



Paul D. Joyce, CPA  
State Examiner

# INDIANA STATE BOARD OF ACCOUNTS

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April 9, 2025

Charter School Board  
Premier Arts Incorporated  
d/b/a Premier Arts Academy  
Elkhart County, Indiana

We have reviewed the audit report of the Premier Arts Incorporated d/b/a Premier Arts Academy, which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period February 2, 2023 to June 30, 2024. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of the Premier Arts Incorporated d/b/a Premier Arts Academy 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 guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for the Premier Arts Incorporated d/b/a Premier Arts Academy 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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024**



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**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Premier Arts Incorporated dba Premier Arts Academy  
Elkhart, Indiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Premier Arts Incorporated dba Premier Arts Academy (Premier Arts), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the period February 2, 2023 through June 30, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Premier Arts, as of June 30, 2024 and the changes in its net assets and its cash flows for the period February 2, 2023 through June 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

***Supplementary Information***

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

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 28, 2025

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2024**

**ASSETS**

**CURRENT ASSETS**

Cash	\$	76,169
Investments		11,388
Accounts Receivable, Net of Allowance for Credit Losses		31,030
Grants Receivable		60,797
Prepaid Expenses and Other Current Assets		4,500
Total Current Assets		183,884

**PROPERTY AND EQUIPMENT**

Equipment		450,875
Furniture and Fixtures		121,507
Leasehold Improvements		604,608
Land Improvements		1,997
Construction In Progress		272,626
Less: Accumulated Depreciation		(323,262)
Property and Equipment, Net		1,128,351

**OTHER ASSETS**

Right-of-Use Assets Operating, Net		218,777
Right-of-Use Assets Financing, Net		314,318
Total Other Assets		533,095

Total Assets		\$ 1,845,330
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$	341,000
Accrued Liabilities		41,121
Notes Payable and Long-term Debt, Current Portion		345,184
Right-of-Use Liability - Operating, Current Portion		133,800
Right-of-Use Liability - Financing, Current Portion		88,162
Total Current Liabilities		949,267

**LONG-TERM LIABILITIES**

Right-of-Use Liability - Operating, Net of Current Portion		84,977
Right-of-Use Liability - Financing, Net of Current Portion		226,156
Total Long-Term Liabilities		311,133

Total Liabilities		1,260,400
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**NET ASSETS WITHOUT DONOR RESTRICTIONS**

		584,930
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Total Liabilities and Net Assets		\$ 1,845,330
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See accompanying Notes to Financial Statements.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

<b>REVENUE AND SUPPORT</b>	
State Education Support	\$ 1,489,413
Grant Revenue	1,056,572
Contributions	568,715
Student Fees	56,867
Program Services	192,616
Investment Income	782
Fundraising and Special Events	2,541
Total Revenue and Support	3,367,506
 <b>EXPENSES</b>	
Program Services	2,347,103
Management and General	867,328
Total Expenses	3,214,431
 <b>CHANGES IN NET ASSETS</b>	 153,075
Net Assets - Beginning of Year	431,855
 <b>NET ASSETS - END OF YEAR</b>	 \$ 584,930

*See accompanying Notes to Financial Statements.*

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 1,099,855	\$ 182,171	\$ 1,282,026
Payroll Taxes and Fringe Benefits	206,595	66,057	272,652
Professional Fees and Contract Services	117,545	48,227	165,772
Supplies	290,549	80,726	371,275
Professional Development	8,758	-	8,758
Occupancy	312,804	6,850	319,654
Insurance	-	21,681	21,681
Repairs and Maintenance	13,116	3,264	16,380
Curricular Materials	126,964	-	126,964
Authorizer Oversight Fees	-	40,553	40,553
Miscellaneous	25,886	15,344	41,230
Utilities	1,358	62,010	63,368
Depreciation and Amortization	5,492	250,794	256,286
Interest Expense	-	71,035	71,035
Food Service	90,320	-	90,320
Technology	47,861	18,616	66,477
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total Functional Expenses	<u>\$ 2,347,103</u>	<u>\$ 867,328</u>	<u>\$ 3,214,431</u>

See accompanying Notes to Financial Statements.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**STATEMENT OF CASH FLOWS**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Changes in Net Assets	\$ 153,075
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	159,845
Provision for Credit Losses	4,190
Unrealized and Realized (Gain) on Investments	(716)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	(35,220)
Grants Receivable	(60,797)
Prepaid Expenses	(4,500)
Accrued Expenses	250,000
Net Cash Provided by Operating Activities	465,877

**CASH FLOWS FROM INVESTING ACTIVITIES**

Proceeds from Sale of Investments	23
Purchases of Investments	(743)
Purchases of Property and Equipment	(619,210)
Net Cash Used by Investing Activities	(619,930)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Borrowings under LOC agreement	300,859
Payments under LOC agreement	(25,000)
Proceeds from Notes Payable	100,000
Principal Paid on Note Payable	(170,675)
Net Cash Provided by Financing Activities	205,184

**NET CHANGE IN CASH**

51,131

Cash - Beginning of Year

25,038

**CASH - END OF YEAR**

\$ 76,169

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION**

Cash Paid for Interest \$ 71,035

Property and Equipment Additions Financed Through Accounts  
 Payable and Accrued Expenses \$ 127,065

Assets Acquired Through Lease Agreements \$ 533,095

*See accompanying Notes to Financial Statements.*

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Premier Arts Incorporated dba Premier Arts Academy (Premier Arts) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. Premier Arts operates as a public charter school established under Indiana Code 20-24 serving approximately 190 students in grades kindergarten through sixth and is sponsored by Ball State University.

**Accounting Estimates**

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

**Revenue Recognition**

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

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

Premier Arts receives income from grants that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. There were no such restricted revenues during the period February 2, 2023 through June 30, 2024.

Premier Arts receives income from contributions and grants that support certain School activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. Premier Arts reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes' restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. Premier Arts did not have any net assets with donor restrictions as of June 30, 2024.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

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

**Revenue Recognition (Continued)**

Revenue from student fees and program services is recognized when the control of the promised good or service is transferred to the student and/or program participant, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service being performed are reported as deferred revenue in the statement of financial position. As of June 30, 2024, Premier Arts did not have any such deferred revenue.

**Cash and Cash Equivalents**

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

**Investments**

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Premier Arts' investments consist of a cash equivalent bank account held for investment and assets held by the Community Foundation of Elkhart County.

**Accounts Receivable**

Accounts receivable relate primarily to student and program fees collected annually from Premier Arts' students. Accounts receivable were \$35,220 and \$0 as of June 30, 2024 and February 2, 2023, respectively. These accounts receivable are reviewed for collectability annually. Premier Arts provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, current economic conditions and certain forward-looking information. As of June 30, 2024, an allowance of \$4,190 deemed necessary relating to student and program fees.

**Grants Receivable**

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. Premier Arts believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Premier Arts believes that all balances will be collected.

**Property and Equipment**

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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

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

**Property and Equipment (Continued)**

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

Equipment	7 to 40 Years
Furniture and Fixtures	5 to 7 Years
Leasehold Improvements	3 to 7 Years
Land Improvements	15 Years

**Impairment of Long-Lived Assets**

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

**Taxes on Income**

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

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

**Leases**

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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

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

**Leases (Continued)**

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

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

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

**Subsequent Events**

Premier Arts evaluated subsequent events through January 28, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**NOTE 2 LINE OF CREDIT**

On June 14, 2023, Premier Arts entered into a credit agreement with a bank for a line of credit which permits borrowing up to \$400,000. Principal and interest payments are due monthly beginning in July 2023 with a variable interest rate (9.25% at June 30, 2024) and matured on June 10, 2024 and was renewed through June 10, 2025. The line of credit is secured by any and all property owed at the time of the agreement and acquired after. As of June 30, 2024, the line of credit balance was \$275,859.

**NOTE 3 NOTE PAYABLE**

On September 8, 2023, Premier Arts entered into a promissory note agreement with a bank for \$100,000. Principal and interest payments are due monthly beginning in October 2023 with a variable interest rate (8.50% at June 30, 2024) until August 2025. As of June 30, 2024, note payable balance was \$69,325.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

**NOTE 4 LEASE**

Premier Arts leases equipment and facilities under a long-term, noncancelable lease agreements. The leases expire at various times through 2029. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases.

The following tables provide quantitative information concerning Premier Arts' leases for the year ended June 30, 2024:

Lease Cost:	
Finance Lease Cost	\$ 64,215
Interest on Lease Liabilities	26,492
Operating Lease Cost	82,333
Total Lease Cost	<u>\$ 173,040</u>

Other Information:	
Operating Cash Flows from Finance Leases	\$ 26,492
Operating Cash Flows from Operating Leases	82,150
Financing Cash Flows from Finance Leases	52,932
Weighted-Average Remaining Lease Term - Finance Leases	4.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	2.2 Years
Weighted-Average Discount Rate - Finance Leases	8.74%
Weighted-Average Discount Rate - Operating Leases	8.91%

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

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2025	\$ 133,800	\$ 88,162	\$ 221,962
2026	61,050	88,162	149,212
2027	45,000	88,162	133,162
2028	-	88,162	88,162
2029	-	22,040	22,040
Undiscounted Cash Flows	<u>239,850</u>	<u>374,688</u>	<u>614,538</u>
(Less) Imputed Interest	<u>(21,073)</u>	<u>(60,370)</u>	<u>(81,443)</u>
Total Present Value	<u>\$ 218,777</u>	<u>\$ 314,318</u>	<u>\$ 533,095</u>
Short-Term Lease Liabilities	\$ 133,800	\$ 88,162	\$ 221,962
Long-Term Lease Liabilities	<u>84,977</u>	<u>226,156</u>	<u>311,133</u>
Total	<u>\$ 218,777</u>	<u>\$ 314,318</u>	<u>\$ 533,095</u>

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024**

**NOTE 5 RETIREMENT PLANS**

Premier Arts provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the period February 2, 2023 through June 30, 2024, Premier Arts contributed 6.0% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should Premier Arts elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. Premier Arts' contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

Retirement plan expense was \$91,759 for the period February 2, 2023 through June 30, 2024 and 2023, respectively.

**NOTE 6 COMMITMENTS**

Premier Arts operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, Premier Arts agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$40,553 for the period February 2, 2023 through June 30, 2024. The charter remains in effect until June 30, 2028 and are renewable thereafter by mutual consent.

During the period February 2, 2023 through June 30, 2024, Premier Arts entered into a construction contract for the build out of an annex operating location. As of June 30, 2024, the contract was approximately \$350,000. The remaining portion yet to be paid as of June 30, 2024 was approximately \$80,000.

**NOTE 7 RISKS AND UNCERTAINTIES**

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

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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**PERIOD FEBRUARY 2,2023 THROUGH JUNE 30, 2024**

**NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)**

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

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

**NOTE 8 LIQUIDITY**

Under ASU 2016-14, Premier Arts is required to disclose the assets it has available at June 30, 2024, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Premier Arts' financial assets include cash, investments, accounts receivable and grants receivable. Financial assets at June 30, 2024 totaled \$179,384 all of which are available to meet cash needs for general expenditures within the next year. Premier Arts also has a line of credit available to assist with the cash needs of Premier Arts (see Note 2).

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

**NOTE 9 FUNCTIONAL EXPENSE REPORTING**

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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY  
OTHER REPORT  
PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024**

The reports presented herein were prepared in addition to another official report prepared for Premier Arts Incorporated dba Premier Arts Academy as listed below:

Supplemental Audit Report of Premier Arts Incorporated dba Premier Arts Academy

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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	<u>Premier Arts Academy</u>	<u>Premier Arts, Inc.</u>	<u>Eliminations</u>	<u>Total</u>
<b>CURRENT ASSETS</b>				
Cash	\$ 48,387	\$ 27,782	\$ -	\$ 76,169
Investments	-	11,388	-	11,388
Accounts Receivable, Net	31,030	-	-	31,030
Grants Receivable	60,797	-	-	60,797
Prepaid Expenses and Other Current Assets	4,500	-	-	4,500
Total Current Assets	<u>144,714</u>	<u>39,170</u>	<u>-</u>	<u>183,884</u>
<b>PROPERTY AND EQUIPMENT, NET</b>				
Equipment	-	450,875	-	450,875
Furniture and Fixtures	-	121,507	-	121,507
Leasehold Improvements	579,617	24,991	-	604,608
Land Improvements	-	1,997	-	1,997
Construction In Progress	272,626	-	-	272,626
Less: Accumulated Depreciation	(133,099)	(190,163)	-	(323,262)
Property and Equipment, Net	<u>719,144</u>	<u>409,207</u>	<u>-</u>	<u>1,128,351</u>
<b>OTHER ASSETS</b>				
Right-of-Use Assets Operating, Net	218,777	-	-	218,777
Right-of-Use Financing, Net	314,318	-	-	314,318
Total Other Assets	<u>533,095</u>	<u>-</u>	<u>-</u>	<u>533,095</u>
Total Assets	<u>\$ 1,396,953</u>	<u>\$ 448,377</u>	<u>\$ -</u>	<u>\$ 1,845,330</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable	\$ 338,148	\$ 2,852	\$ -	\$ 341,000
Accrued Liabilities	41,121	-	-	41,121
Notes Payable and Long-Term Debt, Current Portion	345,184	-	-	345,184
Right-of-Use Liability - Operating Operating, Current Portion	133,800	-	-	133,800
Right-of-Use Liability - Financing, Current Portion	88,162	-	-	88,162
Total Current Liabilities	<u>946,415</u>	<u>2,852</u>	<u>-</u>	<u>949,267</u>
<b>LONG-TERM LIABILITIES</b>				
Right-of-Use Liability - Operating, Net of Current Portion	84,977	-	-	84,977
Right-of-Use Liability - Financing, Net of Current Portion	226,156	-	-	226,156
Total Long-Term Liabilities	<u>311,133</u>	<u>-</u>	<u>-</u>	<u>311,133</u>
Total Liabilities	1,257,548	2,852	-	1,260,400
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>				
Total Liabilities and Net Assets	<u>\$ 1,396,953</u>	<u>\$ 448,377</u>	<u>\$ -</u>	<u>\$ 1,845,330</u>

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY**  
**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**PERIOD FEBRUARY 2, 2023 THROUGH JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Premier Arts Academy	Premier Arts, Inc.	Eliminations	Total
<b>REVENUE AND SUPPORT</b>				
State Education Support	\$ 1,489,413	\$ -	\$ -	\$ 1,489,413
Grant Revenue	1,056,572	-	-	1,056,572
Contributions	410,805	157,910	-	568,715
Student Fees	56,867	-	-	56,867
Program Services	-	192,616	-	192,616
Investment Income	-	782	-	782
Fundraising and Special Events	-	2,541	-	2,541
Total Revenue and Support	<u>3,013,657</u>	<u>353,849</u>	<u>-</u>	<u>3,367,506</u>
<b>EXPENSES</b>				
Program Services	2,067,598	279,505	-	2,347,103
Management and General	<u>806,654</u>	<u>60,674</u>	<u>-</u>	<u>867,328</u>
Total Expenses	<u>2,874,252</u>	<u>340,179</u>	<u>-</u>	<u>3,214,431</u>
<b>CHANGES IN NET ASSETS</b>	139,405	13,670	-	153,075
Net Assets - Beginning of Year	<u>-</u>	<u>431,855</u>	<u>-</u>	<u>431,855</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 139,405</u>	<u>\$ 445,525</u>	<u>\$ -</u>	<u>\$ 584,930</u>



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