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March 25, 2022

Charter School Board
Vanguard Collegiate of Indianapolis
2440 West Ohio Street
Indianapolis, IN 46222

We have reviewed the audit report of Vanguard Collegiate of Indianapolis which was opined upon by Greenwalt CPAs, Inc., Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Vanguard Collegiate of Indianapolis as of June 30, 2021, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the Substantial Doubt about the Organization's Ability to Continue as a Going Concern paragraph included in the Independent Auditors' Report and further detailed in Note 11.

In our opinion, Greenwalt CPAs, Inc. 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 Vanguard Collegiate of Indianapolis, was prepared in accordance with the guidelines established by the State Board of Accounts.

This Financial Audit Report and the associated Supplemental Report are filed in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

VANGUARD COLLEGIATE OF INDIANAPOLIS

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

JUNE 30, 2021 AND 2020

GREENWALT^{CPAs}

We Deliver Peace of Mind

VANGUARD COLLEGIATE OF INDIANAPOLIS

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Greenwalt CPAs, Inc.
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Indianapolis, IN 46224
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Vanguard Collegiate of Indianapolis:

We have audited the accompanying financial statements of Vanguard Collegiate of Indianapolis (an Indiana public charter school, "the School"), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, and *Guidelines for Audits of Charter Schools Performed by Private Examiners* established by the Indiana State Board of Accounts. 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 auditor considers internal control relevant to the School'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 School'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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that the School will continue as a going concern. As discussed in Note 11 to the financial statements, the School incurred significant losses during its first two years of operations and has stated that substantial doubt exists about its ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are described in Note 11. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Greenwald CPAs, Inc.

February 17, 2022

VANGUARD COLLEGIATE OF INDIANAPOLIS
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash	\$ 29,042	\$ 35,062
Grants receivable	2,806	31,446
Prepaid expenses	2,212	5,099
Deferred lease incentive, current	-	5,300
	<u>34,060</u>	<u>76,907</u>
<i>Total current assets</i>		
PROPERTY AND EQUIPMENT		
Furniture	32,775	32,775
Equipment	35,772	35,772
Vehicles	32,000	32,000
Computer equipment	12,884	12,884
Textbooks	6,000	6,000
Leasehold improvements	53,335	53,335
Accumulated depreciation	(117,059)	(87,117)
	<u>55,707</u>	<u>85,649</u>
<i>Total property and equipment, net</i>		
<i>Total assets</i>	<u>\$ 89,767</u>	<u>\$ 162,556</u>

LIABILITIES AND ACCUMULATED DEFICIT

CURRENT LIABILITIES		
Accounts payable	\$ 6,300	\$ 89,321
Accrued expenses	23,868	18,744
Charter School Capital payable	201,300	131,700
Current portion of notes payable	48,088	50,743
Refundable advance of PPP funds	65,032	122,500
	<u>344,588</u>	<u>413,008</u>
<i>Total current liabilities</i>		
LONG-TERM LIABILITIES		
Notes payable, net of current portion	5,704	36,936
	<u>350,292</u>	<u>449,944</u>
<i>Total liabilities</i>		
COMMITMENTS AND CONTINGENCY (NOTES 8, 10 AND 11)		
TOTAL NET ASSETS (ACCUMULATED DEFICIT)		
Without donor restrictions	(265,357)	(287,388)
With donor restrictions	4,832	-
	<u>(260,525)</u>	<u>(287,388)</u>
<i>Total net assets (accumulated deficit)</i>		
<i>Total liabilities and accumulated deficit</i>	<u>\$ 89,767</u>	<u>\$ 162,556</u>

VANGUARD COLLEGIATE OF INDIANAPOLIS
 STATEMENTS OF ACTIVITIES
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS
REVENUE AND SUPPORT				
State funding	\$ 798,578	\$ 7,193	\$ 805,771	\$ 704,079
Federal funding	266,651	-	266,651	345,554
Contributions	184,073	70,000	254,073	25,852
Other income	3,965	-	3,965	19,482
Interest	18	-	18	31
Net assets released from restrictions	72,361	(72,361)	-	-
	<u>1,325,646</u>	<u>4,832</u>	<u>1,330,478</u>	<u>1,094,998</u>
<i>Total revenue and support</i>				
EXPENSES				
Program	966,712	-	966,712	802,479
Management and general	330,253	-	330,253	482,771
Fundraising	6,650	-	6,650	-
	<u>1,303,615</u>	<u>-</u>	<u>1,303,615</u>	<u>1,285,250</u>
<i>Total expenses</i>				
CHANGE IN NET ASSETS (ACCUMULATED DEFICIT)	22,031	4,832	26,863	(190,252)
ACCUMULATED DEFICIT, BEGINNING OF YEAR	<u>(287,388)</u>	<u>-</u>	<u>(287,388)</u>	<u>(97,136)</u>
(ACCUMULATED DEFICIT) NET ASSETS, END OF YEAR	<u><u>\$ (265,357)</u></u>	<u><u>\$ 4,832</u></u>	<u><u>\$ (260,525)</u></u>	<u><u>\$ (287,388)</u></u>

VANGUARD COLLEGIATE OF INDIANAPOLIS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020		
	PROGRAM	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM	MANAGEMENT AND GENERAL	TOTAL
Salaries and wages	\$ 542,772	\$ 120,003	\$ 6,650	\$ 669,425	\$ 316,014	\$ 286,907	\$ 602,921
Employee benefits	29,101	11,483	-	40,584	20,743	15,461	36,204
Staff development	10,474	-	-	10,474	3,052	-	3,052
Student lunch	65,168	-	-	65,168	32,900	-	32,900
Purchased and contracted services	130,193	103,969	-	234,162	77,481	55,698	133,179
Advertising	-	5,383	-	5,383	-	-	-
Travel	4,576	213	-	4,789	25,595	6,280	31,875
Classroom, kitchen, and office supplies	52,039	27,017	-	79,056	40,134	24,685	64,819
Occupancy	103,007	6,885	-	109,892	241,879	26,876	268,755
Depreciation	29,382	560	-	29,942	44,681	4,965	49,646
Interest	-	24,480	-	24,480	-	34,843	34,843
Insurance	-	17,729	-	17,729	-	19,583	19,583
Printing	-	678	-	678	-	439	439
Community relations	-	-	-	-	-	1,572	1,572
Bank and authorizer fees	-	11,853	-	11,853	-	5,462	5,462
<i>Total functional expenses</i>	<u>\$ 966,712</u>	<u>\$ 330,253</u>	<u>\$ 6,650</u>	<u>\$ 1,303,615</u>	<u>\$ 802,479</u>	<u>\$ 482,771</u>	<u>\$ 1,285,250</u>

VANGUARD COLLEGIATE OF INDIANAPOLIS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Page 1 of 2

NET CHANGE IN CASH

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from state and federal funding	\$ 1,301,632	\$ 1,186,021
Cash paid to suppliers and employees	(1,249,303)	(1,058,371)
Interest received	18	31
Interest paid	(24,480)	(34,843)
	<u>27,867</u>	<u>92,838</u>
<i>Net cash provided by operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	-	(38,132)
	<u>-</u>	<u>(38,132)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings on notes payable	-	82,731
Payments on notes payable	(33,887)	(7,527)
Payments on line of credit	-	(117,248)
	<u>(33,887)</u>	<u>(42,044)</u>
<i>Net cash used in financing activities</i>		
NET CHANGE IN CASH	(6,020)	12,662
CASH, BEGINNING OF YEAR	<u>35,062</u>	<u>22,400</u>
CASH, END OF YEAR	<u>\$ 29,042</u>	<u>\$ 35,062</u>
NON-CASH OPERATING AND FINANCING ACTIVITIES		
Accounts payable converted to notes payable	<u>\$ -</u>	<u>\$ 12,475</u>

VANGUARD COLLEGIATE OF INDIANAPOLIS

STATEMENTS OF CASH FLOWS, CONTINUED

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

Page 2 of 2

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2021</u>	<u>2020</u>
CHANGE IN NET ASSETS	\$ 26,863	\$ (190,252)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation	29,942	49,646
<i>(Increase) decrease in operating assets</i>		
Grants receivable	28,640	(31,446)
Prepaid expenses	2,887	(5,099)
Deferred lease incentive	5,300	57,539
<i>Increase (decrease) in operating liabilities</i>		
Accounts payable	(83,021)	44,835
Accrued expenses	5,124	(86,585)
Charter School Capital payable	69,600	131,700
Refundable advance of PPP funds	(57,468)	122,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 27,867</u>	<u>\$ 92,838</u>

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF ORGANIZATION

Vanguard Collegiate of Indianapolis ("the School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24. Through meaningful and quality instruction of rigorous curriculum and character development, Vanguard Collegiate of Indianapolis provides an academically challenging, data-driven curriculum and a structured, goal-oriented school community for 5th through 8th grade students. Vanguard Collegiate equips scholars with critical thinking skills, integrity, and sense of social and personal responsibility, seizing the educational opportunities afforded to them, thus, bringing their dreams and those of their families, to fruition.

The School receives the majority of its funding from the Indiana Department of Education. That funding is supplemented with funds from contributions and other revenue.

BASIS OF ACCOUNTING AND USE OF ESTIMATES

The accompanying financial statements were prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The School considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2021 and 2020.

GRANTS RECEIVABLE

Grants receivable represent the uncollected portion of funds from grants awarded to the School. Grants receivable are unsecured and are due from Indiana governmental entities and private funders over periods of time up to thirty days from the statement of financial position date. Grants receivable are stated at the amount determined by public statute or by the underlying private funding agreements. Generally, there is not significant risk of loss of these amounts due since they are statutorily determined and obligated. However, there is some risk that public funding from the State of Indiana could be reduced from amounts previously determined during periods of prolonged economic downturn.

The School reviews grants receivable and writes off any amount to be deemed uncollectible. There were no allowances as of June 30, 2021 and 2020. All grants receivable are collectible within one year.

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost if purchased, or, if contributed, at the estimated fair value at the date of the gift. The School capitalizes additions of property and equipment in excess of \$1,000 that have a useful life or extend the useful life greater than one year. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets as follows:

Furniture, equipment, and vehicles	5 years
Computers equipment	3 years
Textbooks	4 years
Leasehold improvements	Lease term

NET ASSETS

The School maintains the following classifications of net assets:

Without Donor Restrictions

These include revenue and expenses from the regular operations of the School, which are at the discretion of management and the Board of Directors.

With Donor Restrictions

These include contributions and grants with restrictions specified by the donors or grantors. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions of \$4,832 were restricted for student lunches at June 30, 2021. There were no net assets with donor restrictions at June 30, 2020.

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 is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants as costs are incurred.

CONTRIBUTIONS AND GRANTS

Contributions and grants are recognized when the donor makes an unconditional promise to give to the School and are recorded at their fair values as revenues and assets in the period the promise was received. Contributions with donor restrictions are reported as increases in net assets with donor restrictions.

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

ADVERTISING

Advertising expenses totaled \$5,383 for fiscal year 2021. There was no advertising expense for fiscal year 2020. The School's policy is to recognize advertising expenditures in the period in which they are incurred.

FUNCTIONAL ALLOCATION OF EXPENSES

In the accompanying statements of functional expense, all expenses are allocated to program, management and general, and fundraising expenses. Expenses were allocated among the functional categories on the basis of specific identification and estimates of time spent and benefits derived.

TAX STATUS

The School is an Indiana not-for-profit corporation, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Code.

SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through February 17, 2022, which is the date these financial statements were available to be issued.

2. AVAILABLE RESOURCES AND LIQUIDITY

The School regularly monitors liquidity required to meet its operating and other commitments. The School has various sources of liquid assets at its disposal, including cash.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to ongoing activities of the school as well as the supporting operations to be general expenditures.

Financial assets available for general expenditure, within one year, consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end		
Cash	\$ 29,042	\$ 35,062
Grants receivable	2,806	31,446
Total financial assets	31,848	66,508
Less amounts not available to be used within one year		
Net assets with donor restrictions	(4,832)	-
Financial assets available to meet expenditures within one year	<u>27,016</u>	<u>66,508</u>

3. LINE OF CREDIT

The School had a \$150,000 line of credit with a financial institution, which expired in March 2020. Interest was payable at the prime rate plus 2.75% (6.00% at June 30, 2020). At June 30, 2020, the balance outstanding was \$0. This loan was secured by substantially all assets of the School.

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

4. CHARTER SCHOOL CAPITAL PAYABLE

The School has entered into an agreement with Charter School Capital (CSC), to receive advances at a discount to face value on its Basic Tuition Support payments and other grant payments from the Indiana Department of Education (IDOE) up to \$325,000. In exchange for the advances, IDOE payments are made to CSC, who then remits the residual to the School. As of June 30, 2021 and 2020, the School had received advances of the following school year's July – October Basic Tuition Support payments of \$193,600 and \$155,067, respectively. At June 30, 2021 and 2020, the School had an outstanding balance to Charter School Capital of \$201,300 and \$131,700, respectively.

5. NOTES PAYABLE

The School entered into a note payable for the purchase of technology equipment and related setup and training services in July 2019 in the amount of \$37,748. The term of the agreement was one year with zero interest. The agreement was amended in May 2020 to finance additional services of \$28,606 and extend the term to November 15, 2021. The amended agreement required monthly payments of \$4,214 with zero interest. At June 30, 2021 and 2020 the balance outstanding on the loan was \$37,924 and \$63,207, respectively. Subsequent to year-end, the loan was extended through October 15, 2022.

The School entered into a note payable for the purchase of a bus in February 2020 in the amount of \$32,000. The note expires in January 2023 and requires monthly payments of principal and interest at 7.57% of \$847. At June 30, 2021 and 2020, the note had a balance outstanding of \$15,868 and \$24,472, respectively.

Future minimum payments required under notes payable are as follows for the years ending June 30:

2022	\$	48,088
2023		<u>5,704</u>
	\$	<u>53,792</u>

6. REFUNDABLE ADVANCE OF PPP FUNDS

In response to the COVID-19 pandemic, the United States federal government adopted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") which includes a Small Business Paycheck Protection Program ("PPP") under the auspices of the federal Small Business Administration ("SBA"). These funds can be used for costs related to payroll, employee health care, rent, and utilities. In April 2020, the School obtained \$122,500 from a financial institution under the PPP. The interest rate is 1%, the loan term is two years which begins after the lender makes a determination on forgiveness or 10 months after the 24-week expenditure period and will be paid at the end of the two-year term; however, to the extent the funds are used for qualifying expenses under the program, the School may apply for loan forgiveness. The loan was fully forgiven during December 2020 and has been recognized as contribution income in accordance with FASB ASC 958-605 in fiscal year 2021.

During February 2021, the School received second round PPP funding in the amount of \$65,032 with an interest rate of 1% and a term of 2 years. To the extent the funds are used for qualifying expenses under the program, the School may apply for loan forgiveness.

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

7. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the fiscal year:

	<u>2021</u>	<u>2020</u>
Food service program	\$ 65,168	\$ -
Textbook program	<u>7,193</u>	<u>-</u>
Total	<u>\$ 72,361</u>	<u>\$ -</u>

8. OPERATING LEASES

The School leased copier equipment under an operating lease that expired June 2020. Total expense for the copier lease, including overage charges, for fiscal year 2020 was \$10,362.

In July 2019, the School entered into an operating lease for classroom and administrative space through May 31, 2022. The lease included monthly rent payments of \$14,583. The lease was terminated in June of 2020.

During September 2020, the School entered into a lease of space through May 2021. The lease includes monthly payments of \$8,250. During the year, the School negotiated reduced rent for a few months due to classes being virtual. In addition, the terms were revised for March – May 2021 to reduce the monthly rent to \$7,400. The School subsequently extended the lease for August 2021 through May 2022 in the amount of \$8,100 per month. Total rent expense during fiscal years 2021 and 2020 was \$68,259 and \$57,539, respectively.

Future minimum rental payments required under operating leases for the years ending June 30 are as follows:

2022	\$ 90,600
2023	<u>8,100</u>
	<u>\$ 98,700</u>

9. FEDERAL, STATE, AND LOCAL GRANT AWARDS

In accordance with guidelines established by the Indiana State Board of Accounts, this federal, state, and local grant information was included to aid in the verification of Indiana financial assistance on the Annual Financial Report (AFR).

Program Name	Grantor Name	CFDA	Revenue	Expense	Funding Type
CSP Innovation Grant	Indiana Department of Education	84.282A	\$ 117,947	\$ 118,467	Federal grant passed through state or local government
Title I	Indiana Department of Education	84.010	64,571	64,571	Federal grant passed through state or local government
Title II	Indiana Department of Education	84.367	9,279	9,279	Federal grant passed through state or local government

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

9. FEDERAL, STATE, AND LOCAL GRANT AWARDS, CONTINUED

Title IV	Indiana Department of Education	84.424	6,950	6,950	Federal grant passed through state or local government
Education Stabilization Fund – American Rescue Plan – Elementary and Secondary Emergency Relief Fund	Indiana Department of Education	84.425U	29,099	29,099	Federal grant passed through state or local government
Education Stabilization Fund – The CARES Act	Indiana Department of Education	84.425D	38,805	38,805	Federal grant passed through state or local government
Basic Tuition Support	Indiana Department of Education	N/A	666,225	666,225	State or Local Government
Charter Facility Grant	Indiana Department of Education	N/A	65,250	65,250	State or Local Government
State Special Education	Indiana Department of Education	N/A	37,956	37,956	State or Local Government
Javits Gifted & Talented Students Education	Indiana Department of Education	N/A	9,974	9,974	State or Local Government
Summer School Reimbursement	Indiana Department of Education	N/A	14,433	14,433	State or Local Government
State Curriculum Materials	Indiana Department of Education	N/A	7,193	7,193	State or Local Government
Excellence in Performance	Indiana Department of Education	N/A	3,254	3,254	State or Local Government
State Connectivity	Indiana Department of Education	N/A	1,486	1,486	State or Local Government
			\$ 1,072,422	\$ 1,072,942	

10. RISKS AND UNCERTAINTIES

The School provides educational instruction services to persons primarily residing in Indianapolis, Indiana and greater Marion County, 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.

VANGUARD COLLEGIATE OF INDIANAPOLIS

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

10. RISKS AND UNCERTAINTIES, CONTINUED

In March 2020, the World Health Organization declared a worldwide pandemic due to the outbreak of a novel strain of coronavirus, called COVID-19. The extent of the impact of COVID-19 on the School's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on the students, teachers, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the School's financial condition or results of operations is uncertain.

11. GOING CONCERN, ACCUMULATED DEFICIT

Pursuant to ASC Topic 205-40, Going Concern, the School is required to evaluate whether there is substantial doubt about its ability to continue as a going concern in each reporting period. In evaluating the School's ability to continue as a going concern for this reporting period, management evaluated the conditions and events that could raise substantial doubt about the School's ability to continue as a going concern within one year of the date the financial statements were issued (February 17, 2022). Management considered its current projections of future cash flow, current financial conditions, sources of liquidity and obligations due on or before February 17, 2022.

Fiscal year 2021 was the School's third year of operations. Lower than anticipated enrollment resulted in lower funding. In addition, the School had anticipated receiving grants that were not awarded during the fiscal year. The School was able to contain costs, the most significant of which was a reduction in rent, resulting in an increase in net assets of \$26,863. Due to significant losses in its first two years of operations, the School had an accumulated deficit of \$260,252. Management and the Board have implemented several strategies to improve the financial condition of the School and ensure its ability to continue as a going concern. The School has a financing arrangement that allows the School to take an advance on its receivables to improve cash flow (see Note 4). The School has hired a grant writer and, in addition, the Board of Directors has formed fund development committee to help the School increase revenue. The School continues to manage its expenses relative to its revenue monitoring cash flow monthly and revising its budget at least quarterly.

Management's intention and belief is that these strategies will be successful in improving the financial position of the School. If these strategies are not successful, it could cause the School to be unable to meet its financial obligations. As a result, substantial doubt continues to exist about the ability of the School to continue as a going concern within one year from February 17, 2022, the date these financial statements are available to be issued. The financial statements do not include any adjustments that might be necessary if the School is unable to continue as a going concern.

VANGUARD COLLEGIATE OF INDIANAPOLIS

OTHER REPORT

FOR THE YEAR ENDED JUNE 30, 2021

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

Supplemental Audit Report of Vanguard Collegiate of Indianapolis