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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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April 9, 2025

Charter School Board
Options Charter Schools, Inc.
Hamilton County, Indiana

We have reviewed the audit report of the Options Charter School, Inc., which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of the Options Charter Schools, 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, CliftonLarsonAllen LLP 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 Options Charter Schools, 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

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.

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

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	<u>2,496,175</u>

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	<u>8,099,835</u>
Less: Accumulated Depreciation	<u>(1,096,045)</u>
Property and Equipment, Net	7,003,790

OTHER ASSETS

Right-of-Use Assets - Operating Leases, Net	<u>1,135,930</u>
Total Assets	<u><u>\$ 10,635,895</u></u>

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	<u>1,370,462</u>

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	<u>4,332,986</u>

Total Liabilities	5,703,448
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NET ASSETS, WITHOUT DONOR RESTRICTIONS

Total Liabilities and Net Assets	<u><u>\$ 10,635,895</u></u>
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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**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
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
	<u>108,452</u>	<u>26,011</u>	<u>134,463</u>
Total Expenses by Function	<u>\$ 10,300,011</u>	<u>\$ 2,435,652</u>	<u>\$ 12,735,663</u>

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	<u>1,313,167</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(181,974)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Paid on Note Payable	<u>(367,450)</u>
NET CHANGE IN CASH	763,743
Cash - Beginning of Year	<u>582,797</u>
CASH - END OF YEAR	<u><u>\$ 1,346,540</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	<u><u>\$ 118,900</u></u>

See accompanying Notes to Consolidated Financial Statements.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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 lease 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.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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.	<u>3,278,800</u>
Total	3,843,301
Less: Current Portion	<u>(372,829)</u>
Notes Payable, Net of Current Portion	<u><u>\$ 3,470,472</u></u>

**OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

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:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 372,829
2026	377,717
2027	269,868
2028	161,676
2029	<u>167,569</u>
Thereafter	<u>2,493,642</u>
Total	<u><u>\$ 3,843,301</u></u>

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.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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	<u>\$ 341,822</u>
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:

<u>Year Ending June 30,</u>	<u>Operating</u>
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	<u>\$ 1,135,930</u>
Short-Term Lease Liabilities	\$ 273,416
Long-Term Lease Liabilities	862,514
Total	<u>\$ 1,135,930</u>

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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.

OPTIONS CHARTER SCHOOLS AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024

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	OCS	OCS	Eliminations	Total
	Noblesville	Westfield	Virtual	Education Foundation, Inc.	Noblesville, LLC	Westfield, LLC		
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	<u>380,332</u>	<u>493,077</u>	<u>953,560</u>	<u>89,771</u>	<u>113,212</u>	<u>501,114</u>	<u>(34,891)</u>	<u>2,496,175</u>
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	<u>288,431</u>	<u>125,208</u>	<u>472,259</u>	<u>-</u>	<u>2,363,399</u>	<u>4,850,538</u>	<u>-</u>	<u>8,099,835</u>
Less: Accumulated Depreciation	<u>(123,591)</u>	<u>(77,498)</u>	<u>(115,490)</u>	<u>-</u>	<u>(476,624)</u>	<u>(302,842)</u>	<u>-</u>	<u>(1,096,045)</u>
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	<u>\$ 1,599,326</u>	<u>\$ 2,564,071</u>	<u>\$ 1,583,201</u>	<u>\$ 3,851,601</u>	<u>\$ 1,999,987</u>	<u>\$ 5,048,810</u>	<u>\$ (6,011,101)</u>	<u>\$ 10,635,895</u>
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	<u>438,780</u>	<u>461,578</u>	<u>652,082</u>	<u>-</u>	<u>6,567</u>	<u>148,629</u>	<u>(337,174)</u>	<u>1,370,462</u>
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	<u>811,822</u>	<u>1,755,039</u>	<u>511,560</u>	<u>-</u>	<u>-</u>	<u>3,131,771</u>	<u>(1,877,206)</u>	<u>4,332,986</u>
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								
Total Liabilities and Net Assets	<u>\$ 348,724</u>	<u>\$ 347,454</u>	<u>\$ 419,559</u>	<u>\$ 3,851,601</u>	<u>\$ 1,993,420</u>	<u>\$ 1,768,410</u>	<u>\$ (3,796,721)</u>	<u>\$ 4,932,447</u>
Total Liabilities and Net Assets	<u>\$ 1,599,326</u>	<u>\$ 2,564,071</u>	<u>\$ 1,583,201</u>	<u>\$ 3,851,601</u>	<u>\$ 1,999,987</u>	<u>\$ 5,048,810</u>	<u>\$ (6,011,101)</u>	<u>\$ 10,635,895</u>

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 Foundation, Inc.	OCS Noblesville, LLC	OCS Westfield, LLC	Eliminations	Total
	Noblesville	Westfield	Virtual					
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	<u>4,026,134</u>	<u>3,623,520</u>	<u>5,770,793</u>	<u>64,018</u>	<u>84,000</u>	<u>230,001</u>	<u>(367,769)</u>	<u>13,430,697</u>
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	<u>3,619,053</u>	<u>3,664,478</u>	<u>5,472,114</u>	<u>33,786</u>	<u>61,645</u>	<u>232,587</u>	<u>(348,000)</u>	<u>12,735,663</u>
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	<u>(58,357)</u>	<u>388,412</u>	<u>120,880</u>	<u>3,821,369</u>	<u>1,971,065</u>	<u>1,770,996</u>	<u>(3,776,952)</u>	<u>4,237,413</u>
NET ASSETS - END OF YEAR	<u>\$ 348,724</u>	<u>\$ 347,454</u>	<u>\$ 419,559</u>	<u>\$ 3,851,601</u>	<u>\$ 1,993,420</u>	<u>\$ 1,768,410</u>	<u>\$ (3,796,721)</u>	<u>\$ 4,932,447</u>



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.

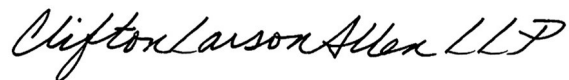
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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



**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.

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

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				
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				
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

**OPTIONS CHARTER SCHOOLS AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)**

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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



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**OPTIONS CHARTER SCHOOLS AND AFFILIATES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024**

United States Department of Education

Options Charter Schools and Affiliates (the School) respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2024.

Audit period: July 1, 2023 through June 30, 2024

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2023– 001 Allowable Costs

Condition: While performing audit procedures, it was noted that payroll expenses were charged to the grant program based upon an allocation from the budget and not on approved and/or certified time worked in the program.

Status: Corrective action was taken.

2023 – 002 Procurement

Condition: During our testing, it was noted that the School has a written procurement policy in place, however, the policy does not meet the federal requirements for procurement of goods and services using federal dollars.

Status: Corrective action was taken.

If the United States Department of Education has questions regarding this schedule, please call Jack Colwell, CFO at 463-238-1414.