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July 21, 2022

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

We have reviewed the report prepared by Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy 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.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy, was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

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

Tammy R. White, CPA  
Deputy State Examiner

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

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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

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

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

We have audited the accompanying financial statements of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy, which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and change in net assets, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

**Opinion**

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

**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  
March 15, 2022

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 209,272	\$ 485,704
Grants Receivable	110,776	27,627
Prepaid Expenses	27,217	50,570
Total Current Assets	347,265	563,901
<b>PROPERTY AND EQUIPMENT</b>		
Land	76,880	76,880
Buildings and Improvements	502,299	277,244
Furniture and Equipment	326,805	303,405
Textbooks	13,092	13,092
Vehicles	31,850	-
Less: Accumulated Depreciation	(343,648)	(305,869)
Property and Equipment, Net	607,278	364,752
Total Assets	\$ 954,543	\$ 928,653
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 28,119	\$ 75,000
Current Portion of Capital Lease Obligations	2,270	5,424
Accounts Payable and Accrued Expenses	133,240	106,224
Refundable Advances	23,670	45,169
Total Current Liabilities	187,299	231,817
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	200,481	75,000
Capital Lease Obligations, Net of Current Portion	3,633	3,354
Loan Payable Under Paycheck Protection Program	-	209,200
Total Long-Term Liabilities	204,114	287,554
Total Liabilities	391,413	519,371
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
	563,130	409,282
Total Liabilities and Net Assets	\$ 954,543	\$ 928,653

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 1,165,668	\$ 1,521,414
Grant Revenue	699,748	414,064
Student Fees	7,253	8,671
Contributions	35,638	56,894
Fundraising and Other Income	44,637	16,480
Total Revenue and Support	<u>1,952,944</u>	<u>2,017,523</u>
<b>EXPENSES</b>		
Program Services	1,190,653	1,410,854
Management and General	608,443	563,577
Total Expenses	<u>1,799,096</u>	<u>1,974,431</u>
<b>CHANGE IN NET ASSETS</b>	153,848	43,092
Net Assets - Beginning of Year	<u>409,282</u>	<u>366,190</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 563,130</u>	<u>\$ 409,282</u>

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 612,135	\$ 286,811	\$ 898,946	\$ 687,728	\$ 299,792	\$ 987,520
Employee Benefits	120,763	59,182	179,945	149,886	73,207	223,093
Staff Development	24,073	-	24,073	22,371	-	22,371
Professional Services	22,925	90,112	113,037	98,978	71,770	170,748
Connectivity	37,897	-	37,897	39,858	-	39,858
Authorizer Oversight Fees	-	30,079	30,079	-	37,574	37,574
Food Costs	47,936	-	47,936	125,140	-	125,140
Equipment	7,833	-	7,833	6,631	-	6,631
Classroom, Kitchen, and Office Supplies	75,342	4,661	80,003	54,279	8,389	62,668
Occupancy	125,186	-	125,186	156,242	-	156,242
Depreciation	37,778	-	37,778	29,992	-	29,992
Interest	-	6,523	6,523	-	316	316
Property Rental and Maintenance	-	23,651	23,651	-	23,494	23,494
Insurance	-	23,351	23,351	-	22,168	22,168
Other	78,785	84,073	162,858	39,749	26,867	66,616
<b>Total Functional Expenses</b>	<b><u>\$ 1,190,653</u></b>	<b><u>\$ 608,443</u></b>	<b><u>\$ 1,799,096</u></b>	<b><u>\$ 1,410,854</u></b>	<b><u>\$ 563,577</u></b>	<b><u>\$ 1,974,431</u></b>

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 153,848	\$ 43,092
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided (Used) by Operating Activities:		
Depreciation	37,778	29,992
Gain on Extinguishment of Debt - PPP Loan	(209,200)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(83,149)	(21,763)
Prepaid Expenses	23,353	18,139
Accounts Payable and Accrued Expenses	27,016	47,141
Refundable Advances	(21,499)	(26,444)
Net Cash Provided (Used) by Operating Activities	<u>(71,853)</u>	<u>90,157</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(280,304)	(81,024)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Repayment of Notes Payable	(150,000)	(75,000)
Proceeds from Notes Payable	228,600	-
Principal Reduction of Capital Lease Obligations	(2,875)	(3,413)
Proceeds from Loan Payable Under Paycheck Protection Program	-	209,200
Net Cash Provided by Financing Activities	<u>75,725</u>	<u>130,787</u>
<b>NET CHANGE IN CASH</b>	(276,432)	139,920
Cash - Beginning of Year	<u>485,704</u>	<u>345,784</u>
<b>CASH - END OF YEAR</b>	<u>\$ 209,272</u>	<u>\$ 485,704</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 6,523</u>	<u>\$ 316</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Capital Assets Acquired With Capital Lease	<u>\$ -</u>	<u>\$ 10,274</u>

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and sponsored by Ball State University. In 2021 and 2020, the School served approximately 145 and 182 students, respectively, in grades prekindergarten to eighth by providing an alternative to the traditional elementary school program.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2021 and 2020.

**Accounts Receivable**

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

**Revenue Recognition**

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021, the School has one conditional grant that has not been recognized as revenue in the statement of activities because conditions have not been met. See Note 5.

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Grants Receivable and Revenue**

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

**Contributions, Grants, and Fees**

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

**Taxes on Income**

The School has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

**Property and Equipment**

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

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

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

**Impairment of Long-Lived Assets**

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Subsequent Events**

The School evaluated subsequent events through March 15, 2022, 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.

**NOTE 2 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Mortgage loan payable to Roman Catholic Diocese of Lafayette-in-Indiana, Inc., payable in equal annual installments of \$75,000 including interest at 0% through July 2021, secured by a mortgage of School facilities and all business assets	\$ -	\$ 150,000
Promissory note payable to IFF, payable in equal monthly installments of \$4,462 including interest at 5.25% secured by a mortgage of School facilities and all business assets	<u>228,600</u>	<u>-</u>
Total	228,600	150,000
Less: Current Portion	<u>(28,119)</u>	<u>(75,000)</u>
Long-Term Portion	<u>\$ 200,481</u>	<u>\$ 75,000</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 28,119
2023	44,063
2024	46,434
2025	48,966
2026	51,601
Thereafter	9,417
Total	<u>\$ 228,600</u>

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 PAYROLL PROTECTION PROGRAM LOAN**

On April 21, 2020, the Organization received a loan from Star Financial Bank in the amount of \$209,200 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 18 months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. On February 16, 2021, the SBA has formally forgiven the entire portion of the Organization's obligation under this PPP loan. Therefore, the Organization recognized \$209,200 in grant revenue in the statement of activities for the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Company's financial position.

**NOTE 4 LEASES**

The School leases various items of equipment under capital leases. At June 30, 2021, the cost and accumulated depreciation relating to these assets were \$14,582 and \$8,905, respectively (\$14,582 and \$6,620, respectively, at June 30, 2020).

Minimum future lease payments as of June 30, 2021 under capital leases and the present value of the net minimum lease payments are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 2,270
2023	2,215
2024	1,418
Total	<u>\$ 5,903</u>

**NOTE 5 REFUNDABLE ADVANCE**

During the year ended June 30, 2019, the School received a \$100,000 comprehensive counseling initiative implementation grant from the Lilly Endowment. The grant must be spent in accordance with the submitted budget and any funds not expended before June 30, 2022 must be returned. Accordingly, the revenue is recognized as approved expenditures are incurred. As of June 30, 2021 and 2020, \$23,670 and \$45,169, respectively, remained to be expended.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 6 RETIREMENT PLANS**

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2021 and 2020, the School contributed 7.0% and 7.0%, respectively, of compensation for eligible teaching personnel to TRF. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2020 (the latest year reported), TRF was more than 90% funded.

All other employees are eligible to participate in a School-sponsored section 403(b) plan. Under this plan, the School contributes 6% of compensation, as defined in the plan document. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2021 or 2020. Retirement plan expense under both plans was \$34,387 and \$45,928 for the years ended June 30, 2021 and 2020, respectively.

**NOTE 7 COMMITMENTS AND CONTINGENCIES**

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were \$30,079 and \$37,574 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2022, and is renewable thereafter by mutual consent.

The School terminated its lease on its facility at 1620 S. Madison Street, Muncie, Indiana effective June 30, 2016, citing landlord nonperformance. The lease was through June 30, 2018, and, as such, the School may be liable for remaining payments. On April 4, 2019, the School received an offer letter from the lessor, The Housing Authority of the City of Muncie, Indiana, to settle for payment in the amount of \$300,000. The School responded, via its attorney, on August 4, 2019, stating its opinion and offering to settle based on the following terms: (1) The Housing Authority of the City of Muncie, Indiana, would retain the original security deposit, and (2) the School tenders an additional lump sum payment of \$22,000. The Housing Authority of the City of Muncie, Indiana responded in January 2020 to settle in the amount of \$200,000. In April 2020, the School responded, via its attorney, that it would settle for \$35,000 plus the \$15,000 security deposit retention. The School recorded a contingent liability of \$35,000 and reduction of prepaid expense of \$15,000 for the proposed settlement during the year ended June 30, 2021. The total expense related to the proposed settlement recorded in the year ended June 30, 2021 was \$50,000. Subsequent to year end, a proposed settlement was accepted by The Housing Authority of the City of Muncie.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 8 RISKS AND UNCERTAINTIES**

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

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

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

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition funding. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

**NOTE 9 LIQUIDITY**

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and grants receivable. Financial assets at June 30, 2021 and 2020, totaled \$319,848 and \$513,331, respectively, all of which are available to meet cash needs for general expenditures within a year.

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 FUNCTIONAL EXPENSE REPORTING**

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
OTHER REPORT  
YEAR ENDED JUNE 30, 2021**

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

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

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**SCHEDULE OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	Inspire Academy Charter	Inspire Academy Pre-K	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 209,272	\$ -	\$ -	\$ 209,272
Accounts Receivable	110,776	-	-	110,776
Prepaid Expenses	27,217	-	-	27,217
Due from Pre-K	235,322	-	(235,322)	-
Total Current Assets	<u>582,587</u>	<u>-</u>	<u>(235,322)</u>	<u>347,265</u>
<b>PROPERTY AND EQUIPMENT, NET</b>				
Land	76,880	-	-	76,880
Buildings and Improvements	502,299	-	-	502,299
Furniture and Equipment	326,805	-	-	326,805
Textbooks	13,092	-	-	13,092
Vehicles	31,850	-	-	31,850
Less: Accumulated Depreciation	(343,648)	-	-	(343,648)
Property and Equipment, Net	<u>607,278</u>	<u>-</u>	<u>-</u>	<u>607,278</u>
Total Assets	<u>\$ 1,189,865</u>	<u>\$ -</u>	<u>\$ (235,322)</u>	<u>\$ 954,543</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Notes Payable	\$ 28,119	\$ -	\$ -	\$ 28,119
Current Portion of Capital Lease Obligations	2,270	-	-	2,270
Accounts Payable and Accrued Expenses	133,240	-	-	133,240
Refundable Advances	23,670	-	-	23,670
Due to Charter School	-	235,322	(235,322)	-
Total Current Liabilities	<u>187,299</u>	<u>235,322</u>	<u>(235,322)</u>	<u>187,299</u>
<b>LONG-TERM LIABILITIES</b>				
Notes Payable, Net of Current Portion	200,481	-	-	200,481
Capital Lease Obligations, Net of Current Portion	3,633	-	-	3,633
Total Long-Term Liabilities	<u>204,114</u>	<u>-</u>	<u>-</u>	<u>204,114</u>
Total Liabilities	391,413	235,322	(235,322)	391,413
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>798,452</u>	<u>(235,322)</u>	<u>-</u>	<u>563,130</u>
Total Liabilities and Net Assets	<u>\$ 1,189,865</u>	<u>\$ -</u>	<u>\$ (235,322)</u>	<u>\$ 954,543</u>

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Inspire Academy Charter	Inspire Academy Pre-K	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 1,165,668	\$ -	\$ 1,165,668
Grant Revenue	699,748	-	699,748
Student Fees	7,253	-	7,253
Contributions	33,338	2,300	35,638
Fundraising and Other Income	44,597	40	44,637
Total Revenue and Support	<u>1,950,604</u>	<u>2,340</u>	<u>1,952,944</u>
<b>EXPENSES</b>			
Program Services	1,138,654	51,999	1,190,653
Management and General	606,808	1,635	608,443
Total Expenses	<u>1,745,462</u>	<u>53,634</u>	<u>1,799,096</u>
<b>CHANGES IN NET ASSETS</b>	205,142	(51,294)	153,848
Net Assets - Beginning of Year	<u>593,310</u>	<u>(184,028)</u>	<u>409,282</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 798,452</u>	<u>\$ (235,322)</u>	<u>\$ 563,130</u>

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