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January 17, 2024

Charter School Board  
Rock Creek Community Academy, Inc.  
Clark County, Indiana

We have reviewed the audit report of Rock Creek Community Academy, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Rock Creek Community Academy, Inc. as of June 30, 2023, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Rock Creek Community Academy, Inc., was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in black ink that reads "Tammy R. White". The signature is written in a cursive style.

Tammy R. White, CPA  
Deputy State Examiner

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Rock Creek Community Academy, Inc.  
Anderson, Indiana

### ***Opinion***

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

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

### ***Basis for Opinion***

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

### ***Emphasis of a Matter – Change in Accounting Principle***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See [CLAglobal.com/disclaimer](https://www.claglobal.com/disclaimer).

***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  
December 15, 2023

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$ 2,627,127	\$ 2,582,602
Cash - Restricted for Debt Service	1,944,015	1,827,216
Total Cash	4,571,142	4,409,818
Accounts Receivable	18,118	38,435
Grants Receivable	45,034	132,325
Prepaid Expenses	85,477	59,525
Total Current Assets	4,719,771	4,640,103
<b>PROPERTY AND EQUIPMENT</b>		
Land	1,196,153	1,196,153
Leasehold Improvements	13,389,595	13,389,595
Furniture and Equipment	1,007,284	1,238,219
Textbooks	437,573	437,573
Less: Accumulated Depreciation	(3,012,888)	(2,625,045)
Property and Equipment, Net	13,017,717	13,636,495
<b>OTHER ASSETS</b>		
Security Deposits	-	8,832
Operating Right of Use (ROU) Asset	8,043	-
Finance Right of Use (ROU) Asset	114,279	-
Total Other Assets	122,322	8,832
Total Assets	\$ 17,859,810	\$ 18,285,430

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 161,866	\$ 485,844
Current Portion of Bonds Payable	225,000	215,000
Current Portion of Operating Lease Liability	5,056	-
Current Portion of Finance Lease Liability	63,373	133,520
Accrued Bond Interest Payable	419,700	427,181
Deferred Revenue	129,941	161,456
Student Activity Funds	110,921	103,810
Total Current Liabilities	1,115,857	1,526,811
<b>LONG-TERM LIABILITIES</b>		
Bonds Payable, Net of Current Portion	13,940,000	14,165,000
Plus: Unamortized Premiums on Bonds Payable	106,904	111,138
Less: Unamortized Debt Insurance Costs	(386,363)	(401,664)
Operating Lease Liability, Net of Current Portion	2,987	-
Finance Lease Liability, Net of Current Portion	64,643	180,290
Total Long-Term Liabilities	13,728,171	14,054,764
Total Liabilities	14,844,028	15,581,575
<b>NET ASSETS</b>		
Without Donor Restrictions	3,015,782	2,703,855
Total Liabilities and Net Assets	\$ 17,859,810	\$ 18,285,430

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>REVENUE AND SUPPORT</b>		
State Education Support	4,979,945	4,586,140
Grant Revenue	1,541,399	2,012,106
Student Fees	358,899	235,526
Contributions	33,707	15,336
Fundraising Income	43,978	85,408
Interest Income	50,939	344
Gain on Disposal of Fixed Assets	-	8
Total Revenue and Support	7,008,867	6,934,868
<b>EXPENSES</b>		
Program Services	5,137,283	4,581,504
Management and General	1,559,657	1,798,481
Total Expenses	6,696,940	6,379,985
<b>CHANGE IN NET ASSETS</b>	311,927	554,883
Net Assets Without Donor Restrictions - Beginning of Year	2,703,855	2,148,972
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	<b>\$ 3,015,782</b>	<b>\$ 2,703,855</b>

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,534,357	\$ 358,035	\$ 2,892,392
Employee Benefits	570,486	93,610	664,096
Professional Services	624,151	6,106	630,257
Occupancy	160,777	-	160,777
Classroom, Kitchen, and Office Supplies	287,271	36,278	323,549
Depreciation	461,726	-	461,726
Equipment	59,403	-	59,403
Food Costs	162,573	1,691	164,264
Field Trips	83,452	-	83,452
Insurance	-	52,217	52,217
Repairs and Maintenance	66,607	59	66,666
Advertising	-	11,825	11,825
Staff Development	24,880	-	24,880
Interest	-	922,195	922,195
Other	101,600	77,641	179,241
	<u>101,600</u>	<u>77,641</u>	<u>179,241</u>
Total Functional Expenses	<u>\$ 5,137,283</u>	<u>\$ 1,559,657</u>	<u>\$ 6,696,940</u>

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,335,432	\$ 516,941	\$ 2,852,373
Employee Benefits	539,963	97,398	637,361
Professional Services	380,915	100,540	481,455
Occupancy	126,826	-	126,826
Classroom, Kitchen, and Office Supplies	192,095	35,626	227,721
Depreciation	494,416	-	494,416
Equipment	151,809	-	151,809
Authorizer Oversight Fees	-	79,913	79,913
Food Costs	175,329	-	175,329
Field Trips	14,961	-	14,961
Insurance	-	62,120	62,120
Repairs and Maintenance	49,860	475	50,335
Advertising	1,540	7,225	8,765
Staff Development	11,120	-	11,120
Interest	-	870,562	870,562
Other	107,238	27,681	134,919
	<u>\$ 4,581,504</u>	<u>\$ 1,798,481</u>	<u>\$ 6,379,985</u>
Total Functional Expenses	<u>\$ 4,581,504</u>	<u>\$ 1,798,481</u>	<u>\$ 6,379,985</u>

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 311,927	\$ 554,883
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	461,726	494,416
Amortization of Debt Issuance Costs	15,302	15,302
Amortization of Bond Premium	(4,235)	(4,234)
Noncash Lease Expense	55,235	-
(Gain) Loss on Disposals of Property and Equipment	-	(8)
(Increase) Decrease in Assets:		
Accounts Receivable	20,317	(38,435)
Grants Receivable	87,291	9,978
Prepaid Expenses	(25,952)	(7,602)
Security Deposits	8,832	(1,118)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(323,978)	(222,838)
Student Activity Funds	7,111	292
Accrued Bond Interest Payable	(7,481)	(4,303)
Deferred Revenue	(31,515)	(5,105)
Refundable Advances	-	(6,827)
Net Cash Provided by Operating Activities	574,580	784,401
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(20,505)	(9,964)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Bond Payable	(215,000)	(205,000)
Payments on Capital Leases	(177,751)	(148,974)
Net Cash Used by Financing Activities	(392,751)	(353,974)
<b>NET CHANGE IN CASH AND RESTRICTED CASH</b>	161,324	420,463
Cash and Restricted Cash - Beginning of Year	4,409,818	3,989,355
<b>CASH AND RESTRICTED CASH - END OF YEAR</b>	\$ 4,571,142	\$ 4,409,818
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest, Including Capitalized Interest	\$ 929,676	\$ 874,865
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>		
Assets Acquired Under Capital Lease	\$ -	\$ 181,440

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Rock Creek Community Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School, located in Sellersburg, Indiana, provided educational instruction to students in grades kindergarten to twelve, serving approximately 660 students during the 2022 – 2023 school year and approximately 635 students during the 2021 – 2022 school year.

**Accounting Estimates**

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

**Revenue Recognition**

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2023 and 2022, the School had conditional grants it had received advances in excess of expenditures of \$6,875 and \$-0-, respectively. Accordingly, these amounts have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statements of financial position. As of June 30, 2023, 2022, and 2021, the School did not have any accounts receivable from student fees. Amounts received prior to service being performed are reported as deferred revenues in the statement of financial position. As of June 30, 2023, 2022, and 2021, the School has \$129,941, \$161,456, and \$166,561, respectively, of deferred revenue from student fees.

**Grants Receivable and Revenue**

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

**ROCK CREEK COMMUNITY ACADEMY, INC.  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions, Grants, and Fees**

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

**Cash and Cash Equivalents**

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

**Property and Equipment**

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

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

Leasehold Improvements	5 to 40 Years
Furniture and Equipment	3 to 5 Years
Textbooks	5 Years

**Construction in Progress**

Construction in progress represents expenditures incurred for construction and development of the new school facility and are carried at cost. Cost includes related acquisition expenses, development/construction costs, and capitalized interest during the construction phase of the project, and other direct expenditures.

**Impairment of Long-Lived Assets**

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

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Debt Issuance Costs**

During the year ended June 30, 2019, the School incurred costs totaling \$459,045 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bonds. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization and amortization expense were \$72,682 and \$15,301 for the year ended June 30, 2023. Accumulated amortization and amortization expense were \$57,381 and \$15,302 for the year ended June 30, 2022. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

**Taxes on Income**

Rock Creek Community Academy, Inc. has received a determination from the United States Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2023 and 2022, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

**Adoption of New Accounting Standard**

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

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

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

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

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

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

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

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

**Reclassifications**

Certain amounts in 2022 have been reclassified for comparative purposes to conform with the presentation in 2023. The reclassifications have no effect on the previously stated net income or equity.

**Subsequent Events**

The School evaluated subsequent events through December 15, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**NOTE 2 RESTRICTED CASH**

*Cash – Restricted for Debt Service* is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. As of June 30, 2023 and 2022, the School had \$1,944,015 and \$1,827,216, respectively, restricted for debt service.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 3 BONDS PAYABLE**

Bonds payable consisted of the following as of June 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Indiana Finance Authority Education Facilities Revenue Bonds, Series 2018A with a face amount of \$14,450,000, plus premium of \$127,015. The principal is payable in annual installments that increase from \$140,000 to \$905,000 from July 2021 to July 2048, with a lump-sum payment of \$2,060,000 due in July 2048. Interest payments are made semi-annually on January 1 and July 1 at rates ranging from 5.25% to 6.125% from July 2021 to July 2039 in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	\$ 14,165,000	\$ 14,310,000
Indiana Finance Authority Taxable Education Facilities Revenue Bonds, Series 2018B with a face amount of \$200,000. The principal is payable in annual installments of \$65,000, \$65,000, and \$70,000 in July 2020, 2021, and 2022, respectively. Interest payments are made semi-annually on January 1 and July 1 at a rate of 6.375% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	-	70,000
Total	14,165,000	14,380,000
Less: Current Portion	(225,000)	(215,000)
Long-Term Portion	<u>\$ 13,940,000</u>	<u>\$ 14,165,000</u>

The premium on the Series A bonds above totaled \$127,015 and is being amortized over the 30-year life of the bonds. Amortization of the premium for the years ended June 30, 2023 and 2022 was \$4,234, and is included as part of interest expense.

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain covenants requiring minimum unrestricted cash reserves sufficient to meet 45 days of operating expenses and establishes a minimum debt service coverage ratio of 1.10 to 1. The School believes it was in compliance with covenants for 2023.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 3 BONDS PAYABLE (CONTINUED)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 225,000
2025	240,000
2026	250,000
2027	265,000
2028	280,000
Thereafter	<u>12,905,000</u>
Total	<u><u>\$ 14,165,000</u></u>

**NOTE 4 LEASES**

**ASC 842 for 2023**

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

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

Lease Cost:	
Finance Lease Cost	\$ 60,640
Interest on Lease Liabilities	20,655
Operating Lease Cost	<u>5,148</u>
Total Lease Cost	<u><u>\$ 86,442</u></u>

Other Information:	
Operating Cash Flows from Finance Leases	\$ 19,870
Operating Cash Flows from Operating Leases	\$ 5,148
Financing Cash Flows from Finance Leases	\$ 55,749
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 13,019
Weighted-Average Remaining Lease Term - Finance Leases	1.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	1.6 Years
Weighted-Average Discount Rate - Finance Leases	14.05%
Weighted-Average Discount Rate - Operating Leases	1.60%

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 4 LEASES (CONTINUED)**

**ASC 842 for 2023 (Continued)**

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

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2024	\$ 5,148	\$ 76,404	\$ 81,552
2025	3,003	68,910	71,913
Undiscounted Cash Flows	\$ 8,151	\$ 145,314	\$ 153,465
(Less) Imputed Interest	(108)	(17,298)	(17,406)
Total Present Value	<u>\$ 8,043</u>	<u>\$ 128,016</u>	<u>\$ 136,059</u>
Short-Term Lease Liabilities	\$ 5,056	\$ 63,373	\$ 68,430
Long-Term Lease Liabilities	2,987	64,642	67,629
Total	<u>\$ 8,043</u>	<u>\$ 128,016</u>	<u>\$ 136,059</u>

**ASC 840 for 2022**

The School leases a bus under a capital lease which was acquired during the year ended June 30, 2020. At June 30, 2022, the cost and accumulated depreciation relating to this asset was \$70,000 and \$32,667, respectively.

The School leases several vehicles under a capital lease which was acquired during the year ended June 30, 2021. At June 30, 2022, the cost and accumulated depreciation related to these assets was \$294,401 and \$68,694, respectively.

Minimum future lease payments as of June 30, 2023 under capital leases and the present value of the net minimum lease payments are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 143,616
2024	143,616
2025	66,803
Less: Amount Representing Interest	(40,225)
Total	<u>\$ 313,810</u>

**NOTE 5 RETIREMENT PLAN**

The School maintains a Section 403(b) defined contribution retirement plan with Mass Mutual Financial Group for the benefit of its employees. Substantially all full-time employees are eligible to participate. Under the plan, the School contributes 7.5% of each participant's compensation for the plan year. Retirement plan expense for the years ended June 30, 2023 and 2022 was \$216,222 and \$202,332, respectively.

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 6 COMMITMENTS**

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent. Payments under this charter agreement were \$86,199 and \$79,913 for the years ended June 30, 2023 and 2022, respectively.

During the years ended June 20, 2023 and 2022, the School paid \$49,300 and \$51,550, respectively, to companies of a related party for cleaning and landscaping needs of the School.

**NOTE 7 RISKS AND UNCERTAINTIES**

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2023, substantially all of the grants receivable balance was due from the state of Indiana. Cash deposits are maintained at New Washington State Bank and US Bank and normally exceed the FDIC insurance limit.

**NOTE 8 LIQUIDITY**

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 and 2022 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable.

	<u>2023</u>	<u>2022</u>
Financial Assets	\$ 4,634,294	\$ 4,580,578
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Construction and Debt Service	<u>(1,944,015)</u>	<u>(1,827,216)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,690,279</u>	<u>\$ 2,753,362</u>

**ROCK CREEK COMMUNITY ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 8 LIQUIDITY (CONTINUED)**

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

**NOTE 9 FUNCTIONAL EXPENSE REPORTING**

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

**ROCK CREEK COMMUNITY ACADEMY, INC.  
OTHER REPORT  
FOR THE YEAR ENDED JUNE 30, 2023**

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

Supplemental Audit Report of  
Rock Creek Community Academy, Inc.

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



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