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March 17, 2021

Charter School Board
Options Charter School – Noblesville, Inc.
9945 Cumberland Pointe Blvd
Noblesville, IN 46060

We have reviewed the report of Options Charter School – Noblesville, 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 – Noblesville, 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.

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

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



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INDEPENDENT AUDITORS' REPORT

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Options Charter School - Noblesville, 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 - Noblesville, 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 - NOBLESVILLE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,055,699	\$ 1,135,490
Due from Options Charter School - Carmel, Inc.	13,861	1,331
Prepaid Expenses	25,067	22,536
Earnest Money Deposit on Land Purchase	-	15,000
Total Current Assets	1,094,627	1,174,357
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,223,184	2,205,436
Furniture and Equipment	722,066	719,763
Less: Accumulated Depreciation	(866,272)	(780,992)
Property and Equipment, Net	2,078,978	2,144,207
Total Assets	\$ 3,173,605	\$ 3,318,564
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 131,441	\$ 200,800
Accounts Payable and Accrued Expenses	243,823	136,724
Refundable Advance	1,072	1,072
Total Current Liabilities	376,336	338,596
LONG TERM LIABILITIES		
Note Payable, Net of Current Portion	722,930	1,305,204
Loan Payable Under Paycheck Protection Program	389,600	-
Total Long Term Liabilities	1,112,530	1,305,204
Total Liabilities	1,488,866	1,643,800
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total Liabilities and Net Assets	\$ 3,173,605	\$ 3,318,564

See accompanying Notes to Financial Statements.

**OPTIONS CHARTER SCHOOL - NOBLESVILLE, 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	\$ 2,752,237	\$ 2,750,694
Grant Revenue	684,032	616,306
Student Fees	14,692	26,604
Contributions from Options Charter School - Carmel, Inc.	1,183,769	-
Contributions from Options in Education Foundation, Inc.	-	14,545
Other Income	7,363	2,146
Total Revenue and Support	<u>4,642,093</u>	<u>3,410,295</u>
EXPENSES		
Program Services	3,607,974	2,144,899
Management and General	1,024,144	867,964
Total Expenses	<u>4,632,118</u>	<u>3,012,863</u>
CHANGE IN NET ASSETS	9,975	397,432
Net Assets - Beginning of Year	<u>1,674,764</u>	<u>1,277,332</u>
NET ASSETS - END OF YEAR	<u>\$ 1,684,739</u>	<u>\$ 1,674,764</u>

See accompanying Notes to Financial Statements.

**OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 1,405,954	\$ 569,883	\$ 1,975,837
Employee Benefits	506,123	179,693	685,816
Hope Source Expenses	66,000	-	66,000
Occupancy	147,663	32,252	179,915
Equipment	52,823	11,759	64,582
Professional Services	47,652	101,987	149,639
Depreciation	78,343	7,051	85,394
Classroom and Office Supplies	81,318	16,272	97,590
Authorizer Oversight Fees	-	61,210	61,210
Food Service	15,229	-	15,229
Insurance	-	24,597	24,597
Transportation	15,891	8,592	24,483
Interest	-	8,872	8,872
Foundation Expenses	1,182,616	-	1,182,616
Other	8,362	1,976	10,338
	<u>8,362</u>	<u>1,976</u>	<u>10,338</u>
Total Functional Expenses	<u>\$ 3,607,974</u>	<u>\$ 1,024,144</u>	<u>\$ 4,632,118</u>

See accompanying Notes to Financial Statements.

**OPTIONS CHARTER SCHOOL - NOBLESVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 857,192	\$ 485,849	\$ 1,343,041
Employee Benefits	293,012	166,076	459,088
Hope Source Expenses	629,326	-	629,326
Occupancy	89,911	15,125	105,036
Equipment	59,804	-	59,804
Professional Services	44,825	32,616	77,441
Depreciation	73,633	12,387	86,020
Classroom and Office Supplies	39,169	22,201	61,370
Authorizer Oversight Fees	-	48,069	48,069
Food Service	15,071	-	15,071
Insurance	-	23,426	23,426
Transportation	8,837	5,009	13,846
Interest	-	15,563	15,563
Foundation Expenses	14,545	-	14,545
Other	19,574	41,643	61,217
	<u>19,574</u>	<u>41,643</u>	<u>61,217</u>
Total Functional Expenses	<u>\$ 2,144,899</u>	<u>\$ 867,964</u>	<u>\$ 3,012,863</u>

See accompanying Notes to Financial Statements.

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

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 9,975	\$ 397,432
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	85,394	86,020
Gain on sale of equipment	(114)	-
Changes in Operating Assets and Liabilities:		
Due from Options Charter School - Carmel, Inc.	(12,530)	15,573
Prepaid Expenses	(2,531)	(6,243)
Earnest Money Deposit on Land Purchase	-	-
Accounts Payable and Accrued Expenses	107,099	31,193
Refundable Advance	-	(2,997)
Net Cash Provided by Operating Activities	187,293	520,978
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(470,051)	(78,820)
Earnest Money Deposit on Land Purchase	-	(15,000)
Net Cash Used by Investing Activities	(470,051)	(93,820)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on Long-term Debt	(186,633)	(200,800)
Proceeds from Loan Payable Under Payroll Protection Program	389,600	-
Net Cash Provided (Used) by Financing Activities	202,967	(200,800)
NET CHANGE IN CASH	(79,791)	226,358
Cash - Beginning of Year	1,135,490	909,132
CASH - END OF YEAR	\$ 1,055,699	\$ 1,135,490
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 8,873	\$ 16,568
SUPPLEMENTAL DISCLOSURE OF NONCASH AND FINANCING INFORMATION		
In-Kind Donations to Acquire Land and Development Costs	\$ 1,182,616	\$ -

See accompanying Notes to Financial Statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Options Charter School - Noblesville, 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 295 students in grades six to twelve by providing an alternative to traditional middle and high school programs.

Through 2019, the School partnered with The Hope Source to provide students with autism a hybrid treatment- education model of learning. The School provides education services to clientele of The Hope Source at The Hope Source's facility.

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues generally 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. 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.

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

Options Charter School - Noblesville, 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 ending after 2016 are open to audit for both federal and state purposes.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists 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.

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:

Buildings and 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 nonprofit corporation (Options Charters Schools). 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.
2. On July 23, 2020, OCS – Westfield, a related party, entered into a new loan for \$3,680,000. Options Charter Schools is a guarantor of this loan.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, 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 and 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 \$1,072 and \$1,072, respectively, and was shown as a refundable advance on the statements of financial position.

NOTE 4 NOTES PAYABLE

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

<u>Description</u>	<u>2020</u>	<u>2019</u>
Notes payable to the Indiana State Board of Education, payable \$62,900 semi-annually (January 1 and July 1) plus interest at 1.00% per annum. Matures July 2026	\$ 817,703	\$ 943,504
Note payable to Options Charter School - Carmel, Inc., payable \$37,500 semi-annually (January 1 and July 1) plus interest at 1.00% per annum. Matures July 2026	<u>36,668</u>	<u>562,500</u>
Total	854,371	1,506,004
Less: Current Portion	<u>(131,441)</u>	<u>(200,800)</u>
Long-Term Portion	<u>\$ 722,930</u>	<u>\$ 1,305,204</u>

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.

The note payable to Options Charter School - Carmel, Inc. (Options - Carmel), a related charter school, is also the result of the Common School Funds Charter School Innovation Fund Advancement program. Options - Carmel received a similar loan to the loan received by the School, and a portion of the loan was transferred to the School. The School has agreed to repay the loan following a similar payment schedule set by the Indiana State Board of Education. In connection with the transactions conducted with Options - Carmel and Options - Westfield described at Note 8, the School paid \$525,832 on this loan in the year ending June 30, 2020.

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

NOTE 4 NOTES PAYABLE (CONTINUED)

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

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ 131,441
2022	131,441
2023	131,441
2024	131,441
2025	131,441
Thereafter	197,166
Total	<u><u>\$ 854,371</u></u>

NOTE 5 PAYROLL PROTECTION PROGRAM LOAN

On April 18, 2020, the School received a loan from First Financial Bank in the amount of \$389,600 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.

On November 6, 2020, Management was notified that this loan was forgiven and will be recorded accordingly during the year ending June 30, 2021.

NOTE 6 LEASES

The School leases a facilities and certain items of office equipment under operating leases. These leases require monthly payments of \$8,363 with terms expiring from 2023 through 2026. Expense under these operating leases was \$34,479 and \$9,952 for the years ended June 30, 2020 and 2019, respectively.

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

NOTE 6 LEASES (CONTINUED)

Future minimum lease obligations are as follows for the years ended June 30:

<u>Year Ending June 30.</u>	<u>Amount</u>
2021	\$ 57,641
2022	57,641
2023	43,957
2024	42,713
2025	37,600
Thereafter	10,313
Total	<u>\$ 249,865</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 \$61,210 and \$48,069 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2023, and is renewable thereafter by mutual consent.

NOTE 8 RELATED PARTIES

The School is related to Options – Carmel through a common board of directors. Both schools advance amounts to each other as needed to meet cash flow requirements. The net balance owed from Options – Carmel was \$13,861 and \$1,331 as of June 30, 2020 and 2019, respectively. During the year ended June 30, 2020, the School also received contributions of \$1,182,616 through an in-kind contribution of \$450,000 via reduction of the Note Payable (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 an in-kind contribution 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 payable to Options – Carmel as described in Note 4. Additionally, the School paid salary reimbursements and received reimbursed expenses from Options – Carmel of \$50,000 and \$22,457, respectively.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, 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) through certain overlapping board members. The Foundation also solicits support and assistance to benefit the School. The School received financial assistance from the Foundation of \$0 and \$14,545 during the years ended June 30, 2020 and 2019, respectively. The Foundation has a subsidiary, OCS – Westfield, which has been established to hold property. Subsequent to the receipt of contributions received from Options – Carmel, the School made an in-kind contribution of land and expenses of \$1,182,616. This donation is recorded as program expense in the statement of activities.

The School employs several members of the president's family. The School paid these individuals \$150 and \$8,524 during the years ended June 30, 2020 and 2019, respectively.

The School obtained its Payroll Paycheck Protection loan of \$389,600 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 approximately 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 \$206,505 and \$156,741 for the years ended June 30, 2020 and 2019, respectively.

OPTIONS CHARTER SCHOOL - NOBLESVILLE, 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.

Financial instruments that potentially subject the School to concentration of credit risk consist principally of receivables from the state of Indiana. There were no such receivables at June 30, 2020 and 2019. Deposits maintained at First Merchants Bank are insured up to the FDIC insurance 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 increased 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, 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 receivables.

	<u>2020</u>	<u>2019</u>
Financial Assets	\$ 1,069,560	\$ 1,136,821

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 - NOBLESVILLE, 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 - NOBLESVILLE, INC.
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 Options Charter School –
Noblesville, 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*.

