, 2025. 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 Premier Arts was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 28, 2025

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REQUIRED REPORTS

During our testing, it was noted that the Form 9 for the reporting period January 1, 2024 through June 30, 2024 ending cash balance of ($4,261) does not agree to the year ended June 30, 2024 cash balance per Premier Arts' records of $48,387 for a difference of $52,648 understating the Form 9 information.

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).

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
EXIT CONFERENCE
FEBRUARY 2, 2023 to JUNE 30, 2024

The contents of this report were discussed with Ashley Molyneaux, Head of School, and Kelli Smith, Outsourced Accountant, on December 18, 2024.

December 27, 2024

To Whom It May Concern:

Please see the School's official response to the Audit Results and Comments provided below.

Form 9 Cash Balance

During the audit testing, the auditors noted that the June 30, 2024 Form 9 ending cash balance was understated. In review of the difference, it was noted that the Accounts Payable and Accounts Receivable were not properly reversed, resulting in the understated ending cash balance. The Form 9 Beginning Cash balance will be corrected in the December 31, 2024 Form 9 filing. Going forward, the School will ensure the balance sheet accounts are properly reversed so the Form 9 data is reported on Cash Basis.



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Renaissance Academy Charter School

RENAISSANCE ACADEMY, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2024 AND 2023



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RENAISSANCE ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Renaissance Academy, Inc. (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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

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

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

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

Board of Directors
Renaissance Academy, Inc.

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 30, 2024

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 1,615,437	$ 1,052,156
Grants Receivable	10,900	167,250
Other Receivables, Net of Allowance for Doubtful Accounts	36,265	50,630
Prepaid Expenses and Other Assets	-	14,812
Total Current Assets	1,662,602	1,284,848
PROPERTY AND EQUIPMENT		
Land	436,820	396,113
Buildings and Improvements	804,881	804,881
Leasehold Improvements	693,314	681,064
Furniture and Equipment	185,389	174,472
Vehicles	61,876	76,065
Textbooks	33,712	33,712
Less: Accumulated Depreciation	(1,049,990)	(996,261)
Property and Equipment, Net	1,166,002	1,170,046
RIGHT-OF-USE ASSET, NET	286,738	378,690
Total Assets	$ 3,115,342	$ 2,833,584
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	$ 557,220	$ 42,553
Accounts Payable and Accrued Expenses	121,627	109,631
Deferred Revenue	19,560	104,220
Right of Use Liability, Current	93,742	98,292
Total Current Liabilities	792,149	354,696
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	-	557,216
Right-of-Use Liability, Net of Current Portion	192,996	280,398
Total Long-Term Liabilities	192,996	837,614
Total Liabilities	985,145	1,192,310
NET ASSETS WITHOUT DONOR RESTRICTIONS	2,130,197	1,641,274
Total Liabilities and Net Assets	$ 3,115,342	$ 2,833,584

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS		
State Education Support	$ 1,981,757	$ 1,761,633
Grant Revenue	796,258	636,531
Student Fees	248,621	258,190
Fundraising and Other Income	26,346	15,366
Other Income	17,748	48,590
Total Revenue and Support, Without Donor Restrictions	3,070,730	2,720,310
EXPENSES		
Program Services	1,719,058	1,711,596
Management and General	862,749	859,067
Total Expenses	2,581,807	2,570,663
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	488,923	149,647
Net Assets Without Donor Restrictions - Beginning of Year	1,641,274	1,491,627
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 2,130,197	$ 1,641,274

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	$ 856,830	$ 494,130	$ 1,350,960	$ 830,128	$ 492,092	$ 1,322,220
Employee Benefits	214,040	158,402	372,442	200,768	166,790	367,558
Professional Services	12,397	30,212	42,609	7,300	27,167	34,467
Staff Development and Recruitment	22,340	-	22,340	43,233	-	43,233
Authorizer Oversight Fees	-	38,043	38,043	-	33,929	33,929
Food Costs	27,205	-	27,205	25,691	-	25,691
Classroom, Kitchen, and Office Supplies	96,619	14,819	111,438	119,568	30,526	150,094
Field Trips and Events	49,439	-	49,439	45,889	-	45,889
Occupancy	287,761	-	287,761	285,108	-	285,108
Repairs and Maintenance	57,209	-	57,209	57,974	-	57,974
Information Technology	-	16,344	16,344	-	18,181	18,181
Depreciation	67,918	-	67,918	75,496	-	75,496
Insurance	-	36,574	36,574	-	42,299	42,299
Interest	-	24,611	24,611	-	26,305	26,305
Transportation	25,554	-	25,554	19,816	-	19,816
Bad Debt	-	19,000	19,000	-	5,000	5,000
Other	1,746	30,614	32,360	625	16,778	17,403
Total Functional Expenses	$ 1,719,058	$ 862,749	$ 2,581,807	$ 1,711,596	$ 859,067	$ 2,570,663

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 488,923	$ 149,647
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	67,918	75,496
Provision for (Recovery from) Bad Debts	(3,029)	(3,304)
Changes in Operating Assets and Liabilities:		
Grants Receivable	156,350	62,450
Other Receivables	17,394	(8,912)
Prepaid Expenses	14,812	70
Accounts Payable and Accrued Expenses	11,996	(8,572)
Deferred Revenue	(84,660)	20,318
Net Cash Provided by Operating Activities	669,704	287,193
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(63,874)	(88,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(42,549)	(40,856)
NET CHANGE IN CASH	563,281	157,735
Cash - Beginning of Year	1,052,156	894,421
CASH - END OF YEAR	$ 1,615,437	$ 1,052,156
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 24,611	$ 26,305

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 267 students in grades kindergarten to eight during the 2023-2024 school year. The School also provides an early childhood education program for children ages three and four on a fee basis.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statement of financial position. As of June 30, 2024, 2023, and 2022, the School has $32,265, $50,630, and $38,414, respectively, of accounts receivable from student fees, net of allowance for credit losses. Amounts received prior to service is performed are reported as deferred revenues in the statement of financial position. As of June 30, 2024, 2023 and 2022, the School has $19,560, $104,220, and $83,902, respectively, of deferred revenue from student fees.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes 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, 2024 and 2023.

Grants and Other Receivables

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such, no allowance for credit losses is deemed necessary under Current Expected Credit Losses (CECL) 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 credit losses of $16,180 and $18,988 as of June 30, 2024 and 2023, respectively.

Property and Equipment

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

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

Buildings and Improvements	39 Years
Leasehold Improvements	5 to 15 Years
Furniture and Equipment	3 to 7 Years
Vehicles	5 Years
Textbooks	3 Years

Impairment of Long-Lived Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists of enrollment fees and materials and supplies fees received as part of the enrollment process for the subsequent academic School year.

Accounting Estimates

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

Taxes on Income

Renaissance Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2021 are open to audit for both federal and state purposes.

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities. Additional detail regarding leases is provided in Note 3, Related Party Lease. At June 30, 2024 and 2023, respectively, the School had a right-of-use asset – operating, net, and a right-of-use liability – operating of $286,738 and $378,690.

Subsequent Events

The School evaluated subsequent events through December 30, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description	2024	2023
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.	$ 557,220	$ 599,769
Less: Current Portion	(557,220)	(42,553)
Long-Term Portion	$ -	$ 557,216

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
2025	$ 557,220

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 $121,299 and $108,352 for the years ended June 30, 2024 and 2023, respectively.

NOTE 3 RELATED PARTY LEASE (CONTINUED)

Lease Cost:	2024	2023
Operating Lease Cost:	$ 98,292	$ 98,292
Other Information:		
Operating Cash Flows from Operating Leases	$ 98,292	$ 98,292
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	$ 468,886	$ 468,886
Weighted-Average Remaining Lease Term - Operating Leases:	3.0 Years	4.0 Years
Weighted-Average Discount Rate - Operating Leases	1.93%	1.93%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending December 31,	Amount
2025	$ 98,292
2026	98,292
2027	98,292
Undiscounted Cash Flows	294,876
Less: Imputed Interest	(8,138)
Total Present Value	$ 286,738
Short-Term Lease Liabilities	$ 93,742
Long-Term Lease Liabilities	192,996
Total	$ 286,738

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 $38,043 and $33,929 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2024 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.

NOTE 5 RETIREMENT PLANS (CONTINUED)

Contribution requirements of plan members are determined by the INPRS Board. Under the plans, for both years ended June 30, 2024 and 2023, the School contributed 6.5% 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, 2023 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

In addition, the School has a 401k program for eligible employees. Under the plan, the School matches 100% of employee contributions up to 4%.

Total retirement plan expense was $125,237 and $108,347 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023, substantially all of the grants receivable balance was due from the state of Indiana. All cash deposits are maintained at 1st Source Bank and are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance up to the legal limit.

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 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 credit losses. Financial assets at June 30, 2024 and 2023 total $1,662,602 and $1,270,036, 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 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.

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
ASSETS			
CURRENT ASSETS			
Cash	$ 1,447,630	$ 167,807	$ 1,615,437
Grants Receivable	10,900	-	10,900
Other Receivables, Net of Allowance for Credit Losses	23,930	12,335	36,265
Total Current Assets	1,482,460	180,142	1,662,602
PROPERTY AND EQUIPMENT			
Land	436,820	-	436,820
Buildings and Improvements	804,881	-	804,881
Leasehold Improvements	693,314	-	693,314
Furniture and Equipment	185,389	-	185,389
Vehicles	-	61,876	61,876
Textbooks	33,712	-	33,712
Less: Accumulated Depreciation	(1,018,563)	(31,427)	(1,049,990)
Property and Equipment, Net	1,135,553	30,449	1,166,002
RIGHT-OF-USE ASSET, NET	286,738	-	286,738
Total Assets	$ 2,904,751	$ 210,591	$ 3,115,342
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current Portion of Notes Payable	$ 557,220	$ -	$ 557,220
Accounts Payable and Accrued Expenses	113,517	8,110	121,627
Deferred Revenue	19,560	-	19,560
Right-of-Use Liability, Current	93,742	-	93,742
Total Current Liabilities	784,039	8,110	792,149
LONG-TERM LIABILITIES			
Right of Use Liability, Net of Current Portion	192,996	-	192,996
Total Long-Term Liabilities	192,996	-	192,996
Total Liabilities	977,035	8,110	985,145
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,927,716	202,481	2,130,197
Total Liabilities and Net Assets	$ 2,904,751	$ 210,591	$ 3,115,342

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	$ 1,981,757	$ -	$ 1,981,757
Grant Revenue	796,258	-	796,258
Student Fees	113,129	135,492	248,621
Fundraising and Other Income	26,346	-	26,346
Other Income	17,748	-	17,748
Total Revenue and Support	2,935,238	135,492	3,070,730
EXPENSES			
Program Services	1,603,174	115,884	1,719,058
Management and General	846,740	16,009	862,749
Total Expenses	2,449,914	131,893	2,581,807
CHANGE IN NET ASSETS	485,324	3,599	488,923
Net Assets - Beginning of Year	1,442,392	198,882	1,641,274
NET ASSETS - END OF YEAR	$ 1,927,716	$ 202,481	$ 2,130,197

RENAISSANCE ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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, 2023 TO JUNE 30, 2024



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RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
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RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024

Office	Official	Term
President of Board of Directors	Ann Bates	07/01/2023 – 06/30/2024
Head of School	Kieran McHugh	07/01/2023 – 06/30/2024
Administrator	Victoria McHugh	07/01/2023 – 06/30/2024

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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, 2024, and have issued our report thereon dated December 30, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments is a matter where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 30, 2024

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TRAVEL REIMBURSMENT

During our testing, we noted that the School reimbursed airfare for an employee family member that was included in the reimbursement items for the employees. The value was $196. The receipt included the name of the employee and the family member.

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. (Guidelines for the Audits of Charter Schools Performed by Private Examiners, Part 8).

RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024

The contents of this report were discussed with Kieran McHugh (Head of School) and Tina Bushue (Accountant) on December 26, 2024. The Official Response has been made part of this report and can be found on page 5.

23/24 SY Audit - Response to Finding - Travel Reimbursement Form

The school has created a new Travel Reimbursement Form to be filled out and signed by the employee. On the form, the employee will detail the type of expense, attach original receipts and state the business purpose for travel. Employees have already used this new form for their conference in December, 2024.

In this case from 2023, the reimbursement total paid by the school was less than the full employee expenses but was partially applied incorrectly. We have taken action to ensure that does not happen again, The new form provides record clarification so the receipts and expenditures are correctly matched and accounted for in detail.

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Rock Creek Community Academy

ROCK CREEK COMMUNITY ACADEMY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rock Creek Community Academy, Inc.
Anderson, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rock Creek Community Academy, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rock Creek Community Academy, Inc. as of June 30, 2024 and 2023, and its changes in net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS we:

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

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

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 16, 2024

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	$ 3,028,956	$ 2,627,127
Cash - Restricted for Debt Service	2,061,943	1,944,015
Total Cash	5,090,899	4,571,142
Accounts Receivable	43,234	18,118
Grants Receivable	114,739	45,034
Prepaid Expenses	174,603	85,477
Total Current Assets	5,423,475	4,719,771
PROPERTY AND EQUIPMENT		
Land	1,196,153	1,196,153
Leasehold Improvements	13,389,595	13,389,595
Furniture and Equipment	1,023,184	1,007,284
Textbooks	437,573	437,573
Less: Accumulated Depreciation	(3,505,993)	(3,012,888)
Property and Equipment, Net	12,540,512	13,017,717
OTHER ASSETS		
Operating Right of Use (ROU) Asset	13,019	8,043
Finance Right of Use (ROU) Asset	36,607	114,279
Total Other Assets	49,626	122,322
Total Assets	$ 18,013,613	$ 17,859,810

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	$ 200,870	$ 161,866
Current Portion of Bonds Payable	240,000	225,000
Current Portion of Operating Lease Liability	2,987	5,056
Current Portion of Finance Lease Liability	57,148	63,373
Accrued Bond Interest Payable	413,794	419,700
Deferred Revenue	11,380	129,941
Student Activity Funds	120,605	110,921
Total Current Liabilities	1,046,784	1,115,857
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	13,700,000	13,940,000
Plus: Unamortized Premiums on Bonds Payable	102,670	106,904
Less: Unamortized Debt Insurance Costs	(371,061)	(386,363)
Operating Lease Liability, Net of Current Portion	-	2,987
Finance Lease Liability, Net of Current Portion	-	64,643
Total Long-Term Liabilities	13,431,609	13,728,171
Total Liabilities	14,478,393	14,844,028
NET ASSETS		
Without Donor Restrictions	3,535,220	3,015,782
Total Liabilities and Net Assets	$ 18,013,613	$ 17,859,810

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
REVENUE AND SUPPORT		
State Education Support	$ 5,606,895	$ 4,979,945
Grant Revenue	1,645,499	1,541,399
Student Fees	175,701	358,899
Contributions	45,184	33,707
Fundraising Income	32,642	43,978
Interest Income	158,941	50,939
Total Revenue and Support	7,664,862	7,008,867
EXPENSES		
Program Services	5,479,380	5,137,283
Management and General	1,666,044	1,559,657
Total Expenses	7,145,424	6,696,940
CHANGE IN NET ASSETS	519,438	311,927
Net Assets Without Donor Restrictions - Beginning of Year	3,015,782	2,703,855
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	$ 3,535,220	$ 3,015,782

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Total
Salaries and Wages	$ 2,759,657	$ 505,307	$ 3,264,964
Employee Benefits	587,662	109,441	697,103
Professional Services	772,336	6,865	779,201
Occupancy	159,732	-	159,732
Classroom, Kitchen, and Office Supplies	290,055	29,669	319,724
Depreciation	493,105	-	493,105
Equipment	60,661	-	60,661
Food Costs	164,874	1,700	166,574
Field Trips	12,088	-	12,088
Insurance	-	54,280	54,280
Repairs and Maintenance	57,721	347	58,068
Advertising	-	11,267	11,267
Staff Development	4,479	-	4,479
Interest	-	919,902	919,902
Other	117,010	27,266	144,276
Total Functional Expenses	$ 5,479,380	$ 1,666,044	$ 7,145,424

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries and Wages	$ 2,534,357	$ 358,035	$ 2,852,373
Employee Benefits	570,486	93,610	637,361
Professional Services	624,151	6,106	481,455
Occupancy	160,777	-	126,826
Classroom, Kitchen, and Office Supplies	287,271	36,278	227,721
Depreciation	461,726	-	494,416
Equipment	59,403	-	151,809
Food Costs	162,573	1,691	175,329
Field Trips	83,452	-	14,961
Insurance	-	52,217	62,120
Repairs and Maintenance	66,607	59	50,335
Advertising	-	11,825	8,765
Staff Development	24,880	-	11,120
Interest	-	922,195	870,562
Other	101,600	77,641	134,919
Total Functional Expenses	$ 5,137,283	$ 1,559,657	$ 6,696,940

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 519,438	$ 311,927
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	493,105	461,726
Amortization of Debt Issuance Costs	15,302	15,302
Amortization of Bond Premium	(4,234)	(4,235)
Noncash Lease Expense	72,696	55,235
(Increase) Decrease in Assets:		
Accounts Receivable	(25,116)	20,317
Grants Receivable	(69,705)	87,291
Prepaid Expenses	(89,126)	(25,952)
Security Deposits	-	8,832
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	39,004	(323,978)
Student Activity Funds	9,684	7,111
Accrued Bond Interest Payable	(5,906)	(7,481)
Deferred Revenue	(118,561)	(31,515)
Net Cash Provided by Operating Activities	836,581	574,580
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,900)	(20,505)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Bond Payable	(225,000)	(215,000)
Payments on Finance Leases	(75,924)	(177,751)
Net Cash Used by Financing Activities	(300,924)	(392,751)
NET CHANGE IN CASH AND RESTRICTED CASH	519,757	161,324
Cash and Restricted Cash - Beginning of Year	4,571,142	4,409,818
CASH AND RESTRICTED CASH - END OF YEAR	$ 5,090,899	$ 4,571,142
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 925,808	$ 929,676

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Rock Creek Community Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School, located in Sellersburg, Indiana, provided educational instruction to students in grades kindergarten to twelve, serving approximately 640 students during the 2023 – 2024 school year and approximately 660 students during the 2022 – 2023 school year.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the 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, 2024 and 2023, the School had conditional grants it had received advances in excess of expenditures of $11,380 and $6,875, respectively. Accordingly, these amounts have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statements of financial position. As of June 30, 2024, 2023, and 2022, the School did not have any accounts receivable from student fees. Amounts received prior to service being performed are reported as deferred revenues in the statement of financial position. As of June 30, 2024, 2023, and 2022, the School has $-0-, $129,941, and $161,456, respectively, of deferred revenue from student fees.

Grants Receivable and Revenue

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, and Fees

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

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

Property and Equipment

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

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

Leasehold Improvements	5 to 40 Years
Furniture and Equipment	3 to 5 Years
Textbooks	5 Years

Construction in Progress

Construction in progress represents expenditures incurred for construction and development of the new school facility and are carried at cost. Cost includes related acquisition expenses, development/construction costs, and capitalized interest during the construction phase of the project, and other direct expenditures. There was no construction in progress at June 30, 2024 and 2023.

Impairment of Long-Lived Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

During the year ended June 30, 2019, the School incurred costs totaling $459,045 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bonds. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization and amortization expense were $87,984 and $15,302 for the year ended June 30, 2024. Accumulated amortization and amortization expense were $72,682 and $15,301 for the year ended June 30, 2023. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

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, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2021 are open to audit for both federal and state purposes.

Adoption of New Accounting Standard

In July of 2023, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which modifies the measurement of expected credit losses. The School adopted this guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

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

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

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

Subsequent Events

The School evaluated subsequent events through December 16, 2024, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Subsequent to year-end, the School entered into a construction contract for additional school expansion of approximately $1.1 million and was approved for a common school loan of $1.2 million, with the first draw in September 2024.

NOTE 2 RESTRICTED CASH

Cash – Restricted for Debt Service is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. As of June 30, 2024 and 2023, the School had $2,061,943 and $1,944,015, respectively, restricted for debt service.

NOTE 3 BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

Description	2024	2023
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 5.250% 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.	$ 13,940,000	$ 14,165,000
Total	13,940,000	14,165,000
Less: Current Portion	(240,000)	(225,000)
Long-Term Portion	$ 13,700,000	$ 13,940,000

The premium on the Series A bonds above totaled $127,015 and is being amortized over the 30-year life of the bonds. Amortization of the premium for the years ended June 30, 2024 and 2023 was $4,234 and is included as part of interest expense.

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain covenants requiring minimum unrestricted cash reserves sufficient to meet 45 days of operating expenses and establishes a minimum debt service coverage ratio of 1.10 to 1. The School believes it was in compliance with covenants for 2024 and 2023.

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

Year Ending June 30,	Amount
2025	$ 240,000
2026	250,000
2027	265,000
2028	280,000
2029	295,000
Thereafter	12,610,000
Total	$ 13,940,000

NOTE 4 LEASES

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

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

	2024	2023
Lease Cost:		
Finance Lease Cost	$ 55,329	$ 60,640
Interest on Lease Liabilities	12,689	20,655
Operating Lease Cost	5,148	5,148
Total Lease Cost	$ 73,166	$ 86,443
Other Information:		
Operating Cash Flows from Finance Leases	$ 12,689	$ 19,870
Operating Cash Flows from Operating Leases	$ 5,148	$ 5,148
Financing Cash Flows from Finance Leases	$ 70,325	$ 55,749
Right-of-use assets obtained in exchange for new operating lease liabilities	$ -	$ 13,019
Weighted-Average Remaining Lease Term - Finance Leases	1.0 Years	1.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	0.6 Years	1.6 Years
Weighted-Average Discount Rate - Finance Leases	16.05%	14.05%
Weighted-Average Discount Rate - Operating Leases	1.60%	1.60%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2024 is as follows:

Year Ending June 30,	Operating	Finance	Totals
2025	$ 3,003	$ 61,416	$ 64,419
2026	-	-	-
Undiscounted Cash Flows	$ 3,003	$ 61,416	$ 64,419
(Less) Imputed Interest	(16)	(4,268)	(4,284)
Total Present Value	$ 2,987	$ 57,148	$ 60,135
Short-Term Lease Liabilities	$ 2,987	$ 57,148	$ 60,135
Long-Term Lease Liabilities	-	-	-
Total	$ 2,987	$ 57,148	$ 60,135

NOTE 5 RETIREMENT PLAN

The School maintains a Section 403(b) defined contribution retirement plan with Mass Mutual Financial Group for the benefit of its employees. Substantially all full-time employees are eligible to participate. Under the plan, the School contributes 7.5% of each participant's compensation for the plan year. Retirement plan expense for the years ended June 30, 2024 and 2023 was $216,095 and $216,222, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent. Payments under this charter agreement were $87,989 and $86,199 for the years ended June 30, 2024 and 2023, respectively.

During the years ended June 20, 2024 and 2023, the School paid $56,900 and $49,300, respectively, to companies of a related party for cleaning and landscaping needs of the School.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024, 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 Federal Deposit Insurance Corporation insurance limit.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 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.

	2024	2023
Financial Assets	$ 5,248,872	$ 4,634,294
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Construction and Debt Service	(2,061,943)	(1,944,015)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	$ 3,186,929	$ 2,690,279

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

ROCK CREEK COMMUNITY ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2024

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.*

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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2023 TO JUNE 30, 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SUPPLEMENTAL AUDIT REPORT
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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 to JUNE 30, 2024

Office	Official	Term
Board Chairman	Jason Hall	07/01/2023 – 06/30/2024
School Treasurer	Karen Floyd	07/01/2023 – 06/30/2024
Business Manager	Karen Rogers	07/01/2023 – 06/30/2024

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INDEPENDENT AUDITORS' REPORT

School Officials
Rock Creek Community Academy, Inc.
Sellersburg, Indiana

We have audited the financial statements of Rock Creek Community Academy, Inc. (the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated December 16, 2024. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 16, 2024

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ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 to JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024.

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 to JUNE 30, 2024

The contents of this report were discussed with Karen Floyd, School Treasurer, and Jason Hall, Board Chairman, on December 14, 2024.

ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2023 to JUNE 30, 2024

No findings noted for the period of July 1, 2023 to June 30, 2024 that required an official response.

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