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STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513

Fax: (317) 232-4711

Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 Supplemental Audit Report for Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. In our opinion, the Supplemental Audit Report was prepared in accordance with the guidelines established by the State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 4. Management's response is on pages 6 through 9.

The Supplemental Audit Report and associated audited Financial Statements 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

**SUPPLEMENTAL AUDIT REPORT**  
**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**DELAWARE COUNTY, INDIANA**  
**JULY 1, 2020 TO JUNE 30, 2021**



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**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
DELAWARE COUNTY, INDIANA  
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JULY 1, 2020 TO JUNE 30, 2021**

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**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
DELAWARE COUNTY, INDIANA  
SCHOOL OFFICIALS  
JULY 1, 2020 TO JUNE 30, 2021**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Leslie Draper	2012 – June 2018, October 2018 – Present
Financial Manager	Brittany Pickett	August 2019 – Present
Board President	Dr. Thomas Schroeder	May 2015 – Present
Board Treasurer	David Wentland	July 2020 – Present



CliftonLarsonAllen LLP  
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## INDEPENDENT AUDITORS' REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Inspire Academy, as of and for the year ended June 30, 2021, and have issued our report thereon dated March 15, 2022. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 15, 2022

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.**  
**DBA: INSPIRE ACADEMY**  
**DELAWARE COUNTY, INDIANA**  
**AUDIT RESULTS AND COMMENTS**  
**JULY 1, 2020 TO JUNE 30, 2021**

**PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)**

An audit adjustment to record an estimated liability accrual for \$50,000 was detected as a result of audit procedures related to properly recording a reasonably possible and reasonably estimated liability and the related expense. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around cut-off of revenues and receivables are an important element of internal controls.

Indiana Code 20-24-7-1 requires each charter school to report on the GAAP basis of accounting, which requires internal controls to be established by the school to ensure accurate financial reporting.

**AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT**

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. The School did not maintain consistent and complete enrollment records for fifty-four (54) of the one-hundred-forty-five (145) students tested for enrollment.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

**AVERAGE DAILY MAINTENANCE (ADM) TESTING – ATTENDANCE**

The School adopted a student calendar for the 2020-2021 school year that included scheduled student holidays on both the Fall 2020 and Spring 2021 ADM count dates as established by the Indiana State Board of Education (SBOE). Indiana Department of Education (IDOE) instructions for reporting ADM for funding purposes state that "Students not enrolled and attending on Fall or Spring count dates are not reported on membership. Students may be counted for the Fall or Spring if they are enrolled and expected to be in attendance". By scheduling a school holiday on an official count date, the school is not in compliance with the IDOE's count instructions which may disqualify them for funding for any students as the students did not meet the definition of "expected to be in attendance" on the count date because no student is expected to be in attendance on a scheduled school holiday. This resulted in expanded and alternative testing of students for proper attendance by observing attendance for a period of 10 days leading up to the Fall and Spring count dates and in some cases for attendance on the 10 days following the Fall and Spring count dates.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
DELAWARE COUNTY, INDIANA  
AUDIT RESULTS AND COMMENTS  
JULY 1, 2020 TO JUNE 30, 2021**

**AVERAGE DAILY MAINTENANCE (ADM) TESTING – ATTENDANCE (CONTINUED)**

Two (2) of the one-hundred-forty-five (145) students tested for attendance in the fall and four (4) of the one-hundred-twenty-seven (127) students tested for the spring had no record of attendance of the 10 days tested prior to or subsequent to count date for applicable term.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an “eligible pupil”. An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: “‘Eligible pupil’ refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1”. IC 20-43-1-11.5 defines “Enrolled” as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines “Attending” as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Due to the attendance issues reported above, school officials need contact the Indiana Department of Education, Division of School Finance, to review the issues identified and determine if any steps to need to be taken to correct any attendance reporting or funding issues.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.  
DBA: INSPIRE ACADEMY  
DELAWARE COUNTY, INDIANA  
EXIT CONFERENCE  
JULY 1, 2020 TO JUNE 30, 2021**

The contents of this report were discussed with Brittany Pickett, Financial Manager, Leslie Draper, Executive Director, Dr. Thomas Schroeder, Board President, and David Wentland, Board Treasurer, on December 21, 2021. The officials concurred with our audit findings. The Official Response has been made a part of this report and may be found on page 6.



February 8, 2022

CliftonLarsonAllen LLP  
9365 Counselors Row, Suite 200  
Indianapolis, IN 46240

Detailed below is the Official Response to Audit Results and Comments relative to the review of Muncie Public Charter School of Inquiry, Inc.'s (the School") compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State of Accounts.

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

Audit Results and Comment: An audit adjustment to record an estimated liability accrual for \$50,000 was detected as a result of audit procedures related to properly recording a reasonably possible and reasonably estimated liability and the related expense. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around cut-off of revenues and receivables are an important element of internal controls.

Indiana Code 20-24-7-1 requires each charter school to report on the GAAP basis of accounting, which requires internal controls to be established by the school to ensure accurate financial reporting.

Response: The estimated liability accrual had not been solidified at the time of the audit and so the amount had not been accounted for at that time. Once the liability has been solidified, the School will account for the liability accrual amount in the financials. The School will also consult with the account firm Milestone for proper GAAP compliance moving forward.

AVERAGE DAILY MAINTENANCE (ADM) TESTING – ENROLLMENT

Audit Results and Comment: Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written a policy stating the documents required to be obtained at

enrollment. The School did not maintain consistent and complete enrollment records for fifty-four (54) of the one-hundred-forty-five (145) students tested for enrollment.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "Eligible pupil" refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

Response: While there is a process in place for new student enrollment, the School is faced with the challenge of accepting all students with or without proper documentation in accordance with the McKinney-Vento Act. Additionally, the School was using secondary confirmation of student date of birth (DOB), such as vaccination records. The School will discontinue this process and pursue birth certificates in a more aggressive manner to verify student DOB. The School will also continue to implement the enrollment process consistently and collect information and documentation as a part of that process.

#### AVERAGE DAILY MAINTENANCE (ADM) TESTING – ATTENDANCE

Audit Results and Comment: The School adopted a student calendar for the 2020-2021 school year that included scheduled student holidays on both the Fall 2020 and Spring 2021 ADM count dates as established by the Indiana State Board of Education (SBOE). Indiana Department of Education (IDOE) instructions for reporting ADM for funding purposes state that "Students not enrolled and attending on Fall or Spring count dates are not reported on membership. Students may be counted for the Fall or Spring if they are enrolled and expected to be in attendance". By scheduling a school holiday on an official count date the school is not in compliance with the IDOE's count instructions which may disqualify them for funding for any students as the students did not meet the definition of "expected to be in attendance" on the count date because no student is expected to be in attendance on a scheduled school holiday. This resulted in expanded and alternative testing of students for proper attendance by observing attendance for a period of 10 days leading up to the Fall and Spring count dates and in some cases for attendance on the 10 days following the Fall and Spring count dates.

Three (3) of the one-hundred-forty-five (145) students tested for attendance in the fall and ten (10) of the one-hundred-twenty-seven (127) had no record of attendance of the 10 days tested prior to and subsequent to count date for applicable term.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1". IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Due to the attendance issues reported above, school officials need to contact the Indiana Department of Education, Division of School Finance, to review the issues identified and determine if any steps need to be taken to correct any attendance reporting or funding issues.

Response: The school calendar Inspire Academy was the local district calendar of Muncie Community Schools. Since this audit feedback came out after the start of the 2021-2022, the school calendar mirrored the local district calendar in 2021-2022 as well, so "scheduling a school holiday on an official count date" will be reflected in the 2021-2022 audit as well. Since receiving this feedback from the auditors, the Inspire Academy Board of Directors has voted to adopt an independent school calendar that does not align with the district, effective starting the 2022-2023 school year.

In regards to "Three (3) of the one-hundred-forty-five (145) students tested for attendance in the fall and ten (10) of the one-hundred-twenty-seven (127) had no record of attendance of the 10 days tested prior to and subsequent to count date for applicable term," this is a direct result of the COVID-19 pandemic. During the 2020-2021 school years, families could elect extended eLearning over onsite learning for pandemic mitigation purposes. With approximately, one third ( $\frac{1}{3}$ ) of our students electing eLearning in the 2020-2021 school year, three students with severe attendance issues surrounding fall count date is a very low number in light of the extenuating circumstances caused by the COVID-19 pandemic. The increased number of ten (10) students exhibiting severe attendance issues surrounding the winter count date is a direct result of us going on schoolwide eLearning surrounding that count date, such that families who have

challenges engaging remotely did not have access to onsite learning for a window of time during the winter of 2020-2021. This decision was due to escalated infection and hospitalization numbers in our county, as well as the death of an individual closely tied to our school community, caused by COVID-19.

A handwritten signature in black ink, appearing to read "Leslie Draper", with a long, sweeping underline.

Leslie Draper  
Executive Director  
Inspire Academy- A School of Inquiry  
2801 E. 16th St.  
Muncie, IN 47302

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