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February 8, 2024

Charter School Board  
Renaissance Academy, Inc.  
LaPorte County, Indiana

We have reviewed the audit report of Renaissance Academy, Inc. 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 Renaissance Academy, 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 Indiana State Board of Accounts.

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

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

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

Tammy R. White, CPA  
Deputy State Examiner

**RENAISSANCE ACADEMY, INC.**  
**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Renaissance Academy, Inc.  
La Porte, Indiana

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

#### ***Opinion***

We have audited the accompanying financial statements of Renaissance Academy, Inc., 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 Renaissance Academy, Inc. as of June 30, 2023 and 2022, and changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 Renaissance Academy, Inc. 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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2023 the School adopted new accounting guidance for leases. The guidance requires lessees 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 response 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 Renaissance Academy, Inc.'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 Renaissance Academy, Inc.'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 Renaissance Academy, Inc.'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.

Board of Directors  
Renaissance Academy, Inc.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 23, 2024

**RENAISSANCE ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2023 AND 2022**

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,052,156	\$ 894,421
Grants Receivable	167,250	229,700
Other Receivables, Net of Allowance for Doubtful Accounts	50,630	38,414
Prepaid Expenses and Other Assets	14,812	14,882
Total Current Assets	1,284,848	1,177,417
<b>PROPERTY AND EQUIPMENT</b>		
Land	396,113	355,346
Buildings and Improvements	804,881	784,541
Leasehold Improvements	681,064	682,060
Furniture and Equipment	174,472	174,472
Vehicles	76,065	72,622
Textbooks	33,712	33,712
Less: Accumulated Depreciation	(996,261)	(945,813)
Property and Equipment, Net	1,170,046	1,156,940
<b>RIGHT-OF-USE ASSET, NET</b>	378,690	-
Total Assets	\$ 2,833,584	\$ 2,334,357
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 42,553	\$ 40,859
Accounts Payable and Accrued Expenses	109,631	118,203
Deferred Revenue	104,220	83,902
Right of Use Liability, Current	98,292	-
Total Current Liabilities	354,696	242,964
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	557,216	599,766
Right-of-Use Liability, Net of Current Portion	280,398	-
Total Long-Term Liabilities	837,614	599,766
Total Liabilities	1,192,310	842,730
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	1,641,274	1,491,627
Total Liabilities and Net Assets	\$ 2,833,584	\$ 2,334,357

See accompanying Notes to Financial Statements.

**RENAISSANCE ACADEMY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS</b>		
State Education Support	\$ 1,761,633	\$ 1,768,119
Grant Revenue	636,531	786,535
Student Fees	258,190	233,645
Fundraising and Other Income	15,366	11,233
Other Income	48,590	50,651
Total Revenue and Support, Without Donor Restrictions	<u>2,720,310</u>	<u>2,850,183</u>
<b>EXPENSES</b>		
Program Services	1,711,596	1,637,081
Management and General	859,067	954,354
Total Expenses	<u>2,570,663</u>	<u>2,591,435</u>
<b>CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	149,647	258,748
Net Assets Without Donor Restrictions - Beginning of Year	<u>1,491,627</u>	<u>1,232,879</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR</b>	<u>\$ 1,641,274</u>	<u>\$ 1,491,627</u>

See accompanying Notes to Financial Statements.

**RENAISSANCE ACADEMY, INC.**  
**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	\$ 830,128	\$ 492,092	\$ 1,322,220	\$ 859,563	\$ 489,126	\$ 1,348,689
Employee Benefits	200,768	166,790	367,558	233,604	174,805	408,409
Professional Services	7,300	27,167	34,467	6,444	54,508	60,952
Staff Development and Recruitment	43,233	-	43,233	21,225	-	21,225
Authorizer Oversight Fees	-	33,929	33,929	-	51,191	51,191
Food Costs	25,691	-	25,691	19,390	-	19,390
Classroom, Kitchen, and Office Supplies	119,568	30,526	150,094	92,361	33,400	125,761
Field Trips and Events	45,889	-	45,889	48,808	-	48,808
Occupancy	285,108	-	285,108	211,322	-	211,322
Repairs and Maintenance	57,974	-	57,974	48,098	-	48,098
Information Technology	-	18,181	18,181	-	29,482	29,482
Depreciation	75,496	-	75,496	70,275	-	70,275
Insurance	-	42,299	42,299	-	44,290	44,290
Interest	-	26,305	26,305	-	27,992	27,992
Transportation	19,816	-	19,816	23,693	-	23,693
Bad Debt	-	5,000	5,000	-	22,000	22,000
Other	625	16,778	17,403	2,298	27,560	29,858
	<u>625</u>	<u>16,778</u>	<u>17,403</u>	<u>2,298</u>	<u>27,560</u>	<u>29,858</u>
Total Functional Expenses	<u>\$ 1,711,596</u>	<u>\$ 859,067</u>	<u>\$ 2,570,663</u>	<u>\$ 1,637,081</u>	<u>\$ 954,354</u>	<u>\$ 2,591,435</u>

See accompanying Notes to Financial Statements.

**RENAISSANCE ACADEMY, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 149,647	\$ 258,748
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	75,496	70,275
Provision for (Recovery from) Bad Debts	(3,304)	(10,432)
Changes in Operating Assets and Liabilities:		
Grants Receivable	62,450	(24,825)
Other Receivables	(8,912)	31,687
Prepaid Expenses	70	(14,582)
Accounts Payable and Accrued Expenses	(8,572)	22,228
Deferred Revenue	20,318	(22)
Net Cash Provided by Operating Activities	287,193	333,077
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(88,602)	(73,116)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments of Notes Payable	(40,856)	(39,167)
<b>NET CHANGE IN CASH</b>	157,735	220,794
Cash - Beginning of Year	894,421	673,627
<b>CASH - END OF YEAR</b>	\$ 1,052,156	\$ 894,421
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 26,305	\$ 27,992

See accompanying Notes to Financial Statements.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Renaissance Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School served approximately 250 students in grades kindergarten to eight during the 2022-2023 school year. The School also provides an early childhood education program for children ages three and four on a fee basis.

**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 generally come from resources provided under the Indiana Charter Schools Act (the 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 is paid in monthly installments in July through June coinciding with the academic School year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2023 and 2022, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statement of financial position. As of June 30, 2023, 2022, and 2021, the School has \$50,630, \$38,414, and \$59,669 respectively, of accounts receivable from student fees, net of allowance for doubtful accounts. Amounts received prior to service is performed are reported as deferred revenues in the statement of financial position. As of June 30, 2023, 2022 and 2021, the School has \$104,220, \$83,902, and \$72,181, respectively, of deferred revenue from student fees.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Grant, Contribution, and Fundraising Revenue**

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values 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 purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

**Cash and Cash Equivalents**

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

**Grants and Other Receivables**

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such, no allowance for doubtful accounts is deemed necessary with regard to such receivables. Other receivables include student and preschool fees and are reviewed for collectability on an annual basis. The accompanying statements of financial position reflect allowances for doubtful accounts of \$28,140 and \$31,443 as of June 30, 2023 and 2022, respectively.

**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 and minor replacement costs 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	39 Years
Leasehold Improvements	5 to 15 Years
Furniture and Equipment	3 to 7 Years
Vehicles	5 Years
Textbooks	3 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.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Deferred Revenue**

Deferred revenue consists of enrollment fees and materials and supplies fees received as part of the enrollment process for the subsequent academic School year.

**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.

**Taxes on Income**

Renaissance Academy, Inc. 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 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.

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 2017 are open to audit for both federal and state purposes.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Adoption of New Accounting Standard**

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.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

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

**Leases**

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

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 balance sheet.

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. 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 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.

As a result of adoption of this standard, the School recognized a ROU asset of \$468,886 and liability of \$468,886 as of the July 1, 2022 date of adoption. Additional detail regarding leases is provided in Note 3, Related Party Lease. At June 30, 2023, the School had a right-of-use asset – operating, net, of \$378,690 and a right-of-use liability – operating of \$378,690.

**Subsequent Events**

The School evaluated subsequent events through January 23, 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.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 2 NOTES PAYABLE**

Notes payable were comprised of the following at June:

<u>Description</u>	<u>2023</u>	<u>2022</u>
Mortgage note payable to 1st Source Bank, payable in monthly installments of \$4,532, including interest at 5.55% per annum through September 2019. The note was refinanced with 1st Source Bank in October 2019, monthly installments of \$5,597, including interest at 4.17% per annum through September 2024. The School drew additional proceeds of \$327,681 to be used for loan closing costs, facility and grounds improvements, and operations.	\$ 599,769	\$ 640,625
Less: Current Portion	<u>(42,553)</u>	<u>(40,859)</u>
Long-Term Portion	<u>\$ 557,216</u>	<u>\$ 599,766</u>

Principal maturities of notes payable, after the October 2019 refinancing and including the additional loan proceeds, are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 42,553
2025	557,213
Total	<u>\$ 599,766</u>

**NOTE 3 RELATED PARTY LEASE**

**ASC 842 FOR 2023**

The School leases a portion of the School facilities from V&K, LLC under a 10-year lease that ends June 30, 2027. The lease is accounted for as an operating lease. V&K, LLC is owned by Kieran McHugh and Vicki McHugh, both of whom are employees of the School. Under the lease agreement, monthly base rent is \$8,191 (adjusted annually by the rate of inflation, as defined) and the School is responsible for all utilities and insurance on the contents.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 3 RELATED PARTY LEASE (CONTINUED)**

Lease Cost:	
Operating Lease Cost:	\$ 98,292
Other Information:	
Operating Cash Flows from Operating Leases	\$ 98,292
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities:	\$ 468,886
Weighted-Average Remaining Lease Term - Operating Leases:	4.0 Years
Weighted-Average Discount Rate - Operating Leases	1.93%

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

<u>Year Ending December 31.</u>	<u>Amount</u>
2024	\$ 98,292
2025	98,292
2026	98,292
2027	<u>98,292</u>
Undiscounted Cash Flows	393,168
(Less) Imputed Interest	<u>(14,478)</u>
Total Present Value	<u><u>\$ 378,690</u></u>
Short-Term Lease Liabilities	\$ 98,292
Long-Term Lease Liabilities	280,398
Total	<u><u>\$ 378,690</u></u>

**ASC 840 FOR 2022**

The School leases a portion of the School facilities from V&K, LLC under a 10-year lease that ends June 30, 2027. The lease is accounted for as an operating lease. V&K, LLC is owned by Kieran McHugh and Vicki McHugh, both of whom are employees of the School. Under the lease agreement, monthly base rent is \$8,191 (adjusted annually by the rate of inflation, as defined) and the School is responsible for all utilities and insurance on the contents. Expense under this lease was \$108,352 for the years ended June 30, 2022.

Future minimum lease obligations under this lease (ignoring the annual rate of inflation adjustment) are as follows for the years ending June 30:

<u>Year Ending December 31.</u>	<u>Amount</u>
2023	\$ 98,292
2024	98,292
2025	98,292
2026	98,292
2027	<u>98,292</u>
Total	<u><u>\$ 491,460</u></u>

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 4 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 payments received. Expense under this charter agreement was \$33,929 and \$51,191 for the years ended June 30, 2023 and 2022, respectively. The charter remains in effect until June 30, 2023 and is renewable thereafter by mutual consent.

**NOTE 5 RETIREMENT PLANS**

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

In addition, the school has a 401k program for eligible employees. Under the plan, the School matches 100% of employee contributions up to 4%.

Total retirement plan expense was \$92,332 and \$112,930 for the years ended June 30, 2023 and 2022, respectively.

**NOTE 6 RISKS AND UNCERTAINTIES**

The School provides educational instruction services to families residing in LaPorte 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.

**RENAISSANCE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023 AND 2022**

**NOTE 6 RISKS AND UNCERTAINTIES (CONTINUED)**

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 and 2022, substantially all of the grants receivable balance was due from the state of Indiana. All cash deposits are maintained at 1<sup>st</sup> Source Bank and are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance up to the legal limit.

**NOTE 7 LIQUIDITY**

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash, grants receivable, and other receivables, net of allowance for doubtful accounts. Financial assets at June 30, 2023 and 2022 total \$1,270,036 and \$1,162,535, respectively, all of which are available to meet cash needs for general expenditures within a year.

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

**NOTE 8 FUNCTIONAL EXPENSE REPORTING**

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

**RENAISSANCE ACADEMY, INC.**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2023**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	Renaissance Academy Charter	Renaissance Academy Pre-K	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 875,730	\$ 176,426	\$ -	\$ 1,052,156
Grants Receivable	167,250	-	-	167,250
Other Receivables, Net of Allowance for Doubtful Accounts	12,621	38,009	-	50,630
Prepaid Expenses	14,812	-	-	14,812
Total Current Assets	<u>1,070,413</u>	<u>214,435</u>	<u>-</u>	<u>1,284,848</u>
<b>PROPERTY AND EQUIPMENT</b>				
Land	396,113	-	-	396,113
Buildings and Improvements	804,881	-	-	804,881
Leasehold Improvements	681,064	-	-	681,064
Furniture and Equipment	174,472	-	-	174,472
Vehicles	-	76,065	-	76,065
Textbooks	33,712	-	-	33,712
Less: Accumulated Depreciation	(963,020)	(33,241)	-	(996,261)
Property and Equipment, Net	<u>1,127,222</u>	<u>42,824</u>	<u>-</u>	<u>1,170,046</u>
<b>RIGHT-OF-USE ASSET, NET</b>	<u>378,690</u>	<u>-</u>	<u>-</u>	<u>378,690</u>
Total Assets	<u>\$ 2,576,325</u>	<u>\$ 257,259</u>	<u>\$ -</u>	<u>\$ 2,833,584</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Notes Payable	\$ 42,553	\$ -	\$ -	\$ 42,553
Accounts Payable and Accrued Expenses	106,029	3,602	-	109,631
Deferred Revenue	49,445	54,775	-	104,220
Right-of-Use Liability, Current	98,292	-	-	98,292
Total Current Liabilities	<u>296,319</u>	<u>58,377</u>	<u>-</u>	<u>354,696</u>
<b>LONG-TERM LIABILITIES</b>				
Notes Payable, Net of Current Portion	557,216	-	-	557,216
Right of Use Liability, Net of Current Portion	280,398	-	-	280,398
Total Long-Term Liabilities	<u>837,614</u>	<u>-</u>	<u>-</u>	<u>837,614</u>
Total Liabilities	1,133,933	58,377	-	1,192,310
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>1,442,392</u>	<u>198,882</u>	<u>-</u>	<u>1,641,274</u>
Total Liabilities and Net Assets	<u>\$ 2,576,325</u>	<u>\$ 257,259</u>	<u>\$ -</u>	<u>\$ 2,833,584</u>

**RENAISSANCE ACADEMY, INC.**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2023**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 1,761,633	\$ -	\$ 1,761,633
Grant Revenue	636,531	-	636,531
Student Fees	137,602	120,588	258,190
Fundraising and Other Income	15,366	-	15,366
Other Income	37,230	11,360	48,590
Total Revenue and Support	<u>2,588,362</u>	<u>131,948</u>	<u>2,720,310</u>
<b>EXPENSES</b>			
Program Services	1,589,107	122,489	1,711,596
Management and General	844,016	15,051	859,067
Total Expenses	<u>2,433,123</u>	<u>137,540</u>	<u>2,570,663</u>
<b>CHANGE IN NET ASSETS</b>	155,239	(5,592)	149,647
Net Assets - Beginning of Year	<u>1,287,153</u>	<u>204,474</u>	<u>1,491,627</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 1,442,392</u>	<u>\$ 198,882</u>	<u>\$ 1,641,274</u>

**RENAISSANCE ACADEMY, INC.  
OTHER REPORT  
YEAR ENDED JUNE 30, 2023**

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

Supplemental Audit Report of Renaissance Academy, 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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