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August 26, 2022

Charter School Board  
Indiana Online Learning Options, Inc.  
6640 Intech Blvd, Ste 250  
Indianapolis, IN 46278

We have reviewed the audit report of Indiana Online Learning Options, Inc. which was opined upon by CliftonLarsonAllen LLP, 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 Indiana Online Learning Options, Inc. 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 Indiana Online Learning Options, Inc., 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

**INDIANA ONLINE LEARNING OPTIONS, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

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



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Indiana Online Learning Options, Inc.  
Indianapolis, Indiana

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

We have audited the accompanying financial statements of Indiana Online Learning Options, Inc., which comprise the statement of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 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.

**Opinion**

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

**Other Matters**

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of financial position by school on pages 14 and 15 and the schedules of activities and change in net assets by school on pages 16 and 17 are presented for purposes of additional analysis and are 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.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2022, on our consideration of Indiana Online Learning Options, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Indiana Online Learning Options, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Indiana Online Learning Options, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 7, 2022

**INDIANA ONLINE LEARNING OPTIONS, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 8,111,726	\$ 6,677,067
State Tuition Support Receivable	-	74,076
Grants Receivable	2,274,982	1,775,391
Total Current Assets	10,386,708	8,526,534
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold Improvements	95,900	4,568
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(95,401)	(86,146)
Property and Equipment, Net	95,443	13,366
Total Assets	\$ 10,482,151	\$ 8,539,900
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Due to Connections Academy of Indiana, LLC	\$ 9,097,878	\$ 7,427,954
Accounts Payable and Accrued Expenses	1,310,645	1,002,171
Deferred Revenue	41,714	23,820
Total Current Liabilities	10,450,237	8,453,945
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	31,914	85,955
Total Liabilities and Net Assets	\$ 10,482,151	\$ 8,539,900

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 43,317,901	\$ 33,506,904
Grant Revenue	<u>3,936,629</u>	<u>2,264,751</u>
Total Revenue and Support	47,254,530	35,771,655
<b>EXPENSES</b>		
Program Services	39,976,791	31,112,089
Management and General	<u>7,331,780</u>	<u>4,602,876</u>
Total Expenses	<u>47,308,571</u>	<u>35,714,965</u>
<b>CHANGES IN NET ASSETS</b>	(54,041)	56,690
Net Assets - Beginning of Year	<u>85,955</u>	<u>29,265</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 31,914</u>	<u>\$ 85,955</u>

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
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	\$ 12,445,931	\$ -	\$ 12,445,931	\$ 9,465,587	\$ -	\$ 9,465,587
Employee Benefits	3,778,701	-	3,778,701	2,762,950	-	2,762,950
Staff Development and Recruitment	1,079,568	26,353	1,105,921	567,617	1,945	569,562
Authorizer Fees	-	1,163,780	1,163,780	-	875,202	875,202
Professional Services	753,839	253,930	1,007,769	977,629	361,823	1,339,452
School Administration and Support Services	5,405,258	4,751,033	10,156,291	5,108,840	2,971,304	8,080,144
Classroom and Office Supplies	9,254,730	25,339	9,280,069	6,484,005	-	6,484,005
Technology	6,083,322	-	6,083,322	4,859,643	-	4,859,643
Testing	958,868	-	958,868	553,780	-	553,780
Occupancy	123,652	-	123,652	163,727	-	163,727
Travel	11,837	-	11,837	98,242	-	98,242
Depreciation	9,253	-	9,253	12,896	-	12,896
Equipment	16,505	-	16,505	9,593	-	9,593
Repairs and Maintenance	3,514	-	3,514	2,922	-	2,922
Insurance	-	11,952	11,952	-	5,816	5,816
Other	51,813	1,099,393	1,151,206	44,658	386,786	431,444
<b>Total Functional Expenses</b>	<b><u>\$ 39,976,791</u></b>	<b><u>\$ 7,331,780</u></b>	<b><u>\$ 47,308,571</u></b>	<b><u>\$ 31,112,089</u></b>	<b><u>\$ 4,602,876</u></b>	<b><u>\$ 35,714,965</u></b>

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ (54,041)	\$ 56,690
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	9,253	12,896
Provision for Uncollectible Receivables	-	3,848,885
Changes in Operating Assets and Liabilities:		
State Tuition Receivable	74,076	(74,076)
Grants Receivable	(499,591)	(566,734)
Due to Connections Academy of Indiana, LLC	1,669,924	(2,982,931)
Accounts Payable and Accrued Expenses	308,474	125,007
Deferred Revenue	17,894	23,820
Net Cash Provided by Operating Activities	1,525,989	443,557
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(91,330)	-
<b>NET CHANGE IN CASH</b>	1,434,659	443,557
Cash - Beginning of Year	6,677,067	6,233,510
<b>CASH - END OF YEAR</b>	\$ 8,111,726	\$ 6,677,067

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Indiana Online Learning Options, Inc. (IOL) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana, and is the governing body of two virtual public charter schools, Indiana Connections Academy (INCA) and Indiana Connections Career Academy (INCC). The 2017-2018 school year was the first year of operations for INCC. Both INCA and INCC (together referred to as the Schools) operate under Indiana Code 20-24 and are sponsored by Ball State University. The Schools are available to students residing in the state of Indiana and provide educational instruction to approximately 7,080 students in grades kindergarten through 12.

**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.

**Revenue Recognition**

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, IOL 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 IOL's revenue is the product of cost reimbursement grants. Therefore, IOL 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, 2021, IOL does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

**Grants Revenue**

IOL receives income from grants and contributions 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. There were no such restricted revenues during the years ended June 30, 2021 and 2020.

**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, 2021 and 2020.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

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

**Grants and State Tuition Support Receivable**

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the State of Indiana. IOL believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. IOL believes that all balances will be collected.

Amounts receivable from the state of Indiana for education support reflect the following amounts as of June 30, 2021 and 2020:

	2021	2020
Tuition Support	\$ -	\$ 74,076
Special Education Grant	-	-
Subtotal	\$ -	\$ 74,076

**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:

Leasehold Improvements	3 to 7 Years
Furniture and Equipment	5 to 7 Years

**Impairment of Long-Lived Assets**

On an ongoing basis, IOL 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.

**Taxes on Income**

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

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Taxes on Income (Continued)**

Professional accounting standards require IOL to recognize a tax liability only if it is more likely than not the tax position would not 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. IOL has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of IOL are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. IOL is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

**Subsequent Events**

The School evaluated subsequent events through June 21, 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 RETIREMENT PLANS**

IOL's personnel are eligible to participate in a 401(k) retirement plan sponsored by Pearson Online & Blended Learning, LLC. Under the plan, IOL matches 100% of employee contributions up to 3% of compensation and 50% of employee contributions for the next 3% of compensation. IOL may also make additional discretionary contributions. No discretionary contributions were made in 2021 and 2020. Retirement plan expense for the years ended June 30, 2021 and 2020 was \$228,621 and \$189,254, respectively.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 LEASE**

IOL leases its facilities under an operating lease through August 30, 2026. Expense under the lease for the years ended June 30, 2021 and 2020 was \$123,652 and \$163,727, respectively. Future minimum lease obligations under this lease are as follows for the years ending June 30:

<u>Years Ending June 30,</u>	<u>Amount</u>
2022	\$ 40,755
2023	41,800
2024	42,845
2025	43,890
2026	44,935
Thereafter	7,664
Total	<u>\$ 221,889</u>

**NOTE 4 COMMITMENTS**

INCA and INCC operate under a single charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, IOL agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$1,163,780 and \$875,202 for the years ended June 30, 2021 and 2020, respectively. The charters remain in effect until June 30, 2026 and are renewable thereafter by mutual consent.

IOL has contracted with Connections Academy of Indiana, LLC to provide instructional materials and services as well as administrative and technology services to IOL. As compensation for these services, IOL negotiates a schedule of fees for services for each year of the term of agreement, which remains in effect until June 30, 2026.

Connections Academy of Indiana, LLC has agreed to make a contribution and/or issue credits against the amounts billed for services and products provided, if needed, to ensure that IOL does not end a fiscal year with a financial deficit. The total contribution was \$115,227 and \$294,604 for the years ended June 30, 2021 and 2020, respectively, and the credits issued to IOL were \$748,626 and \$3,016,936 for the years ended June 30, 2021 and 2020, respectively.

Such fees were as follows for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Enrollment/Unit-Based Fees	\$ 18,324,789	\$ 15,937,181
Revenue-Based Fees	10,210,665	8,635,063
Total	28,535,454	24,572,244
Less: Total Contribution and Credits Issues	(863,853)	(3,311,540)
Net Fees	<u>\$ 27,671,601</u>	<u>\$ 21,260,704</u>

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 RISKS AND UNCERTAINTIES**

IOL provides educational instruction services in a virtual school environment to families residing in Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

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

Financial instruments that potentially subject IOL to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, substantially all of the receivable balance was due from the state of Indiana.

IOL primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, IOL has not experienced losses in any of these accounts.

The Coronavirus Disease (COVID-19) pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the IOL, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increased demand for virtual learning options. 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 6 LIQUIDITY**

Under ASU 2016-14, IOL 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. IOL's financial assets include cash and grants receivable. Financial assets at June 30, 2021 and 2020 totaling \$10,386,708 and \$8,526,534, respectively, all of which are available to meet cash needs for general expenditures within the next year.

From time to time, IOL receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, IOL 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 IOL'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.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7   FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and changes in net assets. Management of IOL 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 was required.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
OTHER REPORT  
YEAR ENDED JUNE 30, 2021**

The report presented herein was prepared in addition to another official report prepared for IOL as listed below:

Supplemental Audit Report of Indiana Online Learning Options, Inc.

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

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Indiana Connections Academy</u>	<u>Indiana Connections Career Academy</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 7,448,093	\$ 663,633	\$ 8,111,726
Grants Receivable	2,120,367	154,615	2,274,982
Due from (to) Intercompany	57,713	(57,713)	-
Total Current Assets	<u>9,626,173</u>	<u>760,535</u>	<u>10,386,708</u>
<b>PROPERTY AND EQUIPMENT, NET</b>			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(95,401)	-	(95,401)
Property and Equipment, Net	<u>95,443</u>	<u>-</u>	<u>95,443</u>
Total Assets	<u>\$ 9,721,616</u>	<u>\$ 760,535</u>	<u>\$ 10,482,151</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Due to Connections Academy of Indiana, LLC	\$ 8,482,991	\$ 614,887	\$ 9,097,878
Accounts Payable and Accrued Expenses	1,183,675	126,970	1,310,645
Deferred Revenue	33,777	7,937	41,714
Total Current Liabilities	<u>9,700,443</u>	<u>749,794</u>	<u>10,450,237</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>21,173</u>	<u>10,741</u>	<u>31,914</u>
Total Liabilities and Net Assets	<u>\$ 9,721,616</u>	<u>\$ 760,535</u>	<u>\$ 10,482,151</u>

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Indiana Connections Academy</u>	<u>Indiana Connections Career Academy</u>	<u>Total</u>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 6,320,053	\$ 357,014	\$ 6,677,067
State Tuition Support Receivable	74,076	-	74,076
Grants Receivable	1,674,292	101,099	1,775,391
Due from (to) Intercompany	5,605	(5,605)	-
Total Current Assets	<u>8,074,026</u>	<u>452,508</u>	<u>8,526,534</u>
<b>PROPERTY AND EQUIPMENT, NET</b>			
Leasehold Improvements	4,568	-	4,568
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(86,146)	-	(86,146)
Property and Equipment, Net	<u>13,366</u>	<u>-</u>	<u>13,366</u>
Total Assets	<u>\$ 8,087,392</u>	<u>\$ 452,508</u>	<u>\$ 8,539,900</u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Due to Connections Academy of Indiana, LLC	\$ 7,130,102	\$ 297,852	\$ 7,427,954
Accounts Payable and Accrued Expenses	914,626	87,545	1,002,171
Deferred Revenue	23,820	-	23,820
Total Current Liabilities	<u>8,068,548</u>	<u>385,397</u>	<u>8,453,945</u>
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>18,844</u>	<u>67,111</u>	<u>85,955</u>
Total Liabilities and Net Assets	<u>\$ 8,087,392</u>	<u>\$ 452,508</u>	<u>\$ 8,539,900</u>

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL**  
**YEAR ENDED JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 40,122,085	\$ 3,195,816	\$ 43,317,901
Grant Revenue	3,632,465	304,164	3,936,629
Total Revenue and Support	<u>43,754,550</u>	<u>3,499,980</u>	<u>47,254,530</u>
<b>EXPENSES</b>			
Program Services	36,776,736	3,200,055	39,976,791
Management and General	6,975,485	356,295	7,331,780
Total Expenses	<u>43,752,221</u>	<u>3,556,350</u>	<u>47,308,571</u>
<b>CHANGES IN NET ASSETS</b>	2,329	(56,370)	(54,041)
Net Assets - Beginning of Year	<u>18,844</u>	<u>67,111</u>	<u>85,955</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 21,173</u>	<u>\$ 10,741</u>	<u>\$ 31,914</u>

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL**  
**YEAR ENDED JUNE 30, 2020**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 31,421,362	\$ 2,085,542	\$ 33,506,904
Grant Revenue	2,128,426	136,325	2,264,751
Total Revenue and Support	<u>33,549,788</u>	<u>2,221,867</u>	<u>35,771,655</u>
<b>EXPENSES</b>			
Program Services	29,108,699	2,003,390	31,112,089
Management and General	4,439,401	163,475	4,602,876
Total Expenses	<u>33,548,100</u>	<u>2,166,865</u>	<u>35,714,965</u>
<b>CHANGES IN NET ASSETS</b>	1,688	55,002	56,690
Net Assets - Beginning of Year	<u>17,156</u>	<u>12,109</u>	<u>29,265</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 18,844</u>	<u>\$ 67,111</u>	<u>\$ 85,955</u>



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
Indiana Online Learning Options, Inc.  
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Online Learning Options, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Indiana Online Learning Options, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Indiana Online Learning Options, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Indiana Online Learning Options, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Indiana Online Learning Options, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 7, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND  
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Indiana Online Learning Options, Inc.  
Indianapolis, Indiana

**Report on Compliance for Each Major Federal Program**

We have audited Indiana Online Learning Options, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Indiana Online Learning Options, Inc.'s major federal programs for the year ended June 30, 2021. Indiana Online Learning Options, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Indiana Online Learning Options, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Indiana Online Learning Options, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Indiana Online Learning Options, Inc.'s compliance.

***Opinion on Each Major Federal Program***

In our opinion, Indiana Online Learning Options, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

### **Report on Internal Control Over Compliance**

Management of Indiana Online Learning Options, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Indiana Online Learning Options, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Indiana Online Learning Options, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

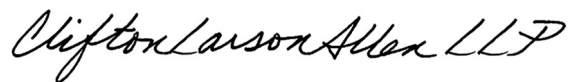
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Board of Directors  
Indiana Online Learning Options, Inc.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of Indiana Online Learning Options, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated January 7, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
June 21, 2022

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2021**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. Department of Education:</b>			
Passed-Through from Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A200014	\$ 795,522
Title I Grants to Local Educational Agencies	84.010	S010A200015	179,384
Title I Grants to Local Educational Agencies	84.010	S010A190014	56,439
Title I Grants to Local Educational Agencies	84.010	18611-001-PN01	23,470
Total Assistance Listing Number 84.010			<u>1,054,815</u>
Special Education Cluster (IDEA)			
Passed-Through from Indiana Department of Education:			
Special Education Grants to States	84.027	20611-546-PN01	801,851
Special Education Grants to States	84.027	H027A190084	65,164
Total Assistance Listing Number 84.027			<u>867,015</u>
Special Education Preschool Grants	84.173	20619-546-PN01	13,031
Total Special Education Cluster (IDEA)			<u>880,046</u>
Passed-Through from Indiana Department of Education:			
English Language Acquisition State Grants	84.365	N/A	7,111
Passed-Through from Indiana Department of Education:			
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A190013	5,809
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A200013	143,503
Total Assistance Listing Number 84.367			<u>149,312</u>
Passed-Through from Indiana Department of Education:			
Student Support and Academic Enrichment Program	84.424	S424A120015	27,460
Student Support and Academic Enrichment Program	84.424	S424A200015	10,847
Total Assistance Listing Number 84.424			<u>38,307</u>
Passed-Through from Indiana Department of Education:			
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	24,888
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	35,021
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	643,971
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	406,876
Total Assistance Listing Number 84.425			<u>1,110,756</u>
Total U.S. Department of Education			<u>3,240,347</u>
Total Expenditures of Federal Awards			<u>\$ 3,240,347</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Indiana Online Learning Options, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of IOL, it is not intended to and does not present the financial position, changes in net assets, or cash flows of IOL.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

IOL has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 4 SUBRECIPIENTS**

IOL did not make any federal awards to subrecipients for the year ending June 30, 2021.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021  
(SEE INDEPENDENT AUDITORS' REPORT)**

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**Section I – Summary of Auditors' Results**

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**Financial Statements**

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

**Identification of Major Federal Programs**

**CFDA Number(s)**

84.425

**Name of Federal Program or Cluster**

Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

  x   yes      \_\_\_\_\_ no

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

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***Section II – Financial Statement Findings***

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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

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