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December 26, 2019

Charter School Board
Hoosier Academy, Inc.
2855 N. Franklin Road
Indianapolis, IN 46219

We have reviewed the audit report of Hoosier Academy, Inc. which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2018 to June 30, 2019. Per the *Independent Auditors' Report*, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements included in the report present fairly the financial condition of Hoosier Academy, Inc. as of June 30, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the Basis for Qualified Opinion in the audit report.

In our opinion, Donovan CPAs 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 Hoosier 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 blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA
State Examiner

HOOSIER ACADEMY, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2019 and 2018



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Donovan CPAs

Independent Auditors' Report

The Board of Directors
Hoosier Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Hoosier Academy, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Basis for Qualified Opinion

As presented in Note 2 to the financial statements, in 2013, the Indiana Legislature passed amendments to the Indiana Charter Schools Act that resulted in the suspension of funding in the amount of \$4,996,296. Hoosier Academy, Inc. believes this was not the intent of the legislation and has appealed this result with the state government for the unremitted funding shortfall with the expectation that it will ultimately be successful in restoring the unremitted income, and has reflected this income as a receivable in its full amount of \$4,996,296 on its statements of financial position as of June 30, 2019 and 2018. Accounting principles generally accepted in the United States of America require a potential gain that is contingent upon a future event be recognized when the amount is realized. If Hoosier Academy, Inc. were to recognize this gain contingency when realized, a write down of receivables in the amount of \$4,996,296 would be required as of June 30, 2019 and 2018. Accordingly, net assets without donor restrictions as of June 30, 2019 and 2018 would be reduced by this amount.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Hoosier Academy, Inc. as of June 30, 2019 and 2018 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of financial position by school on pages 13 and 14 and the schedules of activities and change in net assets by school on pages 15 and 16 are presented for purposes of additional analysis and are 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

DONOVAN



Indianapolis, Indiana
December 16, 2019

HOOSIER ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 861,137	\$ 1,672,325
Accounts receivable:		
State education support	4,996,296	4,996,296
Grants	277,576	360,453
K12 Classroom, LLC	-	11,383
Prepaid expenses	<u>51,562</u>	<u>48,298</u>
<i>Total current assets</i>	<u>6,186,571</u>	<u>7,088,755</u>
 PROPERTY AND EQUIPMENT		
Leasehold improvements	777,312	777,312
Furniture and equipment	1,363,994	1,363,994
Less: accumulated depreciation	<u>(1,903,779)</u>	<u>(1,786,312)</u>
<i>Property and equipment, net</i>	<u>237,527</u>	<u>354,994</u>
 TOTAL ASSETS	 <u><u>\$ 6,424,098</u></u>	 <u><u>\$ 7,443,749</u></u>
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses:		
K-12 Classroom, LLC	\$ 5,608,037	\$ 5,743,374
Other	790,427	1,675,561
Refundable advance	<u>25,634</u>	<u>24,814</u>
<i>Total current liabilities</i>	6,424,098	7,443,749
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>-</u>	 <u>-</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 6,424,098</u></u>	 <u><u>\$ 7,443,749</u></u>

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

HOOSIER ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
REVENUE AND SUPPORT		
State education support	\$ 6,490,952	\$ 16,996,753
Grant revenue	963,197	2,200,185
Interest income	882	2,141
Other	<u>53,937</u>	<u>222,541</u>
<i>Total revenue and support</i>	<u>7,508,968</u>	<u>19,421,620</u>
EXPENSES		
Program services	6,689,619	16,545,587
Management and general	<u>819,349</u>	<u>2,876,033</u>
<i>Total expenses</i>	<u>7,508,968</u>	<u>19,421,620</u>
CHANGE IN NET ASSETS	-	-
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>

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

HOOSIER ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>			<u>2018</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 3,182,890	\$ 55,862	\$ 3,238,752	\$ 6,202,380	\$ 566,257	\$ 6,768,637
Employee benefits	672,603	8,704	681,307	1,321,920	102,216	1,424,136
Staff development and recruitment	59,966	-	59,966	367,388	-	367,388
Professional services	318,133	427,726	745,859	1,140,425	776,225	1,916,650
Management services	-	41,481	41,481	-	603,373	603,373
Food costs	25,199	-	25,199	14,926	-	14,926
Authorizer oversight fee	-	146,897	146,897	-	416,209	416,209
Equipment rental and maintenance	798,478	940	799,418	1,526,664	-	1,526,664
Classroom and office supplies and fees	1,079,804	19,638	1,099,442	5,300,611	49,897	5,350,508
Occupancy	403,563	-	403,563	425,385	-	425,385
Depreciation	117,467	-	117,467	120,332	-	120,332
Other	31,516	118,101	149,617	125,556	361,856	487,412
<i>Total functional expenses</i>	<u>\$ 6,689,619</u>	<u>\$ 819,349</u>	<u>\$ 7,508,968</u>	<u>\$ 16,545,587</u>	<u>\$ 2,876,033</u>	<u>\$ 19,421,620</u>

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

HOOSIER ACADEMY, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Change in net assets	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	117,467	120,332
Changes in certain assets and liabilities:		
Accounts receivable	94,260	4,158
Prepaid expenses	(3,264)	266
Accounts payable and accrued expenses	(1,020,471)	197,745
Refundable advance	<u>820</u>	<u>(12,610)</u>
 <i>Net cash provided by (used in) operating activities</i>	 (811,188)	 309,891
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(18,709)</u>
NET CHANGE IN CASH	(811,188)	291,182
CASH, BEGINNING OF YEAR	<u>1,672,325</u>	<u>1,381,143</u>
CASH, END OF YEAR	<u>\$ 861,137</u>	<u>\$ 1,672,325</u>

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

HOOSIER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – Hoosier Academy, Inc. (“Hoosier Academy”) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana, and is the organizer and governing body of two charter schools located in Indianapolis, Indiana:

- *Hoosier Academies Indianapolis* is a blended learning program serving students in grades K-12.
- *Insight School of Indiana* is a fully virtual or online program serving students in grades 7-12 who have struggled in their education.

Enrollment during the 2018-2019 school year ranged between approximately 860 and 995 students in total for the two schools. Each of the schools is a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. *Hoosier Academies Virtual School*, a third charter school organized and governed by Hoosier Academy, Inc., ceased operations as a charter school effective June 30, 2018.

Financial Statement Presentation – Effective with the June 30, 2019 year end, Hoosier Academy adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires changes to the financial reporting model for not-for-profit entities, including changing from three classes of net assets to two classes: net assets with donor restrictions and net assets without donor restrictions. ASU 2016-14 also requires additional disclosures regarding liquidity of financial assets. ASU 2016-14 must be applied on a retrospective basis, therefore the net assets as of and for the year ended June 30, 2018 have been restated to comply with ASU 2016-14.

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. Under the Act, Hoosier Academy receives an amount per student similar to the funding received by other public schools in Indiana. 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 educational services are rendered.

A portion of Hoosier Academy’s revenue is the product of cost reimbursement grants. Accordingly, Hoosier Academy recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

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

Accounts Receivable – Accounts receivable relate primarily to activities funded under federal programs and legislation enacted by the State of Indiana. Hoosier Academy believes it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. See Note 2 for additional information.

HOOSIER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

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:

Leasehold improvements	12 to 15 years
Furniture and equipment	2 to 5 years

Refundable Advances – Hoosier Academy receives grants to provide educational instruction that are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. At June 30, 2019 and 2018, Hoosier Academy had refundable grant advances in excess of expenditures of \$25,634 and \$24,814, respectively.

Taxes on Income – Hoosier 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 organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2019 and 2018, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require Hoosier 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. Hoosier Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ended after 2015 are open to audit for both federal and state purposes.

Subsequent Events – Hoosier Academy evaluated subsequent events through December 16, 2019, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether recognition or disclosure in the financial statements would be required.

NOTE 2 - ACCOUNTS RECEIVABLE

Hoosier Academy's accounts receivable balance consists primarily of amounts due from the State of Indiana for the operating periods in which State funding has not been received. As of June 30, 2013, the State forgave the remaining balance of the School's operating loan made through the Common School Fund. As the loan was provided to finance Hoosier Academy's operations when revenue was not received, Hoosier Academy has established an allowance against the accounts receivable balance in the amount forgiven.

HOOSIER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 2 - ACCOUNTS RECEIVABLE, Continued

Accounts receivable from the State of Indiana for education support reflect the following amounts as of June 30, 2019 and 2018:

Tuition support	\$	8,993,977
Special education grant		1,190,101
Prime time grant		10,804
Honors grant		1,350
		10,196,232
Less: allowance for Common School loan forgiveness		(5,199,936)
	\$	4,996,296

Hoosier Academy’s accounts receivable balance for education support consists of amounts due from the State of Indiana for tuition support relating to (a) the first six months of Hoosier Academy’s initial school year and (b) enrollment growth occurring in subsequent school years.

Pursuant to IC §20-49-7, the State Board of Education was authorized to advance funds to charter schools via the State’s Common School Fund thereby allowing charter schools to finance operations for periods when adequate tuition support was not received. These cash advances were made to charter schools through executed loan agreements with repayment terms that were defined in the statute.

In April 2013, the Indiana General Assembly repealed IC §20-49-7 with the passing of House Bill 1001 and established an appropriation to forgive charter schools for cash advances previously made through the Common School Fund. Hoosier Academy applied for and was forgiven from repaying the balance of its indebtedness plus accrued interest of \$5,199,936 as of June 30, 2013. The receivable for education support has been reduced by the amount of the loan forgiven.

Members of the Indiana General Assembly and the executive branch have been informed that a number of charter schools remain with an accounts receivable balance and those charter schools believe that the State remains obligated for amounts not reimbursed through the provisions of House Bill 1001. Legislative and administrative efforts are being made to resolve any outstanding obligations of the State.

NOTE 3 - LEASES

Hoosier Academy leases its school facility under an operating lease. The lease provides for monthly lease payments through August 2022. Hoosier Academy also leases certain items of office equipment under an operating lease, which provides for monthly payments through August 2020. Rent expense for the years ended June 30, 2019 and 2018 under these operating leases was \$403,563 and \$425,385, respectively. The expense for the year ended June 30, 2018 was reduced by \$79,639 due to the deficit credits received by K12 Classroom, LLC (Note 4).

HOOSIER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 3 - LEASES, Continued

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:

2020	\$ 203,504
2021	196,584
2022	32,467

NOTE 4 - COMMITMENTS

Hoosier Academy operates its schools under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, Hoosier Academy has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Payments under the charter agreements were \$146,897 and \$416,209 for the years ended June 30, 2019 and 2018, respectively. The charters remain in effect for Hoosier Academies Indianapolis and Insight School of Indiana until June 30, 2021 and June 30, 2020, respectively, and are renewable thereafter by mutual consent.

Hoosier Academy has contracted with K12 Classroom, LLC to provide administrative and technology services. Under the terms of the agreement, Hoosier Academy has agreed to pay an amount equal to 22% of revenues, as defined, for such services. Such fees for the years ended June 30, 2019 and 2018 were \$1,623,237 and \$4,219,541, respectively. Hoosier Academy also purchases certain other curriculum materials and supplies for which it is billed as goods and services are received. Such purchases aggregated \$3,710,130 and \$7,120,746 for the years ended June 30, 2019 and 2018, respectively. This agreement remains in effect until June 30, 2021.

K12 Classroom, LLC has agreed to issue credits against the amounts billed for services and products provided, if needed, to ensure that Hoosier Academy does not end a fiscal year with a financial deficit.

For the years ended June 30, 2019 and 2018, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
Year Ended June 30, 2019		
Charges per contract	\$ 1,623,237	\$ 3,710,130
Credit issued by K12 Classroom LLC	(1,623,237)	(1,926,840)
Net charges	\$ -	\$ 1,783,290
Year Ended June 30, 2018		
Charges per contract	\$ 4,219,541	\$ 7,120,746
Credit issued by K12 Classroom LLC	(3,332,761)	(559,942)
Net charges	\$ 886,780	\$ 6,560,804

HOOSIER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 4 - COMMITMENTS, Continued

The deficit credits provided by K12 Classroom, LLC are subject to repayment if Hoosier Academy experiences a surplus in subsequent fiscal years. The amount of the repayment is based on a percentage of the surplus experienced during such fiscal year ranging from 25% to 75% dependent upon the amount of the surplus. Any unpaid credits remaining upon termination of the agreement are not subject to repayment. Hoosier Academy is not able to estimate the amount of the repayment, if any, expected to be made in future years.

NOTE 5 - RETIREMENT PLANS

Hoosier Academy provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2019 and 2018, Hoosier Academy contributed 7.5% of compensation for eligible teaching personnel to TRF. Should Hoosier Academy elect to withdraw from TRF, it could be subject to a withdrawal fee. Hoosier Academy's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2018 (the latest year reported), TRF was approximately 80% funded.

In lieu of TRF, employees can opt to participate in a Section 403(b) plan sponsored by Hoosier Academy. Under this plan, Hoosier Academy contributes 7.5% of compensation, as defined. Additional contributions may be made at the discretion of the Board of Directors. No discretionary contributions were made in 2019 or 2018. Retirement plan expense under both plans was \$224,359 and \$435,686 for the years ended June 30, 2019 and 2018, respectively.

NOTE 6 - RISKS AND UNCERTAINTIES

Hoosier Academy provides educational instruction services to families residing in Marion and surrounding counties in Indiana, and to students throughout the State of Indiana through its virtual curriculum, 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 Hoosier Academy. Additionally, Hoosier Academy is subject to monitoring and audit by state and federal agencies. Those examinations could result in additional liability to be imposed.

Financial instruments that potentially subject Hoosier Academy to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2019, substantially all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at PNC Bank and are insured up to the FDIC insurance limit.

HOOSIER ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2019 and 2018

NOTE 7 - LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The Hoosier Academy's financial assets include cash and grants receivable. Financial assets at June 30, 2019 total \$1,138,713, all of which are available to meet cash needs for general expenditures within one year. The state education support receivable has been excluded from financial assets as the date of payment, if any, cannot be determined.

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

NOTE 8 - 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 Hoosier Academy has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
June 30, 2019

	Hoosier Academies <u>Indianapolis</u>	Hoosier Academies <u>Virtual School</u>	Insight School of <u>Indiana</u>	Eliminating <u>Entries</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash	\$ 367,106	\$ 117	\$ 493,914	\$ -	\$ 861,137
Accounts receivable:					
State education support	163,940	4,832,356	-	-	4,996,296
Grants	100,423	-	177,153	-	277,576
Intercompany	-	-	328,991	(328,991)	-
Prepaid expenses	36,396	-	15,166	-	51,562
	<u>667,865</u>	<u>4,832,473</u>	<u>1,015,224</u>	<u>(328,991)</u>	<u>6,186,571</u>
<i>Total current assets</i>					
PROPERTY AND EQUIPMENT					
Leasehold improvements	777,312	-	-	-	777,312
Furniture and equipment	975,217	359,726	29,051	-	1,363,994
Less: accumulated depreciation	(1,521,811)	(356,600)	(25,368)	-	(1,903,779)
	<u>230,718</u>	<u>3,126</u>	<u>3,683</u>	<u>-</u>	<u>237,527</u>
<i>Property and equipment, net</i>					
TOTAL ASSETS	<u><u>\$ 898,583</u></u>	<u><u>\$ 4,835,599</u></u>	<u><u>\$ 1,018,907</u></u>	<u><u>\$ (328,991)</u></u>	<u><u>\$ 6,424,098</u></u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses:					
K12 Classroom, LLC	\$ 375,636	\$ 4,773,957	\$ 458,444	\$ -	\$ 5,608,037
Intercompany	328,991	-	-	(328,991)	-
Other	229,964	-	560,463	-	790,427
Refundable advance	20,950	4,684	-	-	25,634
	<u>955,541</u>	<u>4,778,641</u>	<u>1,018,907</u>	<u>(328,991)</u>	<u>6,424,098</u>
<i>Total current liabilities</i>					
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(56,958)</u>	<u>56,958</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 898,583</u></u>	<u><u>\$ 4,835,599</u></u>	<u><u>\$ 1,018,907</u></u>	<u><u>\$ (328,991)</u></u>	<u><u>\$ 6,424,098</u></u>

See independent auditors' report

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
June 30, 2018

	Hoosier Academies <u>Indianapolis</u>	Hoosier Academies <u>Virtual School</u>	Insight School of <u>Indiana</u>	Eliminating <u>Entries</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash	\$ 148,195	\$ 1,150,570	\$ 373,560	\$ -	\$ 1,672,325
Accounts receivable:					
State education support	163,940	4,832,356	-	-	4,996,296
Grants	23,471	280,758	56,224	-	360,453
K12 Classroom, LLC	5,734	-	5,649	-	11,383
Intercompany	-	215,244	-	(215,244)	-
Prepaid expenses	<u>39,597</u>	<u>6,323</u>	<u>2,378</u>	<u>-</u>	<u>48,298</u>
<i>Total current assets</i>	<u>380,937</u>	<u>6,485,251</u>	<u>437,811</u>	<u>(215,244)</u>	<u>7,088,755</u>
PROPERTY AND EQUIPMENT					
Leasehold improvements	777,312	-	-	-	777,312
Furniture and equipment	975,217	359,726	29,051	-	1,363,994
Less: accumulated depreciation	<u>(1,422,636)</u>	<u>(347,991)</u>	<u>(15,685)</u>	<u>-</u>	<u>(1,786,312)</u>
<i>Property and equipment, net</i>	<u>329,893</u>	<u>11,735</u>	<u>13,366</u>	<u>-</u>	<u>354,994</u>
TOTAL ASSETS	<u><u>\$ 710,830</u></u>	<u><u>\$ 6,496,986</u></u>	<u><u>\$ 451,177</u></u>	<u><u>\$ (215,244)</u></u>	<u><u>\$ 7,443,749</u></u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts payable and accrued expenses:					
K12 Classroom, LLC	\$ 409,711	\$ 5,298,785	\$ 34,878	\$ -	\$ 5,743,374
Intercompany	64,968	-	150,276	(215,244)	-
Other	215,201	1,194,337	266,023	-	1,675,561
Refundable advance	<u>20,950</u>	<u>3,864</u>	<u>-</u>	<u>-</u>	<u>24,814</u>
<i>Total current liabilities</i>	710,830	6,496,986	451,177	(215,244)	7,443,749
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 710,830</u></u>	<u><u>\$ 6,496,986</u></u>	<u><u>\$ 451,177</u></u>	<u><u>\$ (215,244)</u></u>	<u><u>\$ 7,443,749</u></u>

See independent auditors' report

HOOSIER ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
For the Year Ended June 30, 2019

	Hoosier Academies <u>Indianapolis</u>	Hoosier Academies <u>Virtual School</u>	Insight School of <u>Indiana</u>	<u>Total</u>
REVENUE AND SUPPORT				
State education support	\$ 1,245,566	\$ -	\$ 5,245,386	\$ 6,490,952
Grant revenue	318,697	42,899	601,601	963,197
Interest income	-	882	-	882
Other	31,985	21,786	166	53,937
<i>Total revenue and support</i>	<u>1,596,248</u>	<u>65,567</u>	<u>5,847,153</u>	<u>7,508,968</u>
EXPENSES				
Program services	1,416,506	8,609	5,264,504	6,689,619
Management and general	236,700	-	582,649	819,349
<i>Total expenses</i>	<u>1,653,206</u>	<u>8,609</u>	<u>5,847,153</u>	<u>7,508,968</u>
CHANGE IN NET ASSETS	(56,958)	56,958	-	-
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ (56,958)</u>	<u>\$ 56,958</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report

HOOSIER ACADEMY, INC.

SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL

For the Year Ended June 30, 2018

	Hoosier Academies <u>Indianapolis</u>	Hoosier Academies <u>Virtual School</u>	Insight School of <u>Indiana</u>	Eliminating <u>Entries</u>	<u>Total</u>
REVENUE AND SUPPORT					
State education support	\$ 1,323,848	\$ 10,746,521	\$ 4,926,384	\$ -	\$ 16,996,753
Grant revenue	235,758	1,629,318	335,109	-	2,200,185
Interest income	282	1,859	-	-	2,141
Other	503,375	196,166	-	(477,000)	222,541
<i>Total revenue and support</i>	<u>2,063,263</u>	<u>12,573,864</u>	<u>5,261,493</u>	<u>(477,000)</u>	<u>19,421,620</u>
EXPENSES					
Program services	1,879,906	9,974,956	4,690,725	-	16,545,587
Management and general	183,357	2,598,908	570,768	(477,000)	2,876,033
<i>Total expenses</i>	<u>2,063,263</u>	<u>12,573,864</u>	<u>5,261,493</u>	<u>(477,000)</u>	<u>19,421,620</u>
CHANGE IN NET ASSETS	-	-	-	-	-
NET ASSETS, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report

HOOSIER ACADEMY, INC.
OTHER REPORT
For the Year Ended June 30, 2019

The reports presented herein were prepared in addition to another official report prepared for Hoosier Academy, Inc. as listed below:

Supplemental Audit Report of Hoosier 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*.