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March 17, 2021


Charter School Board
Options Charter School – Carmel, Inc.
530 W Carmel Dr.
Carmel, IN 46032

We have reviewed the audit report of Options Charter School – Carmel, 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 Options Charter School – Carmel, 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 the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Options Charter School – Carmel, 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

OPTIONS CHARTER SCHOOL - CARMEL, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2020 AND 2019



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**OPTIONS CHARTER SCHOOL - CARMEL, INC.
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YEARS ENDED JUNE 30, 2020 AND 2019**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Options Charter School - Carmel, Inc.
Carmel, Indiana

We have audited the accompanying financial statements of Options Charter School - Carmel, 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
Options Charter School - Carmel, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options Charter School - Carmel, Inc. 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 Options Charter School - Carmel, Inc. were audited by other auditors whose report dated October 11, 2019, expressed an unmodified opinion on those statements.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 25, 2021

OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
CURRENT ASSETS		
Cash	\$ 526,988	\$ 883,289
Accounts Receivable	183	23,516
Current Portion of Note Receivable	36,668	75,000
Prepaid Expenses	24,919	21,022
Total Current Assets	588,758	1,002,827
 PROPERTY AND EQUIPMENT		
Leasehold Improvements	282,380	266,995
Furniture and Equipment	526,810	526,810
Less: Accumulated Depreciation	(621,826)	(593,123)
Property and Equipment, Net	187,364	200,682
 OTHER ASSETS		
Note Receivable, Net of Current Portion	-	487,500
Total Assets	\$ 776,122	\$ 1,691,009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Note Payable	\$ 100,000	\$ 100,000
Accounts Payable and Accrued Expenses	174,091	104,512
Due to Option Charter School - Noblesville, Inc.	13,861	1,331
Refundable Advance	2,496	2,496
Total Current Liabilities	290,448	208,339
 LONG-TERM LIABILITIES		
Note Payable, Net of Current Portion	550,000	650,000
Loan Payable Under Paycheck Protection Program	262,800	-
Total Long-Term Liabilities	812,800	650,000
Total Liabilities	1,103,248	858,339
 NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS	(327,126)	832,670
Total Liabilities and Net Assets	\$ 776,122	\$ 1,691,009

See accompanying Notes to Financial Statements.

**OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT		
State Education Support	\$ 1,766,058	\$ 1,449,512
Grant Revenue	477,603	382,073
Student Fees	10,447	19,933
Contributions from Options in Education Foundation, Inc.	-	12,738
Other Income	5,100	7,538
Total Revenue and Support	<u>2,259,208</u>	<u>1,871,794</u>
EXPENSES		
Program Services	2,935,599	1,172,094
Management and General	483,405	593,050
Total Expenses	<u>3,419,004</u>	<u>1,765,144</u>
CHANGE IN NET ASSETS	(1,159,796)	106,650
Net Assets - Beginning of Year	<u>832,670</u>	<u>726,020</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ (327,126)</u>	<u>\$ 832,670</u>

See accompanying Notes to Financial Statements.

**OPTIONS CHARTER SCHOOL - CARMEL, 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	\$ 982,665	\$ 239,734	\$ 1,222,399	\$ 559,868	\$ 312,573	\$ 872,441
Employee Benefits	320,318	92,771	413,089	236,962	132,295	369,257
Occupancy	235,485	29,067	264,552	214,674	29,274	243,948
Equipment	46,172	-	46,172	45,676	-	45,676
Professional Services	54,150	29,099	83,249	36,643	13,716	50,359
Depreciation	24,694	4,009	28,703	26,715	3,643	30,358
Classroom and Office Supplies	32,622	8,861	41,483	23,530	13,136	36,666
Authorizer Oversight Fees	-	41,598	41,598	-	32,594	32,594
Food Service	3,658	-	3,658	5,855	-	5,855
Insurance	-	24,297	24,297	-	22,212	22,212
Transportation	11,796	5,809	17,605	1,828	1,020	2,848
Interest	-	6,750	6,750	-	7,750	7,750
Foundation Expenses	1,217,507	-	1,217,507	12,738	-	12,738
Other	6,532	1,410	7,942	7,605	24,837	32,442
Total Functional Expenses	<u>\$ 2,935,599</u>	<u>\$ 483,405</u>	<u>\$ 3,419,004</u>	<u>\$ 1,172,094</u>	<u>\$ 593,050</u>	<u>\$ 1,765,144</u>

See accompanying Notes to Financial Statements.

**OPTIONS CHARTER SCHOOL - CARMEL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,159,796)	\$ 106,650
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	28,703	30,358
In-Kind Donation	465,000	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	23,333	(20,328)
Prepaid Expenses	(3,897)	(4,995)
Accounts Payable and Accrued Expenses	69,579	14,993
Due to Options Charter School - Noblesville, Inc	12,530	(15,573)
Refundable Advance	-	(444)
Net Cash Provided (Used) by Operating Activities	(564,548)	110,661
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(15,385)	(49,372)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Paid on Note Payable	(100,000)	(100,000)
Principal Received from Options Charter School - Noblesville, Inc.	60,832	75,000
Proceeds from Loan Payable Under Paycheck Protection Program	262,800	-
Net Cash Provided (Used) by Financing Activities	223,632	(25,000)
NET CHANGE IN CASH	(356,301)	36,289
Cash - Beginning of Year	883,289	847,000
CASH - END OF YEAR	\$ 526,988	\$ 883,289
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 7,250	\$ 8,250

See accompanying Notes to Financial Statements.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Options Charter School - Carmel, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School serves approximately 200 students in grades nine to twelve by providing an alternative to traditional high school programs.

Change in Accounting Principle

In May 2014, 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. The early implementation of the standard did not significantly impact the School'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 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.

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.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Taxes on Income

Options Charter School - Carmel, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 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 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 ended after 2016 are open to audit for both federal and state purposes.

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. The School is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
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.

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 \$1,500 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	5 to 40 Years
Furniture and Equipment	3 to 7 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 25, 2021, the date these financial statements were available to be issued. Events occurring through that date are as follows:

1. On April 21, 2020, the Options Board of Directors voted unanimously to consolidate Options Charter Carmel and Options Charter Noblesville into a single corporation. In fiscal year 2020, Indiana Code 20-24-3-17 was amended to allow a charter organization to operate multiple schools under one corporation number. As of July 1, 2020, the schools were consolidated into one entity to be named Options Charter School Corporation.
2. On July 23, 2020, a new loan for \$3,680,000 was approved to OCS – Westfield, a related party, for the new OCS – Westfield building. This loan is guaranteed by Options Charter School Corporation.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 LINE OF CREDIT

The School had a \$75,000 revolving line of credit with First Merchants Bank. Drawings against the line of credit bear interest at 2.25% above the lender's prime rate (a total of 5.75% at June 30, 2020) and are secured by all school assets. There was no balance outstanding under the line of credit as of June 30, 2020 or 2019. Subsequent to year-end, the revolving line of credit was closed.

NOTE 3 REFUNDABLE ADVANCE

The School was awarded a grant from the Lilly Foundation, Inc. to establish comprehensive counseling services for students. The unused portion of the grant as of June 30, 2020 and 2019 was \$2,496 for both years, and was shown as a refundable advance on the statements of financial position.

NOTE 4 NOTE PAYABLE AND NOTE RECEIVABLE

At June 30, 2020 and 2019, the note payable consisted of the following:

	2020	2019
Note payable to the Indiana State Board of Education, payable \$50,000 semi-annually (January 1 and July 1) plus interest at 1.00% per annum	\$ 650,000	\$ 750,000
Less: Current Portion	(100,000)	(100,000)
Long-Term Portion	\$ 550,000	\$ 650,000

During 2016, the School entered into a \$1,000,000 note payable to the Indiana State Board of Education. The School concurrently entered into a note receivable agreement to loan \$750,000 of the proceeds to Options Charter School – Noblesville, Inc. (Options – Noblesville). The repayment terms with Options – Noblesville mirror the terms with the Indiana State Board of Education.

The note payable to the Indiana State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

During 2020, the School entered into a \$450,000 note payable to Options – Noblesville, for the purchase of the OCS – Westfield building. The \$450,000 note payable was applied to the 2016 note receivable rendering the 2020 note payable paid in full and reducing the note receivable to the balance at June 30, 2020.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 NOTE PAYABLE AND NOTE RECEIVABLE (CONTINUED)

The note receivable consisted of the following as of June 30:

	2020	2019
Note receivable from Options - Noblesville, in \$37,500 semi-annual (January 1 and July 1) plus interest at 1.00% per annum	\$ 36,668	\$ 562,500
Less: Current Portion	(36,668)	(75,000)
Long-Term Portion	\$ -	\$ 487,500

Principal maturities of the note payable and note receivable are as follows for the years ending June 30:

Year Ending June 30,	Note Payable	Note Receivable	Net Payable
2021	\$ 100,000	\$ 36,668	\$ 63,332
2022	100,000	-	100,000
2023	100,000	-	100,000
2024	100,000	-	100,000
2025	100,000	-	100,000
Thereafter	150,000	-	150,000
Total	\$ 650,000	\$ 36,668	\$ 613,332

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

On April 18, 2020, the School received a loan from First Financial Bank in the amount of \$262,800 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 24 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.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 6 LEASES

The School leases its facility and certain items of office equipment under operating leases. The facility lease expires June 30, 2021 and requires monthly payments of \$12,266 and \$11,852 for the years ending June 30, 2020 and 2019, respectively. The School is also responsible for any improvements and its proportionate share of real estate taxes and operating expenses (CAM charges). Expense under operating leases, including CAM charges, was \$213,358 and \$192,172 for the years ended June 30, 2020 and 2019, respectively.

Future minimum lease obligations (excluding CAM charges) are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 204,833
2022	57,641
2023	43,957
2024	42,713
2025	37,600
Thereafter	10,313
Total	<u><u>\$ 397,057</u></u>

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$41,598 and \$32,594 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021 and is renewable thereafter by mutual consent.

NOTE 8 RELATED PARTIES

The School is related to Options – Noblesville through a common Board of Directors. Both schools advance amounts to each other as needed to meet cash flow requirements. The net balance owed to Options – Noblesville was \$13,861 and \$1,331 as of June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the School also donated \$1,182,616 through an in-kind contribution of \$465,000 via a reduction of the Note Receivable (Note 4), a \$535,685 contribution of direct cash payment to a third-party and an in-kind contribution of \$181,931 for expenses paid on behalf of Options - Noblesville. These donations were all related to Options - Noblesville acquisition of property for construction of a new building to be used by the Options network of schools and are reflected as a program expense in the statement of functional expenses. The School is also contingently liable as a guarantor with respect to a \$75,000 line of credit maintained by Options – Noblesville. At June 30, 2020 and 2019, there was no balance outstanding under the line of credit. In addition, the School has a note receivable from Options – Noblesville as described in Note 4. Additionally, the School received salary reimbursements and paid expenses to Options – Noblesville of \$50,000 and \$22,457, respectively.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 RELATED PARTIES (CONTINUED)

The School is affiliated with Options in Education Foundation, Inc. (the Foundation) and its subsidiary Options – Westfield, through certain common board members. The School provided an in-kind donation of \$34,891 for expenses paid on behalf of Options - Westfield. The School received financial assistance from the Foundation of \$12,738 during the years ended June 30, 2019.

The School also employs several members of the president's family. The School paid these individuals \$60,004 and \$59,039 during the years ended June 30, 2020 and 2019, respectively.

The School obtained its Payroll Paycheck Protection of \$262,800 from First Financial Bank Corporation which employs the chairman of the board. (Note 5).

NOTE 9 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 10.5% of compensation for electing teaching faculty to TRF and 14.2% of compensation for other electing employees to PERF. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2019 (the latest year reported), both TRF and PERF were more than 80% funded.

TRF eligible employees can also elect to participate in a School-sponsored 403(B) plan in lieu of the State of Indiana – INPRS plan. The School contributes 10.5% of participant compensation to the 403(b) plan.

Full-time employees may also choose to participate in a voluntary salary reduction 403(b) plan. The School will match the employee's contribution up to 1% of their gross wages.

Retirement plan expense was \$128,212 and \$102,813 for the years ended June 30, 2020 and 2019, respectively.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 RISKS AND UNCERTAINTIES

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

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

Deposits maintained at First Merchants Bank are insured up to the Federal Deposit Insurance Corporation (FDIC) limit of \$250,000. Funds held at this financial institution exceeded the FDIC insurance limit as of June 30, 2020 and 2019.

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 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 11 LIQUIDITY

Under ASU 2016-14, the School 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 School's financial assets include cash, accounts receivable, and the note receivable.

	<u>2020</u>	<u>2019</u>
Financial Assets	\$ 563,838	\$ 1,469,305

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.

OPTIONS CHARTER SCHOOL - CARMEL, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 11 LIQUIDITY (CONTINUED)

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. The School also had a line of credit available with a credit limit of \$75,000 until it was closed subsequent to year-end, all of which is available to meet general expenditures within one year of the date of the statement of financial position.

NOTE 12 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. Certain expenses have been allocated between program services and management and general expenses. Employee benefits, transportation, office supplies, and other expenses are allocated based on the percentage allocation of salaries between program services and management and general. Occupancy and depreciation expenses are allocated based on the percentage allocation of square footage used for program services and management and general activities.

**OPTIONS CHARTER SCHOOL - CARMEL, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2020**

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

Supplemental Audit Report of Options Charter School - Carmel, 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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

