



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

March 26, 2025

Charter School Board
The Hope Academy, Inc.
Marion County, Indiana

We have reviewed the audit report of The Hope Academy, Inc., which was opined upon by Blue & Co., LLC, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Report of Independent Auditors* the financial statements included in the report present fairly the financial condition of The Hope Academy, Inc. as of June 30, 2024 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Blue & Co., LLC prepared the audit report in accordance with the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for The Hope 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.

Tammy R. White, CPA
Deputy State Examiner



FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

CPAs / ADVISORS



THE HOPE ACADEMY, INC.

TABLE OF CONTENTS
JUNE 30, 2024 AND 2023

	Page
Report of Independent Auditors	1
Financial Statements	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements Cash Flows	5
Notes to the Financial Statements	6
Reporting under <i>Government Auditing Standards</i>	
Report of Independent Auditors on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15
Other Report	17



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Hope Academy, Inc.
Indianapolis, Indiana

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of The Hope Academy, Inc. (Hope Academy), a not-for-profit organization, 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, 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 Hope 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hope 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 Hope Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
The Hope Academy, Inc.
Indianapolis, Indiana

Auditor's 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 auditor's 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 generally accepted auditing standards 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 substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Hope 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 Hope 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of Hope 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 Hope 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 Hope Academy's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
December 12, 2024

THE HOPE ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2024 AND 2023

	ASSETS	
	2024	2023
Current assets		
Cash	\$ 85,879	\$ 234,332
Grant receivables	778,600	592,321
Prepaid expenses	22,038	605
Total current assets	<u>886,517</u>	<u>827,258</u>
Property and equipment		
Furniture and equipment	69,758	17,875
Leasehold improvements	63,499	63,499
Software	40,700	18,215
Vehicles	132,682	132,682
	<u>306,639</u>	<u>232,271</u>
Accumulated depreciation	(147,244)	(97,866)
Property and equipment, net	<u>159,395</u>	<u>134,405</u>
Right-of-use assets under operating leases, net	<u>998,948</u>	<u>1,144,568</u>
Total assets	<u>\$ 2,044,860</u>	<u>\$ 2,106,231</u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable and accrued expenses	\$ 21,185	\$ 52,225
Accrued salaries, wages and related liabilities	19,625	17,456
Refundable advances	358,282	209,000
Current portion of operating lease liabilities	141,664	116,784
Total current liabilities	<u>540,756</u>	<u>395,465</u>
Operating lease liabilities, net of current portion	<u>886,120</u>	<u>1,027,784</u>
Total liabilities	1,426,876	1,423,249
Net assets without donor restrictions	<u>617,984</u>	<u>682,982</u>
Total liabilities and net assets	<u>\$ 2,044,860</u>	<u>\$ 2,106,231</u>

See accompanying notes to the financial statements.

THE HOPE ACADEMY, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Revenues and support		
State support	\$ 1,339,459	\$ 955,067
Federal support	146,745	227,953
Contributions of cash and other financial assets	788,730	671,281
Other revenue	41,868	27,399
Total revenues and support	<u>2,316,802</u>	<u>1,881,700</u>
Program and supporting service expenses		
Salaries and benefits	1,374,171	1,259,555
Fiscal and administrative	270,027	219,795
Purchased services	414,000	308,817
Advertising	39,911	42,215
Depreciation	49,377	41,007
Insurance	24,406	19,757
Rent	188,485	155,720
Other	21,423	28,074
Total program and supporting service expenses	<u>2,381,800</u>	<u>2,074,940</u>
Change in net assets without donor restrictions	(64,998)	(193,240)
Net assets		
Beginning of year	682,982	876,222
End of year	<u>\$ 617,984</u>	<u>\$ 682,982</u>

See accompanying notes to the financial statements.

THE HOPE ACADEMY, INC.STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ (64,998)	\$ (193,240)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	49,377	41,007
Changes in operating assets and liabilities		
Grant receivables	(186,279)	39,231
Prepaid expenses	(21,433)	(605)
Right-of-use assets under operating leases, net	145,620	(1,144,568)
Accounts payable and accrued expenses	(31,040)	26,633
Accrued salaries, wages and related liabilities	2,169	6,480
Refundable advances	149,282	50,841
Operating lease liabilities	(116,784)	1,144,568
Net cash flows from operating activities	<u>(74,086)</u>	<u>(29,653)</u>
Investing activities		
Property and equipment additions	<u>(74,367)</u>	<u>(92,757)</u>
Change in cash	(148,453)	(122,410)
Cash		
Beginning of year	234,332	356,742
End of year	<u>\$ 85,879</u>	<u>\$ 234,332</u>

See accompanying notes to the financial statements.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Hope Academy, Inc. (Hope Academy) is a not-for-profit, fully accredited, tuition-free, Indiana public charter high school based in Indianapolis, Indiana. Hope Academy was incorporated June 10, 2019, for the purpose of providing opportunities for academic achievement, sobriety and personal growth for students and their families. Hope Academy was awarded a charter grant from the State of Indiana.

Basis of Accounting

Hope Academy prepares its financial statements using the accrual basis of accounting. Accrual accounting requires the recognition of revenues when they are earned and measurable in the accounting period when services are provided, and the recognition of expenses in the period in which they occur.

Use of Estimates

The preparation of financial statements in conformity with the 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 disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

Hope Academy maintains its cash in accounts, which at times, may exceed federally insured limits. Hope Academy has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Grant Receivables

Grant receivables are amounts due from federal, state or local government agencies or other organizations. Grant amounts are recognized as receivable when Hope Academy has incurred expenditures in compliance with specific contract or grant provisions or amounts billed for incurred expenditures or services and not yet paid. The government agencies or other organizations are billed in the period in which expenditures are incurred. Furthermore, grant receivables are recognized at the net amount Hope Academy expects to collect based on established collection history. Hope Academy recognizes a separate allowance only when it determines there has been an unforeseeable change in the agencies' ability to pay subsequent to the delivery of goods and services resulting in an impairment loss. Such account balances are charged off against the allowance after all means of collection have been exhausted and the potential recovery is considered remote. Hope Academy did not record an allowance for credit losses as of June 30, 2024 and 2023.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Prepaid Expenses

Prepaid expenses relate to advance payments on products or services that will be used for future programs or activities.

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor renewals are expenses as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from three through fifteen years, and is computed on using the straight-line method. Depreciation expense was approximately \$49,000 and \$41,000 for the years ended June 30, 2024 and 2023, respectively.

Net Assets

Net assets, support, revenues, gains, and losses are classified based on the absence or existence of donor restrictions. Accordingly, the net assets of Hope Academy are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.
- Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes. When a donor restriction is met or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from donor restrictions. Hope Academy did not have any net assets with donor restrictions as of June 30, 2024 and 2023.

Public Support

Hope Academy's revenue is primarily derived from cost-reimbursable grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Receipt of these funds is subject to the fulfillment of certain obligations by Hope Academy as prescribed by these programs and funds may be subject to repayment upon a determination of noncompliance made by a funding agency. Amounts received are recognized as revenue when Hope Academy has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. As of June 30, 2024 and 2023, refundable advances were approximately \$358,000 and \$209,000, respectively. Qualifying expenditures incurred before amounts are received are reported as grant receivables in the statements of financial position. As of June 30, 2024 and 2023, grant receivables were approximately \$779,000 and \$592,000, respectively.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Hope Academy receives state funds that have been designated for charter schools from the Indiana Department of Education (IDOE). The State of Indiana uses a formula based on the number of students enrolled in the school during the year to determine the amount of funds Hope Academy receives. Hope Academy also receives federal support through a variety of programs administered by the IDOE and United States Department of Agriculture.

Hope Academy derives a significant portion of its revenue and support from state and federal funding programs (approximately 64% and 63% in 2024 and 2023, respectively). The receipt of future revenues by Hope Academy is subject to, among other factors, state and federal policies affecting education, economic conditions, and other conditions which are impossible to predict.

Contributions

Contributions received, including unconditional promises to give, are recognized when received. Contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. If a restriction is fulfilled in the same reporting period in which the contribution is received, the contribution is reported as net assets without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, applicable net assets with restriction 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 donor restrictions.

Hope Academy also evaluates whether a contribution is unconditional or conditional based on the absence or presence of barriers and any right of return provisions. Receipt of funds for conditional contributions are recorded as a refundable advance in the statement of financial position until conditions are satisfied. Once satisfied, the refundable advance is released into contribution revenue. Materials, property, equipment and other assets received as donations are recorded and reflected in the accompanying financial statements at their estimated fair market values on the date received. There were no contributed nonfinancial assets during 2024 and 2023.

Other Revenue

Other revenue consists of student fees, student lunch, and other miscellaneous income.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, performed by professionals with those skills, and would otherwise be purchased by Hope Academy. Volunteers also provide program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. These services include volunteering at events and clerical work. There were no donated services recognized during 2024 and 2023.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Advertising

Hope Academy uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. Advertising expense approximated \$40,000 and \$42,000 during the years ended June 30, 2024 and 2023, respectively.

Income Taxes

Hope Academy is a not-for-profit corporation as defined by Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes. As such, Hope Academy is generally exempt from income taxes. However, Hope Academy is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Hope Academy and recognize a tax liability if Hope Academy has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by Hope Academy, and has concluded that as of June 30, 2024 and 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements.

The income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions). Hope Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Litigation

Hope Academy may be involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the future financial position, results of operations or cash flows of Hope Academy.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the current year presentation. The reclassifications had no effect on the previously reported net assets or change in net assets.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about Hope Academy's ability to continue as a going concern for a period of one year from the date the financial statements were available to be issued.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Subsequent Events

Hope Academy has evaluated events or transactions occurring subsequent to the statement of financial position date for recognition and disclosure in the accompanying financial statements through the date the financial statements were available to be issued which is December 12, 2024.

2. CHANGE IN ACCOUNTING PRINCIPLE

On July 1, 2023, Hope Academy adopted Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*, utilizing the modified retrospective approach. This ASU replaces the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to estimate credit losses. The new guidance requires financial assets measured at amortized cost to be presented at the net amount expected to be collected. Hope Academy applied the guidance to financial assets measured at amortized cost that existed as of July 1, 2023 (the date of initial application). The adoption of this ASU did not have a material impact on Hope Academy's financial statements.

3. OPERATING LEASE

Hope Academy recognizes right-of-use (ROU) assets and lease liabilities for leases with terms greater than 12 months or leases that contain a purchase option that is reasonably certain to be exercised. Leases are classified as either finance or operating leases. This classification dictates whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. Hope Academy did not have any financing leases as of June 30, 2024 and 2023.

Hope Academy has an operating lease for space for classrooms and administrative purposes. Leasing arrangements require fixed payments and also include an amount that is probable to be owed under residual value guarantees, if applicable. Lease payments also include payments related to purchase or termination options when the lessee is reasonably certain to exercise the option or is reasonably certain not to exercise the option, respectively. Hope Academy's lease agreement does not contain any material restrictive covenants. The lease has a remaining term of 6 years.

Hope Academy's ROU assets and lease liabilities are recognized on the lease commencement date in an amount that represents the present value of future lease payments over the lease term. As a not-for-profit business entity, Hope Academy made a policy election to use a risk-free discount rate based on the rate of a zero-coupon U.S. treasury instrument commensurate to the lease term as the discount rate for its leases unless Hope Academy can specifically determine the lessor's implicit rate. Certain lease contracts contain non-lease components such as maintenance and utilities. Hope Academy has made a policy election to not separate the lease and non-lease components, and thus recognize a single lease component for all of its ROU assets and lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives, if any.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Short-term leases (leases with an initial term of 12 months or less or leases that are cancelable by the lessee and lessor without significant penalties) are not capitalized but are rather expensed on a straight-line basis over the lease term. Short-term leases were not significant to the financial statements.

In evaluating contracts to determine if they qualify as a lease, Hope Academy considers factors such as if it has obtained substantially all of the rights to the underlying asset through exclusivity, if Hope Academy 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. Furthermore, Hope Academy assesses whether it is reasonably certain to exercise options to extend or terminate a lease considering all relevant factors that create economic incentive to exercise such options, including asset, contract, market, and entity-based factors. These evaluations may require significant judgement.

The components of Hope Academy's lease cost, ROU assets and lease liabilities as of and for the years ended June 30, 2024 and 2023 are as follows:

	2024	2023
Lease cost		
Operating lease cost	\$ 188,006	\$ 155,241
Short-term lease cost	479	479
Total lease cost	\$ 188,485	\$ 155,720
Right-of-use assets		
Operating lease assets, net	\$ 998,948	\$ 1,144,568
Deferred rent reduction included in right-of-use assets	\$ 28,836	\$ -0-
Lease liabilities		
Operating lease liabilities, current	\$ 141,664	\$ 116,784
Operating lease liabilities, noncurrent	886,120	1,027,784
Total lease liabilities	\$ 1,027,784	\$ 1,144,568

Additional information regarding cash payments under Hope Academy's operating leases during 2024 and 2023, as well as the inputs used in determining the ROU assets and liabilities at June 30, 2024 and 2023, is as follows:

	2024	2023
Cash paid for amount included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 159,170	\$ 155,241
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ -0-	\$ 1,144,568
Weighted-average remaining lease term - operating leases	6.0 years	7.0 years
Weighted-average discount rate - operating leases	3.9%	3.9%

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

Future payments of lease liabilities as of June 30, 2024 are as follows:

Year Ending June 30,	
2025	\$ 178,848
2026	184,212
2027	189,744
2028	195,432
2029	201,300
2030	207,336
Total lease payments	1,156,872
Less interest	(129,088)
Present value of lease liabilities	<u>\$ 1,027,784</u>

The lease includes escalating lease payments that, under accounting principles generally accepted in the United States of America, are to be recognized on a straight-line basis. As of June 30, 2024 and 2023, the ROU asset was reduced by approximately \$29,000 and \$-0- for deferred rent.

4. PENSION PLAN

Hope Academy elected to become a participating employer in the Indiana Public Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employees' Retirement Fund (PERF) and the Indiana Teachers' Retirement Fund (TRF), with the merger of the funds being effective as of July 1, 2011. Certain Hope Academy employees (licensed teachers, counselors, and certain administrative staff) are eligible to participate in the TRF Defined Benefit Plan (TRF DB) and TRF Defined Contribution Plan (TRF DC). TRF DB is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the INPRS Board. TRF DC is a cost-sharing multiple-employer defined contribution plan governed by the State of Indiana and administered by the INPRS Board.

By statute, employers are required to contribute 7.5% of an employee's pretax gross income to TRF DB. Employers may also elect to contribute an additional 3% to TRF DC in lieu of the employee's own contributions. Hope Academy has elected to make the voluntary contribution to TRF DC on behalf of its eligible employees. Hope Academy contributed approximately \$79,000 and \$50,000 to TRF on behalf of its employees for 2024 and 2023, respectively. Should Hope Academy elect to withdraw from TRF, Hope Academy could be subject to a withdrawal fee. Hope Academy's contributions represent an insignificant percentage of the total contributions received by TRF. A copy of the complete annual report for the years ended June 30, 2024 and 2023 can be obtained at: www.in.gov/inprs.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2024 AND 2023

5. RISKS AND UNCERTAINTIES

Hope Academy provides education instruction services to families residing in Marion 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 and support relate to legislation enacted by the State of Indiana. Changes in state legislation could significantly affect Hope Academy. Additionally, Hope Academy is subject to monitoring and audit by state agencies. Those examinations may result in additional liability to be imposed on Hope Academy.

6. LIQUIDITY AND AVAILABILITY OF RESOURCES

Hope Academy has financial assets available within one year of the June 30, 2024 and 2023 statements of financial position date to meet cash needs for general expenditure, consisting of the following:

	<u>2024</u>	<u>2023</u>
Financial assets		
Cash	\$ 85,879	\$ 234,332
Grant receivables	778,600	592,321
Total financial assets	<u>\$ 864,479</u>	<u>\$ 826,653</u>

Grant receivables are subject to implied time restrictions but are expected to be collected within one year. Hope Academy has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

7. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and supporting services have been summarized on a natural basis in the statements of activities and changes in net assets and have been summarized on a functional basis below. Certain costs have been allocated among education services, management and general, and fundraising categories based on actual direct expenditures incurred by departments and cost allocations based upon time spent by Hope Academy's personnel. Other expenses require allocation on a reasonable basis that is consistently applied. Other expenses that are allocated include travel, advertising, depreciation, insurance, rent, and other, which are allocated based on the ratio of direct costs charged to the category to total direct costs. Although the methods used were appropriate, alternative methods may provide different results.

THE HOPE ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

Expenses related to providing program and supporting services for 2024 and 2023 are summarized below:

	2024			
	Education Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 771,869	\$ 590,256	\$ 12,046	\$ 1,374,171
Fiscal and administrative	145,698	121,842	2,487	270,027
Purchased services	287,707	123,767	2,526	414,000
Advertising	25,619	14,006	286	39,911
Depreciation	31,695	17,328	354	49,377
Insurance	15,666	8,565	175	24,406
Rent	120,988	66,147	1,350	188,485
Other	21,297	126	-0-	21,423
	\$ 1,420,539	\$ 942,037	\$ 19,224	\$ 2,381,800

	2023			
	Education Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 722,582	\$ 526,234	\$ 10,739	\$ 1,259,555
Fiscal and administrative	137,327	80,819	1,649	219,795
Purchased services	186,067	120,295	2,455	308,817
Advertising	27,115	14,798	302	42,215
Depreciation	26,339	14,375	293	41,007
Insurance	12,690	6,926	141	19,757
Rent	100,020	54,586	1,114	155,720
Other	26,166	1,873	35	28,074
	\$ 1,238,306	\$ 819,906	\$ 16,728	\$ 2,074,940



Blue & Co., LLC / 500 N. Meridian Street, Suite 200 / Indianapolis, IN 46204
main 317.633.4705 fax 317.633.4889 email blue@blueandco.com

**REPORT OF INDEPENDENT AUDITORS 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
The Hope Academy, Inc.
Indianapolis, Indiana

Report on the Audit of Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts, the financial statements of The Hope Academy, Inc. (Hope Academy), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

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

Board of Directors
The Hope Academy, Inc.
Indianapolis, Indiana

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hope 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 Hope Academy's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hope Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blue & Co., LLC

Indianapolis, Indiana
December 12, 2024

THE HOPE ACADEMY, INC.

OTHER REPORT
YEAR ENDED JUNE 30, 2024

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

The Hope Academy, Inc.
Supplemental Audit Report

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 Guidelines Manual for Indiana Charter Schools*.