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February 23, 2024

Charter School Board
Smith Academy for Excellence, Inc.
Allen County, Indiana

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

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

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

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

SMITH ACADEMY FOR EXCELLENCE, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023



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**SMITH ACADEMY FOR EXCELLENCE, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF CASH FLOWS	5
NOTES TO FINANCIAL STATEMENTS	6
OTHER REPORT	16



INDEPENDENT AUDITORS' REPORT

Board of Directors
Smith Academy for Excellence, Inc.
Fort Wayne, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Smith Academy for Excellence, Inc. (the Academy), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our 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 the Academy and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 20, 2023

SMITH ACADEMY FOR EXCELLENCE, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Cash	\$ 220,719
Accounts Receivable:	
Grants Receivable	47,561
Contributions Receivable, Current, Net	132,996
Prepaid Expenses	6,441
Total Current Assets	407,717

PROPERTY AND EQUIPMENT

Land	34,000
Construction in Progress	458,442
Buildings and Improvements	38,800
Furniture and Fixtures	222,948
Less: Accumulated Depreciation	(217,511)
Property and Equipment, Net	536,679

OTHER ASSETS

Cash Restricted Dissolution	30,000
Contributions Receivable, Noncurrent, Net	274,897
	304,897

Total Assets	\$ 1,249,293
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 57,669
Deferred Revenue	21,404
Total Current Liabilities	79,073

NET ASSETS

Without Donor Restrictions	452,424
Board-Designated Net Assets	30,000
Total Without Donor Restrictions	482,424
With Donor Restrictions	687,796
	1,170,220

Total Net Assets	1,170,220
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Total Liabilities and Net Assets	\$ 1,249,293
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See accompanying Notes to Financial Statements.

SMITH ACADEMY FOR EXCELLENCE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
State Education Support	\$ 673,907	\$ -	\$ 673,907
Grant Revenue	390,118	-	390,118
Student Fees	4,249	-	4,249
Contribution Income	5,188	475,104	480,292
Contributed Nonfinancial Assets	55,367	-	55,367
Total Revenue and Support	1,128,829	475,104	1,603,933
EXPENSES			
Program Services:			
Educational Instruction	408,735	-	408,735
Educational Support	29,690	-	29,690
Food Service	78,000	-	78,000
Total Program Services	516,425	-	516,425
Supporting Services:			
Support Services	304,936	-	304,936
Central Services	12,822	-	12,822
Community Services	110,487	-	110,487
Operation and Maintenance	121,113	-	121,113
Transportation	35,059	-	35,059
Rent	66,000	-	66,000
Depreciation	9,165	-	9,165
Total Supporting Services	659,582	-	659,582
Total Expenses	1,176,007	-	1,176,007
CHANGE IN NET ASSETS	(47,178)	475,104	427,926
Net Assets - Beginning of Year	529,602	212,692	742,294
NET ASSETS - END OF YEAR	\$ 482,424	\$ 687,796	\$ 1,170,220

See accompanying Notes to Financial Statements.

SMITH ACADEMY FOR EXCELLENCE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 427,926
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities	
Depreciation	9,165
Changes in Operating Assets and Liabilities:	
Grants Receivable	35,574
Contributions Receivable	(310,458)
Prepaid Expenses	(941)
Accounts Payable and Accrued Expenses	5,140
Deferred Revenue	14,969
Net Cash Provided by Operating Activities	<u>181,375</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	<u>(362,900)</u>
NET CHANGE IN CASH	(181,525)
Cash - Beginning of Year	<u>432,244</u>
CASH - END OF YEAR	<u><u>\$ 250,719</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Contributed Nonfinancial Assets	<u><u>\$ 55,367</u></u>

See accompanying Notes to Financial Statements.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Smith Academy for Excellence, Inc. (the Academy) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The Academy operates a public charter school established under Indiana Code 20-24 and is sponsored by Grace College. During the 2022-2023 school year, The Academy served approximately 74 students in grades four to twelve. The Academy has entered into a management agreement The Leona Group, LLC, a limited liability company organized in the state of Michigan, to provide educational programming, personnel functions, building operations, and business administration services.

Basis of Accounting

The financial statements of the Academy have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to nonprofit organizations.

Accounting Estimates

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

Revenue Recognition

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

A portion of the Academy's revenue is the product of cost reimbursement grants. Therefore, the Academy recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2023, the Academy had \$21,404 of conditional grants that had not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees and other income is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service being performed are reported as deferred revenue in the statement of financial position. As of June 30, 2023 and 2022, the Academy did not have any such deferred revenue.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

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

Gifts of land, buildings, equipment, and other long-lived assets are reported as without donor restriction revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as with donor restriction revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restriction are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at fair value determined using the discounted present value of estimated future cash flows technique (ranging between 1.75% and 4.50%). Conditional gifts, which are conditioned upon certain performance requirements and/or incurrence of qualifying expenses, are not recognized until the conditions on which they depend are substantially met. As of June 30, 2023, the Academy had no such conditional funding received and deferred. As of June 30, 2023, the Academy had \$1,250,000 of conditional gifts that had not yet been received.

Contributed Nonfinancial Assets

In addition to receiving cash contributions, the Academy receives in-kind contributions. The Academy records the value of donated goods or services when there is an objective basis available to measure their value. The valued donated stocks, materials, and equipment are reflected as contributions at their estimated values at date of receipt, based upon market values provided by the donors. All contributed nonfinancial assets are treated as noncash transactions for the purpose of the statements of cash flows. The Academy received \$55,367 of donated goods during the year ended June 30, 2023.

Cash and Equivalents

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

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

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

Property and Equipment

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

The Academy's minimum cost thresholds for capitalization are as follows:

		<u>Group Purchase</u>
Leasehold Improvements	\$25,000	
Site Improvements	25,000	
Furniture and Fixtures	5,000	\$12,500
Computers	5,000	12,500
School Buses	5,000	
Educational Media and Textbooks	5,000	

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

Leasehold Improvements	3-15 Years
Site Improvements	15 Years
Furniture and Fixtures	3 to 6 Years
Computers	3 Years
School Buses	8 Years
Educational Media and Textbooks	5 Years

Long-Lived Asset Impairment

The Academy evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2023.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

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

Professional accounting standards require the Academy to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely- than-not test, no tax liability is recorded. The Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2018 are open to audit for both federal and state purposes.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The ASU did not have a material impact on the Academy.

The Academy adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, while continuing to present the comparative period in accordance with the guidance under the lease standard in effect during that period.

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

Leases

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

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

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

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

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Academy evaluated subsequent events through December 20, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

NOTE 2 GRANTS RECEIVABLE

Grants receivables as of June 30, 2023 represents amounts due from the following sources:

Grants Receivable:	
Title I	\$ 12,096
IDEA	13,491
Esser II	940
Esser III	21,034
Total	<u>\$ 47,561</u>

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable are primarily due from individuals and organizations located in the Northern Indiana area. Amounts receivable are from one organization accounts for approximately 88% of the balance at June 30, 2023. Unconditional contributions receivable as of June 30, 2023, consists of:

Amounts Due In:	
Less than One Year	\$ 150,000
One to Five Years	300,000
Total Contributions Receivable, Gross	<u>450,000</u>
Less: Present Value Discount	<u>(42,107)</u>
Total Contributions Receivable, Net	<u>\$ 407,893</u>

An allowance for uncollectible amounts was deemed not necessary by the Academy.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2023:

Building Expansion	\$ 680,792
RMSM	2,557
Rev. Rutledge	2,250
Guntle Memorial Fund	1,697
Dr. Sheridan Memorial	500
Total	<u>\$ 687,796</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors. During the year ended June 30, 2023, the Academy did not have any net assets that were released from restriction due to the satisfaction of their purpose restriction.

NOTE 5 COMMITMENTS

The Academy has executed a management agreement with the Leona Group, LLC. Under this agreement, The Leona Group provides management, administrative, and educational programming services for the Academy. The agreement remains in effect so long as the Academy maintains its charter but may be terminated by either party with appropriate advance notice. Under this agreement, the Academy has agreed to pay The Leona Group a fee equal to 8% of revenue, as defined, for such services payable in monthly installments. Aggregate payments to The Leona Group under this agreement were \$53,823 for the year ended June 30, 2023.

The Academy operates under a charter granted by Grace College. As the sponsoring organization, Grace College exercises certain oversight responsibilities. Under this charter, the Academy has agreed to pay to Grace College an annual administrative fee equal to 3% of state tuition support received by the Academy. The charter, which was granted in 2021 remained in effect until June 30, 2019, which was renewed for five additional school years and remains in effect until June 30, 2024. Expense under this charter agreement was \$17,199 for the year ended June 30, 2023. The Academy, under this charter, has agreed to maintain an escrow account of no less than \$30,000 to pay for legal, wind down of operations, and audit expenses that would be associated with a dissolution shall it occur.

The Academy has entered into agreements for the construction of a new facility. As of June 30, 2023, approximately \$10,775,000 remain to be completed on these agreements.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 RETIREMENT PLAN

The Academy participates in a Section 401(k) retirement plan sponsored by The Leona Group, LLC for the benefit of the employees. Under the plan, the Academy will match 100% of employee contributions not to exceed 6% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made during the year ended June 30, 2023. The Academy had \$15,176 retirement plan expense for the year ended June 30, 2023.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2023, substantially all of the grant receivable balance was due from the state of Indiana. In addition, deposits maintained at Citizens Bank and Chase Bank are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. Funds held at this financial institution exceed the FDIC insurance limit. To date, the Academy has not experienced losses in any of these accounts.

NOTE 8 CONCENTRATIONS

During the year ended June 30, 2023, approximately 96% of total contribution income was received from one donor.

NOTE 9 LEASES

The Academy leases an operating lease for facilities under a long-term, non-cancelable lease agreement. The leases expired at June 30, 2023 and was not renewed. The Academy is operating in this location on a month to month basis until the building project is complete.

The operating lease cost for the year ended June 30, 2023 was \$66,000.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 10 LIQUIDITY

Under ASU 2016-14, the Academy is required to disclose the assets it has available to meet its cash needs for general expenditures within one year of the date of the consolidated statement of financial position. Financial assets for the Academy include cash, grants receivables, and contributions receivables as noted below at June 30, 2023:

Financial Assets	\$ 431,276
Less: Those Unavailable for General Expenditures Within One Year	
Restricted by Donor With Time or Purpose	(687,796)
Board Designated - Cash Restricted Dissolution	<u>(30,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ (286,520)</u></u>

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

NOTE 11 RELATED PARTIES

A board member of the Academy is related to two employees of the Academy. The Board member abstains from voting and does not participate in any discussions regarding employment or discipline matters of the related employees as prescribed in the Academy's conflict of interest policy. Total paid to these employees was \$72,558 for the year ended June 30, 2023.

SMITH ACADEMY FOR EXCELLENCE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 12 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities. Management of the Academy has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required. Following is a summary of expenses comprising each program and service for the year ended June 20, 2023.

	<u>Educational Instruction</u>	<u>Education Support</u>	<u>Food Service Support</u>	<u>Supporting Services</u>	<u>Total</u>
Salaries and Employee Benefits	\$ 372,251	\$ 28,195	\$ 21,137	\$ 341,798	\$ 763,381
Professional Services	7,211	1,495	-	44,610	53,316
Academic Services	-	-	-	56,398	56,398
Authorizer Oversight Fee	-	-	-	17,199	17,199
Food Costs	-	-	38,979	-	38,979
Repairs and Maintenance Classroom, Kitchen, and Office	-	-	-	62,351	62,351
Supplies	29,273	-	17,884	13,272	60,429
Occupancy	-	-	-	19,008	19,008
Rent	-	-	-	66,000	66,000
Insurance	-	-	-	29,387	29,387
Depreciation	-	-	-	9,165	9,165
Other	-	-	-	394	394
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 408,735</u>	<u>\$ 29,690</u>	<u>\$ 78,000</u>	<u>\$ 659,582</u>	<u>\$ 1,176,007</u>

**SMITH ACADEMY FOR EXCELLENCE, INC.
OTHER REPORT
JUNE 30, 2023**

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

Supplemental Audit Report of Smith Academy for Excellence, Inc.

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



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