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February 8, 2024

Charter School Board  
The Bloomington Project School  
Monroe County, Indiana

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

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

In addition to the report presented herein, a Supplemental Audit Report for The Bloomington Project School was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

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

Tammy R. White, CPA  
Deputy State Examiner

**THE BLOOMINGTON PROJECT SCHOOL  
FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Bloomington Project School  
Bloomington, Indiana

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

#### ***Opinion***

We have audited the accompanying financial statements of The Bloomington Project School, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

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

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

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

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bloomington Project School'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 Bloomington Project School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Bloomington Project School's ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 30, 2024

**THE BLOOMINGTON PROJECT SCHOOL  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022**

<b>ASSETS</b>	2023	2022
<b>CURRENT ASSETS</b>		
Cash	\$ 775,607	\$ 769,385
Grants Receivable	91,017	103,632
Prepaid Expenses	20,174	9,000
Total Current Assets	886,798	882,017
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Improvements	2,659,310	2,678,008
Furniture and Equipment	503,229	505,402
Textbooks	10,295	10,295
Less: Accumulated Depreciation	(1,617,981)	(1,497,709)
Property and Equipment, Net	1,554,853	1,695,996
<b>OTHER ASSETS</b>		
Right of Use Assets Operating, Net	382,203	-
Security Deposits	12,500	12,500
Total Other Assets	394,703	12,500
Total Assets	\$ 2,836,354	\$ 2,590,513
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 22,999	\$ 17,058
Accrued Expenses	115,348	207,685
Current Portion of Line of Credit	28,474	27,366
Current Portion of Notes Payable	139,577	135,478
Current Portion of Capital Lease Obligations	-	3,722
Deferred Rent	-	95,976
Refundable Advances	11,540	13,815
Right of Use Liability - Operating, Current Portion	138,687	-
Right of Use Liability - Financing, Current Portion	4,132	-
Total Current Liabilities	460,757	501,100
<b>LONG-TERM LIABILITIES</b>		
Line of Credit, Net of Current Portion	60,872	89,346
Notes Payable, Net of Current Portion	925,894	1,038,820
Capital Lease Obligations, Net of Current Portion	-	8,259
Right of Use Liability - Operating, Net of Current Portion	326,644	-
Right of Use Liability - Financing, Net of Current Portion	4,331	-
Total Long-Term Liabilities	1,317,741	1,136,425
Total Liabilities	1,778,498	1,637,525
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
	1,057,856	952,988
Total Liabilities and Net Assets	\$ 2,836,354	\$ 2,590,513

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 2,498,341	2,363,211
Grant Revenue	861,346	890,190
Student Fees	103,618	45,867
Contributions	51,103	77,589
Other Income	96,994	47,357
Total Revenue and Support	3,611,402	3,424,214
 <b>EXPENSES</b>		
Program Services	2,505,364	2,387,211
Management and General	1,001,170	950,826
Total Expenses	3,506,534	3,338,037
 <b>CHANGE IN NET ASSETS</b>	104,868	86,177
Net Assets Without Donor Restrictions - Beginning of Year	952,988	866,811
 <b>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	\$ 1,057,856	\$ 952,988

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,913,386	\$ 99,452	\$ 2,012,838	\$ 1,712,849	\$ 135,437	\$ 1,848,286
Employee Benefits	356,377	41,334	397,711	351,145	39,064	390,209
Staff Development	-	-	-	340	-	340
Professional Services	65,837	180,097	245,934	60,212	161,227	221,439
Repairs and Maintenance	-	690	690	-	2,887	2,887
Authorizer Oversight Fees	43,245	-	43,245	44,517	-	44,517
Food Costs	3,070	87,644	90,714	-	86,104	86,104
Equipment	-	6,307	6,307	3,814	13,161	16,975
Classroom, Kitchen, and Office Supplies	63,753	32,356	96,109	146,251	20,390	166,641
Occupancy	-	180,473	180,473	-	221,714	221,714
Depreciation and Amortization	-	112,884	112,884	-	122,114	122,114
Interest	-	186,033	186,033	-	88,753	88,753
Insurance	-	26,028	26,028	-	24,897	24,897
Other	59,696	47,872	107,568	68,083	35,078	103,161
<b>Total Functional Expenses</b>	<b><u>\$ 2,505,364</u></b>	<b><u>\$ 1,001,170</u></b>	<b><u>\$ 3,506,534</u></b>	<b><u>\$ 2,387,211</u></b>	<b><u>\$ 950,826</u></b>	<b><u>\$ 3,338,037</u></b>

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 104,868	\$ 86,177
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	112,884	122,114
Noncash Lease Activities	18,478	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	12,615	9,806
Prepaid Expenses	(11,174)	-
Accounts Payable	5,941	(16,683)
Accrued Expenses	(92,337)	5,647
Refundable Advances	(2,275)	13,815
Deferred Rent Payable	-	38,519
Net Cash Provided by Operating Activities	149,000	259,395
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	-	(204,733)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Repayments of Notes Payable, Net	(108,827)	(133,671)
Payments on Line of Credit, Net	(27,366)	(26,293)
Payments on Financing Lease Activities	(6,585)	(3,474)
Net Cash Used by Financing Activities	(142,778)	(163,438)
<b>NET CHANGE IN CASH</b>	6,222	(108,776)
Cash - Beginning of Year	769,385	878,161
<b>CASH - END OF YEAR</b>	\$ 775,607	\$ 769,385
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 186,033	\$ 88,753

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The Bloomington Project School (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates as a public charter school established under Indiana Code 20-24 serving approximately 330 students in grades kindergarten through eighth 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 resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2023 and 2022, the School had \$11,540 and \$13,815, respectively, of conditional grants that had not been recognized as revenue in the statements of activities because conditions had 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 School did not have any such deferred revenue.

**Contributions**

The School 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. The School 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. The School did not have any net assets with donor restrictions as of June 30, 2023 and 2022.

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

**Cash and Cash Equivalents**

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

**Grants Receivable**

Grants receivable relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana. The School believes 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. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$1,000 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:

Buildings and Improvements	Lesser of 30 Years or Life of Lease
Furniture and Equipment	3 to 5 Years
Textbooks	4 Years

**Impairment of Long-Lived Assets**

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

**Taxes on Income**

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

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

**Taxes on Income (Continued)**

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

**Recently Adopted Accounting Guidance**

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

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

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

**Leases**

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

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

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

**Leases (Continued)**

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

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

**Subsequent Events**

The School evaluated subsequent events through January 30, 2024, 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 February 28, 2020, the School entered into a credit agreement with a bank for a line of credit which permits borrowing up to \$168,000. Principal and interest payments of \$2,628 are due monthly beginning in March of 2021 with an interest rate of 3.95% with final payment due in February of 2027. The line of credit is secured by any and all existing and subsequent security documents, including mortgages, security agreements, and collateral assignments by any Borrower or Guarantor. As of June 30, 2023 and 2022, the line of credit balance was \$89,346 and \$116,712, respectively.

Principal maturities of the line of credit are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 28,474
2025	29,643
2026	30,853
2027	376
Total	<u>\$ 89,346</u>

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 3 NOTES PAYABLE**

Notes payable consisted of the following as of June 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Note Payable to Indiana Finance Authority	\$ 169,127	\$ 213,337
Note Payable to IFF	873,524	931,621
Common School Fund Loan	22,820	29,340
Total	<u>1,065,471</u>	<u>1,174,298</u>
Less: Current Portion	<u>(139,577)</u>	<u>(135,478)</u>
Long-Term Portion	<u>\$ 925,894</u>	<u>\$ 1,038,820</u>

**Indiana Finance Authority Note Payable**

The note payable to Indiana Finance Authority is payable in quarterly installments of \$17,798, including interest at 5.5% per annum. The loan was funded through the sale of Qualified School Construction Bonds, which provide for the interest to be subsidized by the U.S. federal government. The loan is subordinate to the IFF note payable.

**IFF Note Payable**

The note payable to IFF is payable in monthly installments of \$10,028, including interest at 6.875% per annum, with the unpaid balance due on August 1, 2033. The note is secured by a leasehold mortgage, and furniture and equipment. The promissory note with IFF contains several financial and nonfinancial covenants with which the School is required to comply annually. The School was in compliance with all covenants as of June 30, 2023 and 2022.

**Common School Fund Loan**

The note payable to the Indiana Common School Fund is payable in semi-annual principal installments of \$3,260 from January 2017 to July 2026, with interest at 1% per annum.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 139,577
2025	143,728
2026	77,476
2027	79,251
2028	81,383
Thereafter	544,056
Total	<u>\$ 1,065,471</u>

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 LEASES**

**ASC 842 for 2023**

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

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

Lease Cost:	
Finance Lease Cost	\$ 6,585
Interest on Lease Liabilities	516
Operating Lease Cost	<u>136,672</u>
Total Lease Cost	<u><u>\$ 143,773</u></u>

Other Information:	
Operating Cash Flows from Finance Leases	\$ 516
Operating Cash Flows from Operating Leases	\$ 147,666
Financing Cash Flows from Finance Leases	\$ 3,943
Weighted-Average Remaining Lease Term - Finance Leases	1.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	4.9 Years
Weighted-Average Discount Rate - Finance Leases	4.72%
Weighted-Average Discount Rate - Operating Leases	4.00%

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

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2024	\$ 154,316	\$ 4,459	\$ 158,775
2025	64,860	4,459	69,319
2026	69,860	-	69,860
2027	76,335	-	76,335
2028	72,000	-	72,000
Thereafter	<u>78,000</u>	-	<u>78,000</u>
Undiscounted Cash Flows	\$ 515,371	\$ 8,918	\$ 524,289
(Less) Imputed Interest	<u>(50,040)</u>	<u>(455)</u>	<u>(50,495)</u>
Total Present Value	<u><u>\$ 465,331</u></u>	<u><u>\$ 8,463</u></u>	<u><u>\$ 473,794</u></u>
Short-term lease liabilities	\$ 138,687	\$ 4,132	\$ 142,819
Long-term lease liabilities	<u>326,644</u>	<u>4,331</u>	<u>330,975</u>
Total	<u><u>\$ 465,331</u></u>	<u><u>\$ 8,463</u></u>	<u><u>\$ 473,794</u></u>

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 LEASES (CONTINUED)**

**ASC 840**

The School entered into a capital lease financing agreement during the year ended June 30, 2020 for a piece of equipment. The original cost related to this asset was \$18,698. At June 30 and 2022, the cost and accumulated depreciation related to this asset was \$11,981.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 4,459
2025	4,459
Total	8,918
Less: Amount Representing Interest	(659)
Total	<u>\$ 8,259</u>

The School leases its school facility under an operating lease, which was renewed effective June 30, 2019. The lease requires monthly rental payments in the first year of \$7,467, which increase annually over the term of the lease by the lesser of 2% or the consumer price index for the preceding 12 months. The lease expires June 30, 2024 and is renewable for three additional five-year periods which are included in the below lease schedule. The lease requires the School to pay for certain repairs and maintenance, utilities, and other ongoing expenses required to maintain the facilities.

The School entered a second school facility operating lease, effective January 23, 2020. The lease requires monthly rental payments in the first two years of \$3,000, which increases every two years over the term of the lease by \$1,000. The lease expires June 30, 2030 with renewal discussions occurring after year seven. The lease requires the School to pay for certain repairs and maintenance, utilities, and other ongoing expenses required to maintain the facilities.

Expense under operating leases was \$197,770 and \$197,770 for the years ended June 30, 2023 and 2022, respectively. Future minimum lease obligations for noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 148,082
2024	155,612
2025	162,736
2026	166,408
2027	173,131
Thereafter	2,280,308
Total	<u>\$ 3,086,277</u>

The School also rents certain items of office equipment under operating leases.

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 5 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. For both years ended June 30, 2023 and 2022, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2022 (the latest year reported), TRF and PERF were approximately 85% and 95% funded, respectively.

Employees can elect benefits under a 403(b) plan, where the School contributes 7.5% of compensation.

Retirement plan expense was \$86,147 and \$100,965 for the years ended June 30, 2023 and 2022, respectively.

**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. Payments under this charter agreement were \$43,245 and \$44,517 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

The School has contracted with Charter School Management Corporation (CSMC) to provide finance, business consulting, compliance, payroll, human resources, and other services. This contract remains in effect until June 30, 2024, and is automatically renewed on a year-to-year basis commencing on the last day of the expiring contract unless written notice of intent to terminate or renegotiate is given by either party at least 60 days prior to expiration of the agreement.

Under the terms of the agreement, the School has agreed to pay CSMC the following amounts for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 60,000

Expenses under the agreement were \$60,000 and \$60,000 for the years ended June 30, 2023 and 2022, respectively.

**THE BLOOMINGTON PROJECT SCHOOL  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 7 RISKS AND UNCERTAINTIES**

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2023, substantially all of the receivable balance was due from the state of Indiana. In addition, deposits maintained at Old National 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 School has not experienced losses in any of these accounts.

**NOTE 8 LIQUIDITY**

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

	<u>2023</u>	<u>2022</u>
Financial Assets	\$ 866,624	\$ 873,017
Less: Those Unavailable for General Expenditures		
Within One Year: Extracurricular Account	<u>(181,561)</u>	<u>(185,620)</u>
Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	<u>\$ 685,063</u>	<u>\$ 687,397</u>

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

**NOTE 9 FUNCTIONAL EXPENSE REPORTING**

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

**THE BLOOMINGTON PROJECT SCHOOL  
OTHER REPORT  
YEAR ENDED JUNE 30, 2023**

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

Supplemental Audit Report of The Bloomington Project School

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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