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302 WEST WASHINGTON STREET  
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Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

March 17, 2021

Charter School Board  
Muncie Public Charter School of Inquiry, Inc.  
d/b/a Inspire Academy  
2801 E 16th St  
Muncie, IN 47302

We have reviewed the report prepared by Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy 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 Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy, 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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2020 AND 2019**



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**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Muncie Public Charter School of Inquiry, Inc.  
dba: Inspire Academy  
Muncie, Indiana

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy, 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  
Muncie Public Charter School of Inquiry, Inc.  
dba: Inspire Academy

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy as of June 30, 2020, and the changes in its net assets, functional expenses, and 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 Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy were audited by other auditors whose report dated October 3, 2019 expressed an unmodified opinion on those statements.

**Report on Supplementary Information**

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*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 19, 2021

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 485,704	\$ 345,784
Accounts Receivable	27,627	5,864
Prepaid Expenses	50,570	68,709
Total Current Assets	563,901	420,357
<b>PROPERTY AND EQUIPMENT</b>		
Land	76,880	76,880
Buildings and Improvements	277,244	203,254
Furniture and Equipment	303,405	286,098
Textbooks	13,092	13,092
Less: Accumulated Depreciation	(305,869)	(275,878)
Property and Equipment, Net	364,752	303,446
Total Assets	\$ 928,653	\$ 723,803
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 75,000	\$ 75,000
Current Portion of Capital Lease Obligations	5,424	1,182
Accounts Payable and Accrued Expenses	106,224	59,083
Refundable Advances	45,169	71,613
Total Current Liabilities	231,817	206,878
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	75,000	150,000
Capital Lease Obligations, Net of Current Portion	3,354	735
Loan Payable Under Paycheck Protection Program	209,200	-
Total Long-Term Liabilities	287,554	150,735
Total Liabilities	519,371	357,613
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Total Liabilities and Net Assets	\$ 928,653	\$ 723,803

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 1,521,414	\$ 1,478,323
Grant Revenue	414,064	347,190
Student Fees	8,671	16,353
Contributions	56,894	39,049
Fundraising and Other Income	16,480	20,003
Total Revenue and Support	<u>2,017,523</u>	<u>1,900,918</u>
<b>EXPENSES</b>		
Program Services	1,410,854	1,417,561
Management and General	563,577	467,690
Total Expenses	<u>1,974,431</u>	<u>1,885,251</u>
<b>CHANGE IN NET ASSETS</b>	43,092	15,667
Net Assets - Beginning of Year	<u>366,190</u>	<u>350,523</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 409,282</u></u>	<u><u>\$ 366,190</u></u>

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**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	\$ 687,728	\$ 299,792	\$ 987,520	\$ 724,620	\$ 257,601	\$ 982,221
Employee Benefits	149,886	73,207	223,093	176,730	63,145	239,875
Staff Development	22,371	-	22,371	57,728	-	57,728
Professional Services	98,978	71,770	170,748	124,119	72,237	196,356
Connectivity	39,858	-	39,858	31,325	-	31,325
Authorizer Oversight Fees	-	37,574	37,574	-	27,937	27,937
Food Costs	125,140	-	125,140	65,107	-	65,107
Equipment	6,631	-	6,631	13,931	-	13,931
Classroom, Kitchen, and Office Supplies	54,279	8,389	62,668	31,716	2,400	34,116
Occupancy	156,242	-	156,242	143,396	-	143,396
Depreciation	29,992	-	29,992	37,299	-	37,299
Interest	-	316	316	-	145	145
Property Rental and Maintenance	-	23,494	23,494	-	-	-
Insurance	-	22,168	22,168	-	16,829	16,829
Other	39,749	26,867	66,616	11,590	27,396	38,986
<b>Total Functional Expenses</b>	<b><u>\$ 1,410,854</u></b>	<b><u>\$ 563,577</u></b>	<b><u>\$ 1,974,431</u></b>	<b><u>\$ 1,417,561</u></b>	<b><u>\$ 467,690</u></b>	<b><u>\$ 1,885,251</u></b>

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 43,092	\$ 15,667
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	29,992	37,299
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(21,763)	2,000
Prepaid Expenses	18,139	(2,135)
Accounts Payable and Accrued Expenses	47,141	(32,590)
Refundable Advances	(26,444)	71,613
Net Cash Provided by Operating Activities	<u>90,157</u>	<u>91,854</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(81,024)	(25,080)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Repayment of Notes Payable	(75,000)	-
Principal Reduction of Capital Lease Obligations	(3,413)	(1,123)
Proceeds from Loan Payable Under Paycheck Protection Program	209,200	-
Net Cash Provided (Used) by Financing Activities	<u>130,787</u>	<u>(1,123)</u>
 <b>NET CHANGE IN CASH</b>	139,920	65,651
Cash - Beginning of Year	<u>345,784</u>	<u>280,133</u>
 <b>CASH - END OF YEAR</b>	<u>\$ 485,704</u>	<u>\$ 345,784</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 316</u>	<u>\$ 145</u>
 <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital Assets Acquired With Capital Lease	<u>\$ 10,274</u>	<u>\$ -</u>

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and sponsored by Ball State University. In 2019, the School served approximately 175 students in grades prekindergarten to eighth by providing an alternative to the traditional elementary school program.

**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 adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue.

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 to 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 the School's financial statements.

**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.

**Cash and Cash Equivalents**

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2020 and 2019.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**Accounts Receivable**

Accounts receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

**Revenue Recognition**

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment and paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2020, the School has one conditional grant that has not been recognized as revenue in the statement of activities because conditions have not been met. See Note 5.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

**Grants Receivable and Revenue**

Grants receivable and revenue relate primarily to activities funded under federal programs. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

**Contributions, Grants, and Fees**

The School receives income from contributions, student fees, and fundraising events 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.

**Taxes on Income**

The School has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019**

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

**Taxes on Income (Continued)**

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2015 are open to audit for both federal and state purposes.

**Property and Equipment**

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Buildings and Improvements	5 to 40 Years
Furniture and Equipment	3 Years
Textbooks	4 Years
Vehicles	5 Years

**Impairment of Long-Lived Assets**

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

**Subsequent Events**

The School evaluated subsequent events through January 19, 2021, 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.

Subsequent to year end, the School was awarded approximately \$97,000 in Coronavirus Aid, Relieve and Economic Security (CARES) Act funding.

On December 30, 2020, the School closed on a loan for \$555,000. The loan bears an interest rate of 5.25% and matures on July 1, 2036.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 2 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Mortgage loan payable to Roman Catholic Diocese of Lafayette-in-Indiana, Inc., payable in equal annual installments of \$75,000 including interest at 0% through July 2021, secured by a mortgage of School facilities and all business assets	\$ 150,000	\$ 225,000
Total	150,000	225,000
Less: Current Portion	<u>(75,000)</u>	<u>(75,000)</u>
Long-Term Portion	<u>\$ 75,000</u>	<u>\$ 150,000</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 75,000
2022	75,000
Total	<u>\$ 150,000</u>

**NOTE 3 PAYROLL PROTECTION PROGRAM LOAN**

On April 21, 2020, the Organization received a loan from Star Financial Bank in the amount of \$209,200 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 18 months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Organization fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments will be required through the maturity date in April 2022.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 4 LEASES**

The School leases various items of equipment under capital leases. At June 30, 2020, the cost and accumulated depreciation relating to these assets were \$14,582 and \$6,620, respectively (\$5,495 and \$4,453, respectively, at June 30, 2019).

Minimum future lease payments as of June 30, 2020 under capital leases and the present value of the net minimum lease payments are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 3,277
2022	2,542
2023	2,330
2024	1,272
2025	212
Less: Amount Representing Interest	(855)
Total	<u>\$ 8,778</u>

**NOTE 5 REFUNDABLE ADVANCE**

During the year ended June 30, 2019, the School received a \$100,000 comprehensive counseling initiative implementation grant from the Lilly Endowment. The grant must be spent in accordance with the submitted budget and any funds not expended before June 30, 2022 must be returned. Accordingly, the revenue is recognized as approved expenditures are incurred. As of June 30, 2020 and 2019, \$45,169 and \$71,613, respectively, remained to be expended.

**NOTE 6 RETIREMENT PLANS**

The School 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, the School contributed 5.5% and 7.0%, respectively, of compensation for eligible teaching personnel to TRF. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2019 (the latest year reported), TRF was more than 88% funded.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6 RETIREMENT PLANS (CONTINUED)**

All other employees are eligible to participate in a School-sponsored section 403(b) plan. Under this plan, the School contributes 6% of compensation, as defined in the plan document. 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 \$45,928 and \$58,440 for the years ended June 30, 2020 and 2019, respectively.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were \$37,574 and \$27,937 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

The School terminated its lease on its facility at 1620 S. Madison Street, Muncie, Indiana effective June 30, 2016, citing landlord nonperformance. The lease was through June 30, 2018 and, as such, the School may be liable for remaining payments. On April 4, 2019, the School received an offer letter from the lessor, The Housing Authority of the City of Muncie, Indiana, to settle for payment in the amount of \$300,000. The School responded, via its attorney, on August 4, 2019, stating its opinion and offering to settle based on the following terms: (1) The Housing Authority of the City of Muncie, Indiana, would retain the original security deposit, and (2) the School tenders an additional lump sum payment of \$22,000. The Housing Authority of the City of Muncie, Indiana responded in January 2020 to settle in the amount of \$200,000. In April 2020, the School responded, via its attorney, that it would settle for \$35,000 plus the \$15,000 security deposit retention. As of the date of this audit report, no response had been received from The Housing Authority of the City of Muncie, Indiana based on the latest communication from the School. The accompanying financial statements do not reflect any liability related to this situation.

**NOTE 8 RISKS AND UNCERTAINTIES**

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

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 8 RISKS AND UNCERTAINTIES (CONTINUED)**

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana and federal funding sources. At June 30, 2020, substantially all of the receivable balance was due from these sources. In addition, bank deposits are maintained primarily at First Financial Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition funding. Management believes the School 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 9 LIQUIDITY**

Under ASU 2016-14, the School 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. Financial assets for the School include cash and grants receivable. Financial assets at June 30, 2020 and 2019, totaled \$513,331 and \$351,648, all of which are available to meet cash needs for general expenditures within a year.

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

**NOTE 10 FUNCTIONAL EXPENSE REPORTING**

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
OTHER REPORT  
YEAR ENDED JUNE 30, 2020**

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

Supplemental Audit Report of Muncie Public Charter School of Inquiry, Inc.  
dba: Inspire Academy

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*.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2020**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

<b>ASSETS</b>	Inspire Academy Charter	Inspire Academy Pre-K	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 485,704	\$ -	\$ -	\$ 485,704
Accounts Receivable	26,741	886	-	27,627
Prepaid Expenses	50,570	-	-	50,570
Due from Pre-K	182,662	-	(182,662)	-
Total Current Assets	<u>745,677</u>	<u>886</u>	<u>(182,662)</u>	<u>563,901</u>
<b>PROPERTY AND EQUIPMENT, NET</b>				
Land	76,880	-	-	76,880
Buildings and Improvements	277,244	-	-	277,244
Furniture and Equipment	303,405	-	-	303,405
Textbooks	13,092	-	-	13,092
Less: Accumulated Depreciation	(305,869)	-	-	(305,869)
Property and Equipment, Net	<u>364,752</u>	<u>-</u>	<u>-</u>	<u>364,752</u>
Total Assets	<u>\$ 1,110,429</u>	<u>\$ 886</u>	<u>\$ (182,662)</u>	<u>\$ 928,653</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Notes Payable	\$ 75,000	\$ -	\$ -	\$ 75,000
Current Portion of Capital Lease Obligations	5,424	-	-	5,424
Accounts Payable and Accrued Expenses	103,972	2,252	-	106,224
Refundable Advances	45,169	-	-	45,169
Due to Charter School	-	182,662	(182,662)	-
Total Current Liabilities	<u>229,565</u>	<u>184,914</u>	<u>(182,662)</u>	<u>231,817</u>
<b>LONG-TERM LIABILITIES</b>				
Notes Payable, Net of Current Portion	75,000	-	-	75,000
Capital Lease Obligations, Net of Current Portion	3,354	-	-	3,354
Loan Payable Under Paycheck Protection Program	209,200	-	-	209,200
Total Long-Term Liabilities	<u>287,554</u>	<u>-</u>	<u>-</u>	<u>287,554</u>
Total Liabilities	517,119	184,914	(182,662)	519,371
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>593,310</u>	<u>(184,028)</u>	<u>-</u>	<u>409,282</u>
Total Liabilities and Net Assets	<u>\$ 1,110,429</u>	<u>\$ 886</u>	<u>\$ (182,662)</u>	<u>\$ 928,653</u>

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED JUNE 30, 2020  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Inspire Academy Charter	Inspire Academy Pre-K	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 1,521,414	\$ -	\$ 1,521,414
Grant Revenue	414,064	-	414,064
Student Fees	5,151	3,520	8,671
Contributions	56,894	-	56,894
Fundraising and Other Income	15,480	1,000	16,480
Total Revenue and Support	<u>2,013,003</u>	<u>4,520</u>	<u>2,017,523</u>
<b>EXPENSES</b>			
Program Services	1,359,740	51,114	1,410,854
Management and General	561,394	2,183	563,577
Total Expenses	<u>1,921,134</u>	<u>53,297</u>	<u>1,974,431</u>
<b>CHANGES IN NET ASSETS</b>	91,869	(48,777)	43,092
Net Assets - Beginning of Year	<u>501,441</u>	<u>(135,251)</u>	<u>366,190</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 593,310</u></u>	<u><u>\$ (184,028)</u></u>	<u><u>\$ 409,282</u></u>

