



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B56421

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

February 22, 2021


Charter School Board
Hoosier Academy, Inc.
5650 Caito Dr
Indianapolis, IN 46226

We have reviewed the audit report of Hoosier Academy, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Hoosier Academy, Inc. as of June 30, 2020 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 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.


Paul D. Joyce, CPA
State Examiner

HOOSIER ACADEMY, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED JUNE 30, 2020 AND 2019



CLAconnect.com

WEALTH ADVISORY
OUTSOURCING
AUDIT, TAX, AND
CONSULTING

**HOOSIER ACADEMY, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
SCHEDULES OF FINANCIAL POSITION BY SCHOOL	16
SCHEDULES OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL	18
OTHER REPORT	20



INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
Indianapolis, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Hoosier Academy, Inc., which comprise the statement of financial position as of June 30, 2020, 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.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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.

Board of Directors
Hoosier Academy, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hoosier Academy, Inc. as of June 30, 2020, and the changes in its net assets, its functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2019 financial statements of Hoosier Academy, Inc. were audited by other auditors whose report dated December 16, 2019, on those statements was qualified because of the departure from accounting principles generally accepted in the United States of America for the recognition of the state support receivable in the amount of \$4,996,296 for the year ended June 30, 2019 as more fully discussed in Note 2.

The supplementary information is presented for the 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 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



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 3, 2021

HOOSIER ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 866,593	\$ 861,137
Accounts Receivable:		
State Education Support	-	4,996,296
Grants	161,053	277,576
Prepaid Expenses	56,179	51,562
Total Current Assets	1,083,825	6,186,571
PROPERTY AND EQUIPMENT		
Leasehold Improvements	777,312	777,312
Furniture and Equipment	1,363,994	1,363,994
Less: Accumulated Depreciation	(1,973,904)	(1,903,779)
Property and Equipment, Net	167,402	237,527
 Total Assets	 \$ 1,251,227	 \$ 6,424,098
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
K12 Classroom, LLC	\$ 618,464	\$ 5,608,037
Other	547,811	790,427
Refundable Advance	84,952	25,634
Total Current Liabilities	1,251,227	6,424,098
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 -	 -
 Total Liabilities and Net Assets	 \$ 1,251,227	 \$ 6,424,098

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	\$ 6,484,843	\$ 6,490,952
Grant Revenue	694,451	963,197
Interest Income	10	882
Other	2,315	53,937
Total Revenue and Support	7,181,619	7,508,968
EXPENSES		
Program Services	6,244,543	6,689,619
Management and General	937,076	819,349
Total Expenses	7,181,619	7,508,968
CHANGE IN NET ASSETS	-	-
Net Assets - Beginning of Year	-	-
NET ASSETS - END OF YEAR	\$ -	\$ -

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2020 AND 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 3,414,878	\$ 83,247	\$ 3,498,125	\$ 3,182,890	\$ 55,862	\$ 3,238,752
Employee Benefits	722,344	12,616	734,960	672,603	8,704	681,307
Staff Development and Recruitment	20,092	-	20,092	59,966	-	59,966
Professional Services	246,909	493,187	740,096	318,133	427,726	745,859
Management Services	-	49,654	49,654	-	41,481	41,481
Food Costs	22,801	-	22,801	25,199	-	25,199
Authorizer Oversight Fees	-	176,318	176,318	-	146,897	146,897
Equipment Rental and Maintenance	90,863	1,220	92,083	798,478	940	799,418
Classroom and Office Supplies and Fees	1,264,843	4,307	1,269,150	1,079,804	19,638	1,099,442
Occupancy	150,732	-	150,732	403,563	-	403,563
Depreciation	70,125	-	70,125	117,467	-	117,467
Bad Debt	153,823	-	153,823	-	-	-
Other	87,133	116,527	203,660	31,516	118,101	149,617
Total Functional Expenses	\$ 6,244,543	\$ 937,076	\$ 7,181,619	\$ 6,689,619	\$ 819,349	\$ 7,508,968

See accompanying Notes to Financial Statements.

**HOOSIER ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ -	\$ -
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	70,125	117,467
Provision for Uncollectible Receivables	153,823	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(37,300)	94,260
Prepaid Expenses	(4,617)	(3,264)
Accounts Payable and Accrued Expenses	(235,893)	(1,020,471)
Refundable Advances	59,318	820
Net Cash Provided (Used) by Operating Activities	5,456	(811,188)
 NET CHANGE IN CASH	 5,456	 (811,188)
Cash - Beginning of Year	861,137	1,672,325
 CASH - END OF YEAR	 \$ 866,593	 \$ 861,137
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Write Off of State Education Support Receivable, Reducing Amount Owed to K12 Classroom, LLC	\$ 4,996,296	\$ -

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Hoosier Academy, Inc. (Hoosier Academy) is a public benefit nonprofit 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 2019-2020 school year ranged between approximately 947 and 1,018 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.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact Hoosier Academy's reported historical revenue. The implementation of the standard did not significantly impact Hoosier Academy's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning July 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact Hoosier Academy's financial statements.

HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from conditional 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. Therefore, Hoosier Academy 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, 2020 and 2019, Hoosier Academy has \$84,952 and \$25,634, respectively, of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Grants Revenue

Hoosier 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, 2020 and 2019.

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. There were no cash equivalents at June 30, 2020 and 2019.

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 FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Impairment of Long-Lived Assets

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

Taxes on Income

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, 2020 and 2019, 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 U.S. federal and state income tax returns of Hoosier Academy are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Hoosier Academy is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

**HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Hoosier Academy evaluated subsequent events through February 3, 2021, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 ACCOUNTS RECEIVABLE

Hoosier Academy's state tuition support receivable balance at June 30, 2019, consisted primarily of amounts due from the state of Indiana for the operating periods in which state funding had not been received. As of June 30, 2013, the state forgave the remaining balance of Hoosier Academy'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 had established an allowance against the accounts receivable balance in the amount forgiven.

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

	2020	2019
Tuition Support	\$ -	\$ 8,993,977
Special Education Grant	-	1,190,101
Prime Time Grant	-	10,804
Honors Grant	-	1,350
Total	-	10,196,232
Less: Allowance for Common School Loan Forgiveness	-	(5,199,936)
Total	\$ -	\$ 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 had been reduced by the amount of the loan forgiven.

HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 ACCOUNTS RECEIVABLE (CONTINUED)

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

On June 10, 2016, a group of charter schools sued the state of Indiana, its Governor, its Superintendent of Schools, and its Department of Education for the remaining tuition support. On November 14, 2018, the trial court entered a final order in favor of the charter schools. The state of Indiana appealed the trial court's judgment, and on September 24, 2019, the Indiana Court of Appeals reversed and ordered that judgement be entered in favor of the state of Indiana. On November 8, 2019, the charter schools filed a request with the Indiana Supreme Court asking that it assume jurisdiction of the case, vacate the Court of Appeals' order, and reinstate the trial court's judgement. The Indiana Supreme Court denied the request during the year ended June 30, 2020 thus the Court of Appeals' decision was upheld. As such, the remaining full balance as of June 30, 2019 was written off as uncollectible through the contribution/issued credits from K12, Inc. as described in Note 4.

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. The lease was renewed in September 2020 through August 2025. Rent expense for the years ended June 30, 2020 and 2019 under these operating leases was \$150,734 and \$403,563, respectively. The expense for the year ended June 30, 2020 was reduced by \$80,790 due to the deficit credits received by K12 Classroom, LLC (Note 4).

Future minimum lease obligations for noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 200,694
2022	37,399
2023	4,932
2024	4,932
2025	4,932
Thereafter	822
Total	<u>\$ 253,711</u>

HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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 \$176,318 and \$146,897 for the years ended June 30, 2020 and 2019, 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. The charter for Insight school of Indiana is currently in the renewal process with Ball State University.

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, 2020 and 2019 were \$1,595,686 and \$1,623,237, 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 \$2,927,321 and \$3,710,130 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
	<u> </u>	<u> </u>
Year Ended June 30, 2020:		
Charges per Contract	\$ 1,595,686	\$ 2,927,321
Credit Issued by K12 Classroom LLC	<u>(1,593,305)</u>	<u>(2,441,708)</u>
Net Charges	<u>\$ 2,381</u>	<u>\$ 485,613</u>
Year Ended June 30, 2019:		
Charges per Contract	\$ 1,623,237	\$ 3,710,130
Credit Issued by K12 Classroom LLC	<u>(1,623,237)</u>	<u>(1,926,840)</u>
Net Charges	<u>\$ -</u>	<u>\$ 1,783,290</u>

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.

HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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, 2020 and 2019, 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, 2019 (the latest year reported), TRF was approximately 102% 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 2020 or 2019. Retirement plan expense under both plans was \$183,273 and \$224,359 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019, substantially all of the receivable balance was due from the state of Indiana.

Hoosier Academy primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, Hoosier Academy has not experienced losses in any of these accounts.

HOOSIER ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 RISKS AND UNCERTAINTIES (CONTINUED)

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to Hoosier Academy, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increased demand for virtual learning options. Management believes Hoosier Academy is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 7 LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2020 and 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, 2020 total \$1,027,646, all of which are available to meet cash needs for general expenditures within one year. 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, could not be determined as of June 30, 2019.

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 is required.

SUPPLEMENTARY INFORMATION

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
ASSETS				
CURRENT ASSETS				
Cash	\$ 323,671	\$ -	\$ 542,922	\$ 866,593
Accounts Receivable:				
Grants	41,591	-	119,462	161,053
Prepaid Expenses	15,550	-	40,629	56,179
Total Current Assets	380,812	-	703,013	\$ 1,083,825
PROPERTY AND EQUIPMENT				
Leasehold Improvements	777,312	-	-	777,312
Furniture and Equipment	975,217	359,726	29,051	1,363,994
Less: Accumulated Depreciation	(1,585,127)	(359,726)	(29,051)	(1,973,904)
Property and Equipment, Net	167,402	-	-	167,402
 Total Assets	\$ 548,214	\$ -	\$ 703,013	\$ 1,251,227
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts Payable and Accrued Expenses:				
K12 Classroom, LLC	\$ 377,267	\$ -	\$ 241,197	\$ 618,464
Other	132,459	-	415,352	547,811
Refundable Advance	38,488	-	46,464	84,952
Total Current Liabilities	548,214	-	703,013	1,251,227
NET ASSETS WITHOUT DONOR RESTRICTIONS	-	-	-	-
 Total Liabilities and Net Assets	\$ 548,214	\$ -	\$ 703,013	\$ 1,251,227

HOOSIER ACADEMY, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Hoosier Academy Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Eliminating Entries	Total
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
Total Current Assets	<u>667,865</u>	<u>4,832,473</u>	<u>1,015,224</u>	<u>(328,991)</u>	<u>\$ 6,186,571</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	(1,521,811)	(356,600)	(25,368)	-	(1,903,779)
Property and Equipment, Net	<u>230,718</u>	<u>3,126</u>	<u>3,683</u>	<u>-</u>	<u>237,527</u>
 Total Assets	 <u>\$ 898,583</u>	 <u>\$ 4,835,599</u>	 <u>\$ 1,018,907</u>	 <u>\$ (328,991)</u>	 <u>\$ 6,424,098</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
Total Current Liabilities	<u>955,541</u>	<u>4,778,641</u>	<u>1,018,907</u>	<u>(328,991)</u>	<u>6,424,098</u>
 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>\$ 898,583</u>	 <u>\$ 4,835,599</u>	 <u>\$ 1,018,907</u>	 <u>\$ (328,991)</u>	 <u>\$ 6,424,098</u>

HOOSIER ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
REVENUE AND SUPPORT				
State Education Support	\$ 933,800	\$ -	\$ 5,551,043	\$ 6,484,843
Grant Revenue	197,310	4,684	492,457	694,451
Interest Income	-	10	-	10
Other	2,122	-	193	2,315
Total Revenue and Support	<u>1,133,232</u>	<u>4,694</u>	<u>6,043,693</u>	<u>7,181,619</u>
EXPENSES				
Program Services	870,570	61,652	5,312,321	6,244,543
Management and General	205,704	-	731,372	937,076
Total Expenses	<u>1,076,274</u>	<u>61,652</u>	<u>6,043,693</u>	<u>7,181,619</u>
CHANGE IN NET ASSETS	56,958	(56,958)	-	-
Net Assets - Beginning of Year	<u>(56,958)</u>	<u>56,958</u>	<u>-</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HOOSIER ACADEMY, INC.
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
JUNE 30, 2019
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier Academies Virtual School	Insight School of Indiana	Total
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
Total Revenue and Support	<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
Total Expenses	<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>

**HOOSIER ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020**

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*.

