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March 18, 2021

Charter School Board
Northern Rush County Schools, Inc.
d/b/a Mays Community Academy
929 East South Street
Mays, IN 46155

We have reviewed the audit report of Northern Rush County Schools, Inc. d/b/a Mays Community Academy 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 Northern Rush County Schools, Inc. d/b/a Mays Community 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 Northern Rush County Schools, Inc. d/b/a Mays Community 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

**NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



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**NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy
Mays, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Northern Rush County Schools, Incorporated dba: Mays Community 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors
Northern Rush County Schools, Incorporated
dba: Mays Community Academy

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northern Rush County Schools, Incorporated dba: Mays Community 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 Northern Rush County Schools, Incorporated dba: Mays Community Academy were audited by other auditors whose report dated January 30, 2020 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

Indianapolis, Indiana
February 17, 2021

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash	\$ 58,511	\$ 146,442
Grants Receivable	111,325	94,285
Total Current Assets	169,836	240,727
PROPERTY AND EQUIPMENT		
Land	88,400	88,400
Buildings and Improvements	605,875	552,475
Furniture and Equipment	279,804	223,468
Software and Textbooks	90,082	90,082
Vehicles	5,000	5,000
Less: Accumulated Depreciation	(290,685)	(216,415)
Property and Equipment, Net	778,476	743,010
OTHER ASSETS		
Security Deposit	3,900	3,900
Total Assets	\$ 952,212	\$ 987,637
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Lines of Credit	\$ 157,305	\$ 238,847
Current Portion of Notes Payable	78,082	69,739
Accounts Payable and Accrued Expenses	120,960	130,230
Total Current Liabilities	356,347	438,816
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	340,496	412,901
Loan Payable Under Paycheck Protection Program	243,954	-
Total Long-Term Liabilities	584,450	412,901
Total Liabilities	940,797	851,717
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Undesignated	11,415	135,920
Total Liabilities and Net Assets	\$ 952,212	\$ 987,637

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
REVENUE AND SUPPORT		
State Education Support	\$ 1,721,205	\$ 1,717,328
Grant Revenue	763,364	456,069
Student Fees	13,194	21,347
Contributions	3,353	51,589
Fundraising and Other Income	88,998	44,519
Total Revenue and Support	2,590,114	2,290,852
EXPENSES		
Program Services	1,936,664	1,638,724
Management and General	777,955	494,388
Total Expenses	2,714,619	2,133,112
CHANGE IN NET ASSETS	(124,505)	157,740
Net Assets (Deficit) - Beginning of Year	135,920	(21,820)
NET ASSETS - END OF YEAR	\$ 11,415	\$ 135,920

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY 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	\$ 979,822	\$ 367,325	\$ 1,347,147	\$ 735,163	\$ 261,846	\$ 997,009
Employee Benefits	292,459	134,254	426,713	324,968	64,102	389,070
Staff Development	37,125	-	37,125	34,700	-	34,700
Professional Services	67,334	157,447	224,781	39,148	72,815	111,963
Repairs and Maintenance	-	39,241	39,241	-	19,562	19,562
Authorizer Oversight Fees	-	37,111	37,111	-	34,039	34,039
Food Costs	81,951	-	81,951	77,218	-	77,218
Transportation	232,145	215	232,360	235,567	325	235,892
Information Technology	23,211	-	23,211	12,578	-	12,578
Advertising	-	44	44	-	1,372	1,372
Classroom, Kitchen, and Office Supplies	83,249	9,484	92,733	50,194	7,439	57,633
Occupancy	54,219	-	54,219	65,558	-	65,558
Depreciation	74,269	-	74,269	56,024	-	56,024
Interest	-	28,254	28,254	-	18,516	18,516
Insurance	2,500	-	2,500	2,500	-	2,500
Other	8,380	4,580	12,960	5,106	14,372	19,478
	<u>\$ 1,936,664</u>	<u>\$ 777,955</u>	<u>\$ 2,714,619</u>	<u>\$ 1,638,724</u>	<u>\$ 494,388</u>	<u>\$ 2,133,112</u>
Total Functional Expenses	<u>\$ 1,936,664</u>	<u>\$ 777,955</u>	<u>\$ 2,714,619</u>	<u>\$ 1,638,724</u>	<u>\$ 494,388</u>	<u>\$ 2,133,112</u>

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (124,505)	\$ 157,740
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	74,269	56,024
Changes in Operating Assets and Liabilities:		
Grants Receivable	(17,040)	(94,285)
Accounts Payable and Accrued Expenses	(9,270)	(71,336)
Refundable Advances	-	(29,475)
Net Cash Provided (Used) by Operating Activities	(76,546)	18,668
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(109,735)	(61,021)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Short-Term Financing	-	100,000
Principal Payments on Short-Term Financing	-	(201,000)
Proceeds from Lines of Credit, Net	37,105	238,847
Proceeds from Notes Payable	702,974	50,000
Repayment of Notes Payable	(885,683)	(67,068)
Proceeds from Loan Payable Under Paycheck Protection Program	243,954	-
Net Cash Provided by Financing Activities	98,350	120,779
NET CHANGE IN CASH	(87,931)	78,426
Cash - Beginning of Year	146,442	68,016
CASH - END OF YEAR	\$ 58,511	\$ 146,442
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 28,254	\$ 18,516

See accompanying Notes to Financial Statements.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Northern Rush County Schools, Incorporated dba: Mays Community Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School is sponsored by Ball State University and operates a public charter school established under Indiana Code 20-24. The School served approximately 220 and 180 students during the years ended June 30, 2020 and 2019, respectively, in grades kindergarten through eight.

Change in Accounting Principle

In May 2014, FASB issued 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 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 Company'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 other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the Organization'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.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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, fundraising, and other income 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. Amounts received prior to the service is performed is reported as deferred revenue in the statement of financial position. As of June 30, 2020, the School did not have any such deferred revenue.

Contributions and Grants

The School receives income from contributions and grants that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The School did not have any net assets with donor restrictions as of June 30, 2020 and 2019.

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.

Grants Receivable

Grants receivable 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.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

Northern Rush County Schools, Incorporated 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.

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 \$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	7 to 40 Years
Furniture and Equipment	5 to 10 Years
Software and Textbooks	3 to 5 Years
Vehicles	10 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.

**NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through February 17, 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.

In July 2020, the School renewed the two lines of credit and the short-term financing agreement with FCN Bank.

In July 2020, the School received roughly \$27,000 in CARES Act funding.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Two notes payable to CentreBank with substantially identical terms; payable in monthly installments of \$2,822 total including interest at 5.50% per annum, secured by all School assets. The remaining unpaid portion was due upon maturity in June 2019. These were refinanced in July 2019.	\$ -	\$ 118,133
Note payable to FCN Bank with monthly installments of \$3,298 including interest at 6.25% annum, maturing in July 2024.	142,328	-
Note payable to Indiana State Board of Education, payable \$21,250 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, maturing in July 2026.	276,250	318,750
Note payable to FCN Bank payable in one payment (June 2019) plus interest at 7.00% per annum. This was refinanced in July 2019.	-	45,757
Total	418,578	482,640
Less: Current Portion	(78,082)	(69,739)
Long-Term Portion	<u>\$ 340,496</u>	<u>\$ 412,901</u>

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 NOTES PAYABLE (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 78,082
2022	78,082
2023	78,082
2024	78,082
2025	42,500
Thereafter	63,750
Total	<u>\$ 418,578</u>

NOTE 3 PAYROLL PROTECTION PROGRAM LOAN

On April 15, 2020, the Organization received a loan from FCN Bank in the amount of \$243,954 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.

NOTE 4 LINES OF CREDIT

During the year ended June 30, 2019, the School entered into two line of credit arrangements with FCN Bank. The first line of credit has a \$300,000 borrowing capacity and incurred interest at 6.5% per annum, maturing October 2019. This was extended to July 2020 with an interest rate of 6.75%. The second line of credit has a \$120,000 borrowing capacity and incurred interest at 6.5% per annum, maturing August 2019. This was extended to July 2020 with an interest rate of 7%. The balance of the lines of credit as of June 30, 2020 was \$157,304.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 5 SHORT-TERM FINANCING

From time to time throughout the year ended June 30, 2019, the School utilized short-term note payable financing from members of the community to meet cash flow needs. The average interest rate on the short-term notes payable was 8%. The School borrowed and repaid \$100,000 and \$201,000, respectively, during the year ended June 30, 2019 and paid \$3,809 in interest thereon.

NOTE 6 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. For the year ended June 30, 2020, the School contributed 8.5% of compensation for eligible teaching personnel to TRF and 6.8% for other employees to PERF. For the year ended June 30, 2019, the School contributed 10.5% of compensation for eligible teaching personnel to TRF and 4% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2018 (the latest year reported), TRF and PERF were more than 88% funded. The School's total retirement expense was \$76,192 and \$67,425 for the years ended June 30, 2020 and 2019, respectively.

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. Payments under this charter agreement were \$37,111 and \$34,039 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.

The School contracted with Indiana Charters LLC, a for-profit organization incorporated in the state of Indiana, to perform data management, financial, administrative, and general operational support services. Expenses under this contract were \$75,836 and \$38,834 for the years ended June 30, 2020 and 2019, respectively.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Rush 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.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2020, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at FCN 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 which total \$169,836 and \$240,727 in 2020 and 2019, respectively.

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. In addition, the School has a \$149,947 line of credit available as of June 30, 2020.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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.

NOTE 11 RELATED PARTY TRANSACTIONS

The School contracts with a transportation company that is owned by the husband of the Board Treasurer. The School uses the transportation company for busing services and also employs two relatives of the Board Treasurer. Expenses under this relationship during the year ended June 30, 2020 were \$158,432 for transportation and \$70,599 and labor.

**NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY 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 Northern Rush County Schools, Incorporated
dba: Mays Community 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*.

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Mays Community Academy	Mays Community Academy Pre-K	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 58,511	\$ -	\$ -	\$ 58,511
Grants Receivable	111,325	-	-	111,325
Due from Charter School	-	5,121	(5,121)	-
Total Current Assets	<u>169,836</u>	<u>5,121</u>	<u>(5,121)</u>	<u>169,836</u>
PROPERTY AND EQUIPMENT				
Land	88,400	-	-	88,400
Buildings and Improvements	605,875	-	-	605,875
Furniture and Equipment	279,804	-	-	279,804
Software and Textbooks	90,082	-	-	90,082
Vehicles	5,000	-	-	5,000
Less: Accumulated Depreciation	(290,685)	-	-	(290,685)
Property and Equipment, Net	<u>778,476</u>	<u>-</u>	<u>-</u>	<u>778,476</u>
OTHER ASSETS				
Security Deposit	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>3,900</u>
Total Assets	<u>\$ 952,212</u>	<u>\$ 5,121</u>	<u>\$ (5,121)</u>	<u>\$ 952,212</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Lines of Credit	\$ 157,305	\$ -	\$ -	\$ 157,305
Current Portion of Notes Payable	78,082	-	-	78,082
Accounts Payable and Accrued Expenses	99,846	21,114	-	120,960
Due to Pre-K	5,121	-	(5,121)	-
Total Current Liabilities	<u>340,354</u>	<u>21,114</u>	<u>(5,121)</u>	<u>356,347</u>
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	340,496	-	-	340,496
Loan Payable Under Paycheck Protection Program	243,954	-	-	243,954
Total Long-Term Liabilities	<u>584,450</u>	<u>-</u>	<u>-</u>	<u>584,450</u>
Total Liabilities	924,804	21,114	(5,121)	940,797
NET ASSETS WITHOUT DONOR RESTRICTIONS				
Undesignated	<u>27,408</u>	<u>(15,993)</u>	<u>-</u>	<u>11,415</u>
Total Liabilities and Net Assets	<u>\$ 952,212</u>	<u>\$ 5,121</u>	<u>\$ -</u>	<u>\$ 952,212</u>

NORTHERN RUSH COUNTY SCHOOLS, INCORPORATED
DBA: MAYS COMMUNITY ACADEMY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Mays Community Academy	Mays Community Academy Pre-K	Total
REVENUE AND SUPPORT			
State Education Support	\$ 1,721,205	\$ -	\$ 1,721,205
Grant Revenue	763,364	-	763,364
Student Fees	13,194	-	13,194
Contributions	3,353	-	3,353
Fundraising and Other Income	19,580	69,418	88,998
Total Revenue and Support	<u>2,520,696</u>	<u>69,418</u>	<u>2,590,114</u>
EXPENSES			
Program Services	1,872,268	64,396	1,936,664
Management and General	729,739	48,216	777,955
Total Expenses	<u>2,602,007</u>	<u>112,612</u>	<u>2,714,619</u>
CHANGE IN NET ASSETS	(81,311)	(43,194)	(124,505)
Net Assets - Beginning of Year	<u>108,719</u>	<u>27,201</u>	<u>135,920</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 27,408</u>	<u>\$ (15,993)</u>	<u>\$ 11,415</u>

