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March 11, 2024

Charter School Board  
Aspire Charter Academy, Inc.  
Lake County, Indiana

We have reviewed the audit report of Aspire Charter 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 Aspire Charter 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 State Board of Accounts.

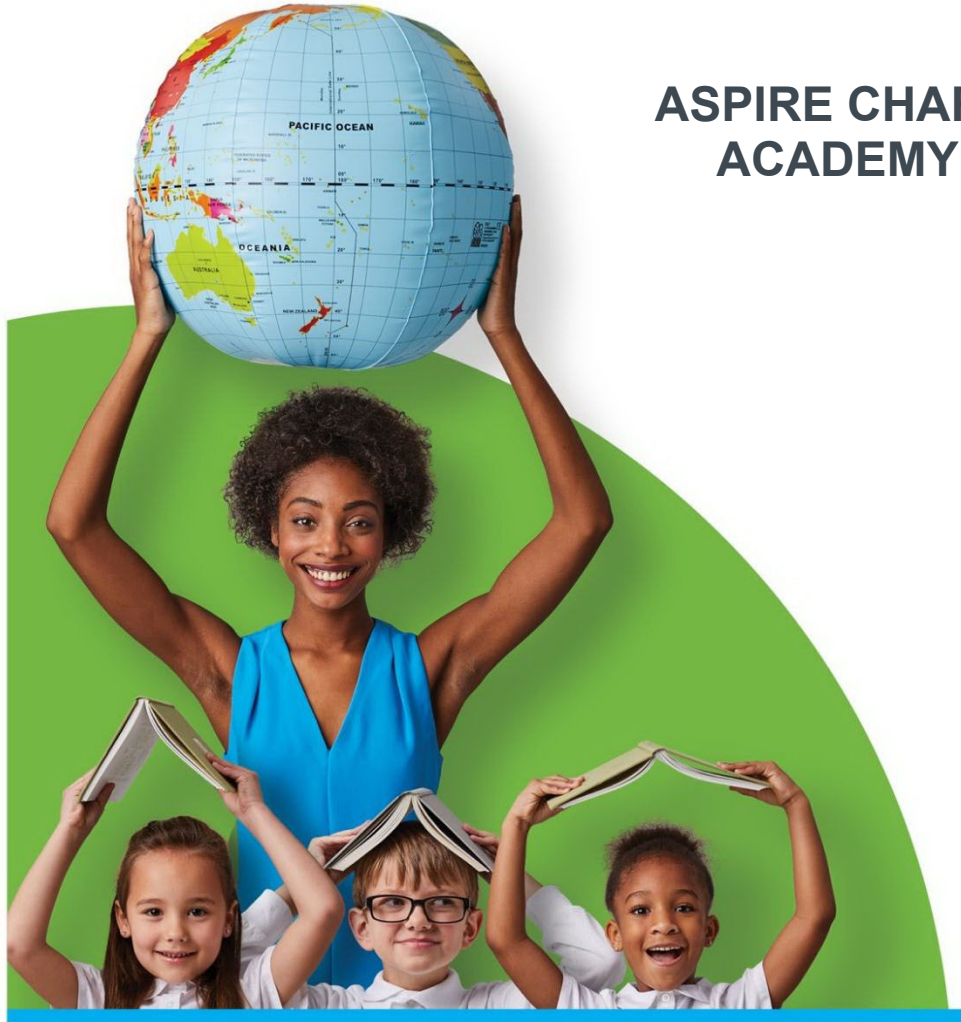
In addition to the report presented herein, a Supplemental Audit Report for Aspire Charter Academy, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

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

**ASPIRE CHARTER  
ACADEMY, INC.**



Financial Statements and Supplementary  
Information

Years Ended June 30, 2023 and 2022

**NATIONAL  
HERITAGE  
ACADEMIES** 

**ASPIRE CHARTER ACADEMY, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Aspire Charter Academy, Inc.  
Gary, Indiana

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

#### ***Opinion***

We have audited the accompanying financial statements of Aspire Charter Academy, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and change 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 Aspire Charter Academy, Inc. as of June 30, 2023 and 2022, and the 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Aspire Charter 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.

#### ***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 Aspire Charter 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, 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 Aspire Charter 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 Aspire Charter Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

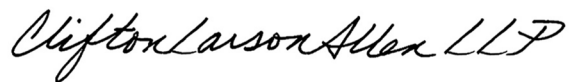
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2024 on our consideration of Aspire Charter Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aspire Charter Academy, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
February 13, 2024

# ASPIRE CHARTER ACADEMY, INC.

## STATEMENTS OF FINANCIAL POSITION JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash	\$ 613,349	\$ 2,832,848
Due from governmental revenue sources	<u>563,760</u>	<u>456,945</u>
Total current assets	<u>1,177,109</u>	<u>3,289,793</u>
NON-CURRENT ASSETS:		
Capital assets	118,360	118,360
Less accumulated depreciation	<u>(117,339)</u>	<u>(115,828)</u>
Total capital assets, net of accumulated depreciation	<u>1,021</u>	<u>2,532</u>
TOTAL	<u>\$ 1,178,130</u>	<u>\$ 3,292,325</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES:		
Accounts payable	\$ -	\$ 3,807
Deferred revenue	65,544	22,416
Contracted service fee payable	<u>990,391</u>	<u>3,132,493</u>
Total liabilities	<u>1,055,935</u>	<u>3,158,716</u>
NET ASSETS:		
Net assets without donor restrictions	<u>122,195</u>	<u>133,609</u>
Total net assets	<u>122,195</u>	<u>133,609</u>
TOTAL	<u>\$ 1,178,130</u>	<u>\$ 3,292,325</u>

See independent auditors' report and notes to the financial statements.

## ASPIRE CHARTER ACADEMY, INC.

### STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS YEARS ENDED JUNE 30, 2023 AND 2022

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	<u>2023</u>	<u>2022</u>
REVENUES AND SUPPORT:		
State aid	\$ 6,196,917	\$ 5,940,409
Other state sources	503,718	390,591
Federal sources	2,670,661	2,336,321
Private sources	69,343	50,871
In-kind contribution — NHA	<u>414,708</u>	<u>123,204</u>
Total revenues and support	<u>9,855,347</u>	<u>8,841,396</u>
EXPENSES:		
Contracted service fee	9,820,350	8,719,236
Depreciation	1,511	6,900
Loss on abandonment of asset	-	2,454
Board expenses	<u>44,900</u>	<u>29,322</u>
Total expenses	<u>9,866,761</u>	<u>8,757,912</u>
CHANGE IN NET ASSETS	(11,414)	83,484
NET ASSETS WITHOUT DONOR RESTRICTION:		
Beginning of year	<u>133,609</u>	<u>50,125</u>
End of year	<u>\$ 122,195</u>	<u>\$ 133,609</u>

See independent auditors' report and notes to the financial statements.

# ASPIRE CHARTER ACADEMY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023 WITH COMPARATIVE TOTALS FOR JUNE 30, 2022

	2023			2022
	Program Services	Management and General	Total	Total
Contracted service fee:				
Salaries and wages	\$ 4,285,824	\$ -	\$ 4,285,824	\$ 3,701,920
Retirement contributions	56,998	-	56,998	52,847
Other employee benefits	453,689	-	453,689	552,841
Payroll taxes	293,600	-	293,600	257,029
Accounting fees	344	88,561	88,905	93,839
Curriculum, textbooks, and supplies	249,377	-	249,377	159,596
Postage and shipping	9,261	-	9,261	4,962
Occupancy	1,594,588	12,017	1,606,605	1,741,384
Food service	626,639	-	626,639	482,043
Equipment rental and maintenance	170,959	-	170,959	131,278
Printing and publications	21,032	-	21,032	15,911
Travel	44,167	-	44,167	14,604
Conferences and meetings	80,939	-	80,939	20,980
Professional fees	758,490	-	758,490	534,722
Instructional support	-	100,347	100,347	91,087
Academic and general support	-	237,058	237,058	199,838
Enrollment and parent relations	-	111,814	111,814	105,290
Board support	-	71,843	71,843	67,528
Human resources	-	136,743	136,743	120,376
Support services	-	19,430	19,430	32,590
Technology	11,218	29,210	40,428	93,764
Marketing and business development	165,544	35,664	201,208	149,096
Insurance	29,173	-	29,173	30,383
Miscellaneous	125,821	-	125,821	65,328
Total contracted service fee	8,977,663	842,687	9,820,350	8,719,236
Depreciation	1,511	-	1,511	6,900
Loss on abandonment of assets	-	-	-	2,454
Expenses of Board of Directors	44,900	-	44,900	29,322
Total expenses	<u>\$ 9,024,074</u>	<u>\$ 842,687</u>	<u>\$ 9,866,761</u>	<u>\$ 8,757,912</u>

See independent auditors' report and notes to the financial statements.

# ASPIRE CHARTER ACADEMY, INC.

## STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2022

	2022		
	Program Services	Management and General	Total
Contracted service fee:			
Salaries and wages	\$ 3,701,920	\$ -	\$ 3,701,920
Retirement contributions	52,847	-	52,847
Other employee benefits	552,841	-	552,841
Payroll taxes	257,029	-	257,029
Accounting fees	8,452	85,387	93,839
Curriculum, textbooks, and supplies	159,596	-	159,596
Postage and shipping	4,962	-	4,962
Occupancy	1,729,516	11,868	1,741,384
Food service	482,043	-	482,043
Equipment rental and maintenance	131,278	-	131,278
Printing and publications	15,911	-	15,911
Travel	14,604	-	14,604
Conferences and meetings	20,980	-	20,980
Professional fees	534,722	-	534,722
Instructional support	-	91,087	91,087
Academic and general support	-	199,838	199,838
Enrollment and parent relations	-	105,290	105,290
Board support	-	67,528	67,528
Human resources	-	120,376	120,376
Support services	-	32,590	32,590
Technology	18,380	75,384	93,764
Marketing and business development	124,182	24,914	149,096
Insurance	30,383	-	30,383
Miscellaneous	65,328	-	65,328
Total contracted service fee	7,904,974	814,262	8,719,236
Depreciation	6,900	-	6,900
Loss on abandonment of assets	2,454	-	2,454
Expenses of Board of Directors	29,322	-	29,322
Total expenses	<u>\$ 7,943,650</u>	<u>\$ 814,262</u>	<u>\$ 8,757,912</u>

See independent auditors' report and notes to the financial statements.

# ASPIRE CHARTER ACADEMY, INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>		
State aid	\$ 6,196,917	\$ 6,152,937
Other state sources	538,976	403,661
Federal sources	2,565,697	2,196,039
Private sources	75,362	53,097
Payments for services rendered	<u>(11,596,451)</u>	<u>(8,219,022)</u>
Net cash provided by (used by) operating activities	<u>(2,219,499)</u>	<u>586,712</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(2,219,499)</b>	<b>586,712</b>
CASH — Beginning of year	<u>2,832,848</u>	<u>2,246,136</u>
CASH — End of year	<u><u>\$ 613,349</u></u>	<u><u>\$ 2,832,848</u></u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH FLOWS PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>		
Change in net assets	\$ (11,414)	\$ 83,484
Depreciation	1,511	6,900
Loss on abandonment of asset	-	2,454
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	(106,814)	72,227
Change in accounts payable	(3,807)	16
Change in deferred revenue	43,127	15,315
Change in contracted service fee payable	<u>(2,142,102)</u>	<u>406,316</u>
<b>NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES</b>	<u><u>\$ (2,219,499)</u></u>	<u><u>\$ 586,712</u></u>
<b>NON CASH ACTIVITY:</b>		
In-kind contribution from NHA	<u><u>\$ 414,708</u></u>	<u><u>\$ 123,204</u></u>

See independent auditors' report and notes to the financial statements.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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### 1. NATURE OF OPERATIONS AND REPORTING ENTITY

Aspire Charter Academy, Inc. (the “Academy”) is a public benefit nonprofit organization established under the laws of the State of Indiana that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy served approximately 655 students during the 2022-2023 school year.

The Board of Directors of the Academy entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (“NHA”) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives all Academy revenue from all sources as their contracted service fee. NHA is entitled to any difference between the gross management fee and the operating costs of the Academy as compensation for management services rendered.

The Academy operates a public charter school established under Indiana Code 20-24-3-1 and is sponsored by Ball State University, which is responsible for oversight of the Academy’s operations. Under this Charter, the Academy has agreed to pay to Ball State University an annual fee equal to 3% of the state tuition support, which is included in the expenses assumed by NHA as described. This amounted to \$161,157 and \$158,352 for the fiscal years 2023 and 2022, respectively. The charter expires on June 30, 2025 and is subject to renewal.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting* — The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue Recognition* — Revenues primarily come from conditional 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2023, 2022, and 2021, the Academy deferred \$65,544, \$22,416, and \$7,101, respectively, of such conditional funding.

*Grant Revenue* — The Academy receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2023 and 2022.

*In-Kind Contribution* — The Academy receives in-kind contribution based upon the service agreement with NHA. NHA covers all expenses of the Academy and the revenue received by the Academy is paid to NHA. If the Academy incurs more expenses than revenues, NHA contributes this amount to the Academy based upon actual direct expenses as professional services under the NHA management fees. The Academy received \$414,708 and \$123,204 of in-kind contribution during the years ended June 30, 2023 and June 30, 2022, respectively.

*Cash* — Cash as of June 30, 2022 represents bank deposits with a carrying amount of \$613,349 and a bank balance of \$613,349 of which \$363,349 was uninsured and uncollateralized by federal depository insurance. The Academy does not have a deposit policy for custodial credit risk, as it typically does not anticipate holding uninsured deposits based on the nature of its management agreement with NHA. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Contracted Service Fee Payable* — Contracted service fee payable as of June 30, 2023 and 2022, represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

*Capital Assets* — Capital assets, which include other equipment, are reported in the financial statements at historical cost. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

*Impairment of Long-Lived Assets* — On an ongoing basis, the Academy reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Academy 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.

*The Financial Statements* — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations.

*Income Taxes* — The Academy operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Academy has received notification from the Internal Revenue Service (IRS) that they are considered exempt from Federal income tax under Section 501(c)(3) of the IRC. Accordingly, no provision for federal income taxes has been made.

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 2019 are open to audit for both federal and state purposes.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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### 2. 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. Total lease expense for the year ended June 30, 2023 was \$912,800.

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.

*Subsequent Events* — The Academy evaluated subsequent events through February 13, 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.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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### 3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The Academy's accounts receivable balance consists of \$563,760 and \$456,945 in federal grants receivable and state special education as of June 30, 2023 and 2022, respectively. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts were recorded.

### 4. LIQUIDITY

The Academy has \$1,177,109 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$613,349 and amounts due from governmental revenue sources of \$563,760 at June 30, 2023. The Academy had \$3,289,793 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,832,848 and amounts due from governmental revenue sources of \$456,945 at June 30, 2022. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Academy has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,621,000 and \$1,460,000 at June 30, 2023 and 2022, respectively.

While the Academy will not always carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required to make contributions to the Academy if the Academy's expenditures exceed the school's revenue during the year.

### 5. CAPITAL ASSETS

Capital asset activity of the Academy's activities for the year ended June 30, 2023, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Disposals</b>	<b>Ending Balance</b>
Other equipment	\$ 118,360	\$ -	\$ -	\$ 118,360
Total capital assets at historical cost	118,360	-	-	118,360
Less accumulated depreciation — equipment	(115,828)	(1,511)	-	(117,339)
Total accumulated depreciation	(115,828)	(1,511)	-	(117,339)
Total capital asset activity, net	\$ 2,532	\$ (1,511)	\$ -	\$ 1,021

## ASPIRE CHARTER ACADEMY, INC.

### NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022

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#### 5. CAPITAL ASSETS (CONTINUED)

Capital asset activity of the Academy's activities for the year ended June 30, 2022, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Other equipment	\$ 141,030	\$ -	\$ (22,670)	\$ 118,360
Total capital assets at historical cost	<u>141,030</u>	<u>-</u>	<u>(50,853)</u>	<u>90,177</u>
Less accumulated depreciation — equipment	<u>(129,144)</u>	<u>(6,900)</u>	<u>20,216</u>	<u>(115,828)</u>
Total accumulated depreciation	<u>(129,144)</u>	<u>(6,900)</u>	<u>20,216</u>	<u>(115,828)</u>
Total capital asset activity, net	<u>\$ 11,886</u>	<u>\$ (6,900)</u>	<u>\$ (2,454)</u>	<u>\$ 2,532</u>

#### 6. LEASE – ASC 840 FOR 2022

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2021 through June 30, 2022. Annual rental payments required by the lease are \$907,358 payable in twelve monthly payments of \$75,613. The lease agreement can be cancelled upon termination of the NHA services agreement.

#### 7. RISKS AND UNCERTAINTIES

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2023 or 2022, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

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

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

# **ASPIRE CHARTER ACADEMY, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023 AND 2022**

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### **7. RISKS AND UNCERTAINTIES (CONTINUED)**

Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of receivables due from the State of Indiana. At June 30, 2023 and 2022, all of the receivable balance was due from the State of Indiana.

### **8. FUNCTIONAL EXPENSES**

The Academy provides educational services to its students. The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function require an allocation on a reasonable basis that is consistently applied.

## **ASPIRE CHARTER ACADEMY, INC.**

### **OTHER REPORT FOR THE YEAR ENDED JUNE 30, 2023**

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

Supplemental Audit Report of Aspire Charter 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*



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Aspire Charter Academy, Inc.  
Gary, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aspire Charter Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2023.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Aspire Charter Academy, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Aspire Charter Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
February 13, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Aspire Charter Academy, Inc.  
Gary, Indiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Aspire Charter Academy, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Aspire Charter Academy, Inc.'s major federal programs for the year ended June 30, 2023. Aspire Charter Academy, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aspire Charter Academy, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Aspire Charter Academy, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Aspire Charter Academy, Inc.'s compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Aspire Charter Academy, Inc.'s federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Aspire Charter Academy, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Aspire Charter Academy, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Aspire Charter Academy, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Aspire Charter Academy, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control Over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Directors  
Aspire Charter Academy, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
February 13, 2024

# ASPIRE CHARTER ACADEMY, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Pass-Through Indiana Department of Education</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	\$ -	\$ 174,095
National School Lunch Program	10.555	N/A	-	414,701
National School Lunch Program - Snacks	10.555	N/A	-	67
National School Supply Chain Program	10.555		-	26,285
Total			-	615,148
PandemicEBT Local Level Costs 22-23	10.649	N/A	-	628
Total U.S. Department of Agriculture			-	615,776
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Pass-Through Indiana Department of Education</i>				
Title I Grants to Local Educational Agencies *	84.010	S010A210014	-	5,178
Title I Grants to Local Educational Agencies *	84.010	S010A220014	-	967,949
Total			-	973,127
Special Education Grants to States	84.027	220450	-	28,004
COVID-19: Special Education Grants to States	84.027	230450	-	139,368
Total			-	167,372
Supporting Effective Instruction State Grants	84.367	S367A200013	-	(6,407)
Supporting Effective Instruction State Grants	84.367	S367A210013	-	9,341
Supporting Effective Instruction State Grants	84.367	S367A220013	-	57,276
Total			-	60,210
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D	203710	-	107,376
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D	213712	-	432,509
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425U	213713	-	306,898
Total			-	846,783
Total U.S. Department of Education			-	2,047,492
Total Federal Awards Expended			\$ -	\$ 2,663,268

\* Denotes Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS OF AND FOR THE YEAR ENDED JUNE 30, 2023

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### NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Aspire Charter Academy, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Aspire Charter Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Aspire Charter Academy, Inc.

Aspire Charter Academy, Inc.'s programs are funded jointly by federal and state funds. Costs incurred in such programs are applied against federal grant funds to the extent of the grant award provisions and against state funds for the balance. Federal and state program awards are reported in the financial statements under the caption "Government reimbursements".

### NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

### NOTE 3 INDIRECT COST RATE

Aspire Charter Academy, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**ASPIRE CHARTER ACADEMY, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

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**Section I – Summary of Auditors’ Results**

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**Financial Statements**

- 1. Type of auditors’ report issued: Unmodified
- 2. Internal control over financial reporting:
  - Material weakness(es) identified? \_\_\_\_\_ yes      x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported
- 3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes      x   no

**Federal Awards**

- 1. Internal control over major federal programs:
  - Material weakness(es) identified? \_\_\_\_\_ yes      x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes      x   none reported
- 2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
- 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      x   no

**Identification of Major Federal Programs**

**Assistance Listing Number(s)**

84.010

**Name of Federal Program or Cluster**

Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

  x   yes    \_\_\_\_\_ no

**ASPIRE CHARTER ACADEMY, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023**

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***Section II – Financial Statement Findings***

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

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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