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December 7, 2022

Charter School Board  
Aspire Charter Academy, Inc.  
4900 W. 15<sup>th</sup> Avenue  
Gary, IN 46406

We have reviewed the audit report of Aspire Charter Academy, 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 Aspire Charter Academy, 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 Aspire Charter Academy, 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

**ASPIRE CHARTER  
ACADEMY, INC.**



**Financial Statements and Supplementary  
Information**

**Years Ended June 30, 2021 and 2020**

**NATIONAL  
HERITAGE  
ACADEMIES** 

**ASPIRE CHARTER ACADEMY, INC.**  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Aspire Charter Academy, Inc.  
Gary, Indiana

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

We have audited the accompanying financial statements of Aspire Charter Academy, Inc., which comprise the statements 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 audits. We conducted our audits 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.

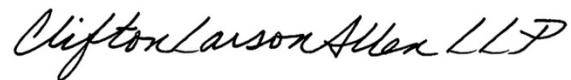
Board of Directors  
Aspire Charter Academy, Inc.

***Opinion***

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2022, on our consideration of Aspire Charter Academy, 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 Aspire Charter Academy, 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 Aspire Charter Academy, Inc.'s internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 14, 2022

**ASPIRE CHARTER ACADEMY, INC.**

**STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

|   | <b>2021</b>         | <b>2020</b>         |
|---|---------------------|---------------------|
| <b>ASSETS</b>   |                     |                     |
| CURRENT ASSETS:                                       |                     |                     |
| Cash  | \$ 2,246,136        | \$ 1,536,248        |
| Due from governmental revenue sources                 | <u>529,172</u>      | <u>190,845</u>      |
| Total current assets                                  | <u>2,775,308</u>    | <u>1,727,093</u>    |
| NON-CURRENT ASSETS:                                   |                     |                     |
| Capital assets  | 141,030             | 191,883             |
| Less accumulated depreciation                         | <u>(129,144)</u>    | <u>(169,635)</u>    |
| Total capital assets, net of accumulated depreciation | <u>11,886</u>       | <u>22,248</u>       |
| TOTAL   | <u>\$ 2,787,194</u> | <u>\$ 1,749,341</u> |
| <b>LIABILITIES AND NET ASSETS</b>                     |                     |                     |
| LIABILITIES:  |                     |                     |
| Accounts payable                                      | \$ 3,791            | \$ -                |
| Deferred revenue                                      | 7,101               | 7,902               |
| Contracted service fee payable                        | <u>2,726,177</u>    | <u>1,682,941</u>    |
| Total liabilities                                     | <u>2,737,069</u>    | <u>1,690,843</u>    |
| NET ASSETS:   |                     |                     |
| Net assets without donor restrictions                 | <u>50,125</u>       | <u>58,498</u>       |
| TOTAL   | <u>\$ 2,787,194</u> | <u>\$ 1,749,341</u> |

See independent auditors' report and notes to the financial statements.

**ASPIRE CHARTER ACADEMY, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2021 AND 2020**

|   | 2021                 | 2020                 |
|---|----------------------|----------------------|
| REVENUES AND SUPPORT:                     |                      |                      |
| State aid                                 | \$ 5,030,122         | \$ 4,853,149         |
| Other state sources                       | 983,154              | 906,108              |
| Federal sources                           | 1,816,755            | 1,485,898            |
| Private sources                           | 47,523               | 49,036               |
| In-kind contribution — NHA                | <u>232,834</u>       | <u>286,368</u>       |
| <br>Total revenues and support            | <br><u>8,110,388</u> | <br><u>7,580,559</u> |
| <br>EXPENSES:                             |                      |                      |
| Contracted service fee                    | 8,075,391            | 7,545,560            |
| Depreciation                              | 9,167                | 15,400               |
| Loss on abandonment of asset              | 1,195                | -                    |
| Board expenses                            | <u>33,008</u>        | <u>15,896</u>        |
| <br>Total expenses                        | <br><u>8,118,761</u> | <br><u>7,576,856</u> |
| <br>CHANGE IN NET ASSETS                  | <br>(8,373)          | <br>3,703            |
| <br>NET ASSETS WITHOUT DONOR RESTRICTION: |                      |                      |
| Beginning of year                         | <u>58,498</u>        | <u>54,795</u>        |
| <br>End of year                           | <br><u>\$ 50,125</u> | <br><u>\$ 58,498</u> |

See independent auditors' report and notes to the financial statements.

## ASPIRE CHARTER ACADEMY, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021 WITH COMPARATIVE TOTALS FOR JUNE 30, 2020

|                                     | 2021                |                        | 2020                |                     |
|-------------------------------------|---------------------|------------------------|---------------------|---------------------|
|                                     | Program Services    | Management and General | Total               | Total               |
| Contracted service fee:             |                     |                        |                     |                     |
| Salaries and wages                  | \$ 3,253,724        | \$ -                   | \$ 3,253,724        | \$ 2,953,204        |
| Retirement contributions            | 49,022              | -                      | 49,022              | 42,041              |
| Other employee benefits             | 655,612             | -                      | 655,612             | 582,480             |
| Payroll taxes                       | 251,230             | -                      | 251,230             | 228,721             |
| Accounting fees                     | 8,256               | 62,535                 | 70,791              | 69,750              |
| Curriculum, textbooks, and supplies | 371,196             | -                      | 371,196             | 158,668             |
| Postage and shipping                | 3,663               | -                      | 3,663               | 5,780               |
| Occupancy                           | 1,572,799           | 10,920                 | 1,583,719           | 1,547,081           |
| Food service                        | 101,400             | -                      | 101,400             | 420,126             |
| Equipment rental and maintenance    | 167,590             | -                      | 167,590             | 20,836              |
| Printing and publications           | 15,651              | -                      | 15,651              | 18,693              |
| Travel                              | 1,766               | -                      | 1,766               | 5,456               |
| Conferences and meetings            | 19,561              | -                      | 19,561              | 71,302              |
| Professional fees                   | 639,816             | -                      | 639,816             | 505,591             |
| Instructional support               | -                   | 126,265                | 126,265             | 134,053             |
| Academic and general support        | -                   | 220,358                | 220,358             | 239,810             |
| Enrollment and parent relations     | -                   | 40,773                 | 40,773              | 45,791              |
| Board support                       | -                   | 61,725                 | 61,725              | 61,784              |
| Human resources                     | -                   | 102,038                | 102,038             | 117,689             |
| Support services                    | -                   | 28,594                 | 28,594              | 28,591              |
| Technology                          | 15,256              | 91,995                 | 107,251             | 98,411              |
| Marketing and business development  | 134,474             | 28,053                 | 162,527             | 142,187             |
| Insurance                           | 23,414              | -                      | 23,414              | 24,606              |
| Miscellaneous                       | 17,705              | -                      | 17,705              | 22,909              |
| Total contracted service fee        | 7,302,135           | 773,256                | 8,075,391           | 7,545,560           |
| Depreciation                        | 9,167               | -                      | 9,167               | 15,400              |
| Loss on abandonment of assets       | 1,195               | -                      | 1,195               | -                   |
| Expenses of Board of Directors      | 33,008              | -                      | 33,008              | 15,896              |
| Total expenses                      | <u>\$ 7,345,505</u> | <u>\$ 773,256</u>      | <u>\$ 8,118,761</u> | <u>\$ 7,576,856</u> |

See independent auditors' report and notes to the financial statements.

## ASPIRE CHARTER ACADEMY, INC.

### STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

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|                                     | 2020                |                           |                     |
|-------------------------------------|---------------------|---------------------------|---------------------|
|                                     | Program<br>Services | Management<br>and General | Total               |
| Contracted service fee:             |                     |                           |                     |
| Salaries and wages                  | \$ 2,953,204        | \$ -                      | \$ 2,953,204        |
| Retirement contributions            | 42,041              | -                         | 42,041              |
| Other employee benefits             | 582,480             | -                         | 582,480             |
| Payroll taxes                       | 228,721             | -                         | 228,721             |
| Accounting fees                     | 4,248               | 65,502                    | 69,750              |
| Curriculum, textbooks, and supplies | 158,668             | -                         | 158,668             |
| Postage and shipping                | 5,780               | -                         | 5,780               |
| Occupancy                           | 1,535,007           | 12,074                    | 1,547,081           |
| Food service                        | 420,126             | -                         | 420,126             |
| Equipment rental and maintenance    | 20,836              | -                         | 20,836              |
| Printing and publications           | 18,693              | -                         | 18,693              |
| Travel                              | 5,456               | -                         | 5,456               |
| Conferences and meetings            | 71,302              | -                         | 71,302              |
| Professional fees                   | 505,591             | -                         | 505,591             |
| Instructional support               | -                   | 134,053                   | 134,053             |
| Academic and general support        | -                   | 239,810                   | 239,810             |
| Enrollment and parent relations     | -                   | 45,791                    | 45,791              |
| Board support                       | -                   | 61,784                    | 61,784              |
| Human resources                     | -                   | 117,689                   | 117,689             |
| Support services                    | -                   | 28,591                    | 28,591              |
| Technology                          | 13,012              | 85,399                    | 98,411              |
| Marketing and business development  | 105,283             | 36,904                    | 142,187             |
| Insurance                           | 24,606              | -                         | 24,606              |
| Miscellaneous                       | 22,909              | -                         | 22,909              |
| Total contracted service fee        | 6,717,963           | 827,597                   | 7,545,560           |
| Depreciation                        | 15,400              | -                         | 15,400              |
| Expenses of Board of Directors      | 15,896              | -                         | 15,896              |
| Total expenses                      | <u>\$ 6,749,259</u> | <u>\$ 827,597</u>         | <u>\$ 7,576,856</u> |

See independent auditors' report and notes to the financial statements.

## ASPIRE CHARTER ACADEMY, INC.

### STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

|   | 2021                | 2020                |
|---|---------------------|---------------------|
| <b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>   |                     |                     |
| State aid   | \$ 4,848,796        | \$ 4,860,876        |
| Other state sources   | 983,154             | 906,108             |
| Federal sources   | 1,659,755           | 1,489,289           |
| Private sources   | 46,721              | 50,622              |
| Payments for services rendered  | <u>(6,828,538)</u>  | <u>(7,077,480)</u>  |
| <br>  |                     |                     |
| NET INCREASE IN CASH  | 709,888             | 229,415             |
| <br>  |                     |                     |
| CASH — Beginning of year  | <u>1,536,248</u>    | <u>1,306,833</u>    |
| <br>  |                     |                     |
| CASH — End of year  | <u>\$ 2,246,136</u> | <u>\$ 1,536,248</u> |
| <br>  |                     |                     |
| <b>RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT<br/>DONOR RESTRICTIONS TO NET CASH FLOWS<br/>PROVIDED BY OPERATING ACTIVITIES</b> |                     |                     |
| Change in net assets  | \$ (8,373)          | \$ 3,703            |
| Depreciation  | 9,167               | 15,400              |
| Loss on abandonment of asset  | 1,195               | -                   |
| Adjustments to reconcile change in net assets to net cash<br>provided by operating activities:                                      |                     |                     |
| Change in due from governmental revenue sources   | (338,327)           | 11,118              |
| Change in accounts payable  | 3,791               | (4,686)             |
| Change in contracted service fee payable  | 1,043,236           | 202,294             |
| Change in deferred revenue  | <u>(801)</u>        | <u>1,586</u>        |
| <br>  |                     |                     |
| NET CASH PROVIDED BY OPERATING ACTIVITIES   | <u>\$ 709,888</u>   | <u>\$ 229,415</u>   |
| <br>  |                     |                     |
| NON CASH ACTIVITY:  |                     |                     |
| In-kind contribution from NHA   | <u>\$ 232,834</u>   | <u>\$ 286,368</u>   |

See independent auditors' report and notes to the financial statements.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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### 1. NATURE OF OPERATIONS AND REPORTING ENTITY

Aspire Charter Academy, Inc. (the “Academy”) is a public benefit nonprofit organization established under the laws of the state of Indiana that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy served approximately 652 students during the 2021-2020 school year.

The Board of Directors of the Academy entered into a management agreement (the “agreement”) with National Heritage Academies, Inc. (“NHA”) which requires NHA to provide administration, strategic planning and all labor, materials, equipment, and supervision necessary for the provision of educational services to students. As part of the consideration received under the agreement, NHA also provides the facility in which the Academy operates. The agreement will continue until the termination or expiration of the charter contract, unless at least 90 days written notice of intent to terminate or renegotiate is given by either the Academy or NHA.

Under the terms of the agreement, NHA receives all Academy revenue from all sources as their contracted service fee. NHA is entitled to any difference between the gross management fee and the operating costs of the Academy as compensation for management services rendered.

The Academy operates a public charter school established under Indiana Code 20-24-3-1 and is sponsored by Ball State University, which is responsible for oversight of the Academy’s operations. Under this Charter, the Academy has agreed to pay to Ball State University an annual fee equal to 3% of the state tuition support, which is included in the expenses assumed by NHA as described. This amounted to \$150,903 and \$145,594 for the fiscal year 2021 and 2020, respectively. The charter expired on June 30, 2021 and was subsequently renewed through 2025.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting* — The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

*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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue Recognition* — Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the Academy 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 Academy's revenue is the product of cost reimbursement grants. Therefore, the Academy 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 and 2020, the Academy deferred \$7,101 and \$7,902, respectively, of such conditional funding.

*Grant Revenue* — The Academy 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* — Cash as of June 30, 2021 represents bank deposits with a carrying amount of \$2,246,136 and a bank balance of \$2,246,735 of which \$1,996,735 was uninsured and uncollateralized by federal depository insurance. The Academy does not have a deposit policy for custodial credit risk, as it typically does not anticipate holding uninsured deposits based on the nature of its management agreement with NHA. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

*Contracted Service Fee Payable* — Contracted service fee payable as of June 30, 2021 and 2020 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

*Capital Assets* — Capital assets, which include other equipment, are reported in the financial statements at historical cost. Capital assets are defined by the Academy as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Other equipment is depreciated using the straight-line method over useful lives of 3–10 years.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Impairment of Long-Lived Assets* — On an ongoing basis, the Academy reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Academy 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.

*The Financial Statements* — The financial statements are presented as follows:

Net assets and changes therein are classified and reported as follows:

*Net Assets without Donor Restriction* — Net assets which are not subject to donor imposed or governmental stipulations.

*Income Taxes* — The Academy operates as a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Academy has received notification from the IRS that they are considered exempt from Federal income tax under Section 501(c)(3) of the internal revenue code. Accordingly, no provision for federal income taxes has been made.

Professional accounting standards require the Academy 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. The Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2018 are open to audit for both federal and state purposes.

*Recently Issued Accounting Pronouncements* — In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the Statements of Activities and Change in Net Assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the Statements of Financial Position. The reporting of lease-related expenses in the Statements of Activities and Change in Net Assets and Cash Flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Academy's year ending June 30, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the financial statements has not yet been determined but is expected to have minimal impact when adopted.

# ASPIRE CHARTER ACADEMY, INC.

## NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Recently Issued Accounting Pronouncements (Continued)* — In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires that a not-for-profit (1) present contributed nonfinancial assets as a separate line items in the statement of activities, apart from contributions of cash and other financial assets and (2) disclose a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed assets and for each category of contributed nonfinancial assets recognized, there are required disclosures, including qualitative information about whether nonfinancial assets were monetized or utilized, the policy (if any) about monetizing rather than utilizing donor-imposed restrictions, valuation techniques, and inputs used for fair value measurements and the principal market utilized to arrive at a fair value measure. The new guidance will be effective for the Academy's year ended June 30, 2022. The effect of apply the new guidance on the financial statements has not yet been determined but is expected to have minimal impact when adopted.

*Subsequent Events* – The Academy evaluated subsequent events through July 25, 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.

### 3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The Academy's accounts receivable balance consists of \$529,172 and \$190,845 in federal grants receivable and state special education as of June 30, 2021 and 2020, respectively. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts were recorded.

### 4. LIQUIDITY

The Academy has \$2,775,308 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,246,136 and amounts due from governmental revenue sources of \$529,172 at June 30, 2021. The Academy had \$1,727,093 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$1,536,248 and amounts due from governmental revenue sources of \$190,845 at June 30, 2020. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Academy has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,353,127 and \$1,324,302 at June 30, 2021 and 2020, respectively.

## ASPIRE CHARTER ACADEMY, INC.

### NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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#### 4. LIQUIDITY (CONTINUED)

While the Academy will not always carry financial assets in excess of 60 days of normal operating expenses, due to their management agreement with NHA, NHA is required to make contributions to the Academy if the Academy's expenditures exceed the school's revenue during the year.

#### 5. CAPITAL ASSETS

Capital asset activity of the Academy for the year ended June 30, 2021, was as follows:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>  | <b>Disposals</b>  | <b>Ending<br/>Balance</b> |
|--|------------------------------|-------------------|-------------------|---------------------------|
| Other equipment                              | \$ 191,883                   | \$ -              | \$ (50,853)       | \$ 141,030                |
| Total capital assets at historical cost      | 191,883                      | -                 | (50,853)          | 141,030                   |
| Less accumulated depreciation —<br>equipment | (169,635)                    | (9,167)           | 49,658            | (129,144)                 |
| Total accumulated depreciation               | (169,635)                    | (9,167)           | 49,658            | (129,144)                 |
| Total capital asset activity, net            | <u>\$ 22,248</u>             | <u>\$ (9,167)</u> | <u>\$ (1,195)</u> | <u>\$ 11,886</u>          |

Capital asset activity of the Academy for the year ended June 30, 2020, was as follows:

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>   | <b>Disposals</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|--------------------|------------------|---------------------------|
| Other equipment                              | \$ 191,883                   | \$ -               | \$ -             | \$ 191,883                |
| Total capital assets at historical cost      | 191,883                      | -                  | -                | 191,883                   |
| Less accumulated depreciation —<br>equipment | (154,235)                    | (15,400)           | -                | (169,635)                 |
| Total accumulated depreciation               | (154,235)                    | (15,400)           | -                | (169,635)                 |
| Total capital asset activity, net            | <u>\$ 37,648</u>             | <u>\$ (15,400)</u> | <u>\$ -</u>      | <u>\$ 22,248</u>          |

# **ASPIRE CHARTER ACADEMY, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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### **6. OPERATING LEASE**

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2020 through June 30, 2021. Annual rental payments required by the lease are \$912,800 payable in twelve monthly payments of \$76,067.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2021 through June 30, 2022 at the same rental rate.

### **7. RISKS AND UNCERTAINTIES**

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2021, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

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

The Academy has received proceeds from several federal and state grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

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

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is continuing to have significant effects on global markets, supply chains, business, and communities. Specific to the Academy, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including increased nutrition funding. Management believes the Academy 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.

# **ASPIRE CHARTER ACADEMY, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

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### **8. FUNCTIONAL EXPENSES**

The Academy provides educational services to its students. The costs of providing the program and support services are allocated on an actual basis, when possible. Certain expenses attributable to more than one function require an allocation on a reasonable basis that is consistently applied.

## **ASPIRE CHARTER ACADEMY, INC.**

### **OTHER REPORT FOR THE YEAR ENDED JUNE 30, 2021**

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

Supplemental Audit Report of Aspire Charter Academy, 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*.



**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  
Aspire Charter Academy, Inc.  
Gary, 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 Aspire Charter Academy, 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 14, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Aspire Charter Academy, 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 Aspire Charter Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Aspire Charter Academy, 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 Aspire Charter Academy, 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 14, 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 UNIFORM GUIDANCE**

Board of Directors  
Aspire Charter Academy, Inc.  
Gary, Indiana

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

We have audited Aspire Charter Academy, 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 Aspire Charter Academy, Inc.'s major federal programs for the year ended June 30, 2021. Aspire Charter Academy, 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 Aspire Charter Academy, 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 Aspire Charter Academy, 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 Aspire Charter Academy, Inc.'s compliance.

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

In our opinion, Aspire Charter Academy, 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 Aspire Charter Academy, 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 Aspire Charter Academy, 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 Aspire Charter Academy, 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  
Aspire Charter Academy, Inc.

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

We have audited the financial statements of Aspire Charter Academy, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated January 14, 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  
July 25, 2022

# ASPIRE CHARTER ACADEMY, INC.

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS OF AND FOR THE YEARS ENDED JUNE 30, 2021

| Federal Grantor/Pass-Through Grantor<br>Program or Cluster Title                                | Pass-through<br>Entity<br>Identifying<br>Number | Federal<br>Assistance<br>Listing<br>Number | Federal<br>Expenditures    |
|---|---|--|----------------------------|
| Clusters:   |   |  |                            |
| U.S. Department of Agriculture:   |   |  |                            |
| Passed through the Indiana Department of Education:   |   |  |                            |
| Child Nutrition Cluster:  |   |  |                            |
| National School Lunch Program 2020-21   | 9685555   | 10.555                                     | \$ 54,389                  |
| National School Breakfast Program 2020-21   | 9685553   | 10.553                                     | <u>36,804</u>              |
| Total Child Nutrition Cluster   |   |  | <u>91,193</u>              |
| Total U.S. Department of Agriculture  |   |  | <u>91,193</u>              |
| Other Federal Awards:   |   |  |                            |
| U.S. Department of Education:   |   |  |                            |
| Passed through the Indiana Department of Education:   |   |  |                            |
| Title I Part A:   |   |  |                            |
| Title I Grants to Local Educational Agencies  | S010A190014                                     | 84.010                                     | 73,940                     |
| Title I Grants to Local Educational Agencies  | S010A200014                                     | 84.010                                     | <u>1,062,876</u>           |
| Total Assistance Listing Number 84.010  |   | 84.010                                     | <u>1,136,815</u>           |
| Passed through the Indiana Department of Education:   |   |  |                            |
| Title II Part A - Improving Teacher Quality:  |   |  |                            |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | S367A180013                                     | 84.367                                     | 3,071                      |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | S367A190013                                     | 84.367                                     | 40,410                     |
| Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) | S367A200013                                     | 84.367                                     | <u>37,089</u>              |
| Total Assistance Listing Number 84.367  |   | 84.367                                     | <u>80,570</u>              |
| Passed through the Indiana Department of Education:   |   |  |                            |
| Title IV:   |   |  |                            |
| Student Support and Academic Enrichment Program   | 2018-424-332                                    | 84.424                                     | <u>3,317</u>               |
| Passed through the Indiana Department of Education:   |   |  |                            |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund                                | 203710  | 84.425D                                    | 365,893                    |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund                                | 213712  | 84.425D                                    | 103,939                    |
| COVID-19 - Elementary and Secondary School Emergency Relief Fund                                | 200013  | 84.425U                                    | <u>35,027</u>              |
| Total Assistance Listing Number 84.425  |   |  | <u>504,859</u>             |
| Total U.S. Department of Education  |   |  | <u>1,725,561</u>           |
| Total Expenditures of Federal Awards  |   |  | <b><u>\$ 1,816,754</u></b> |

# **ASPIRE CHARTER ACADEMY, INC.**

## **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2021**

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### **1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Aspire Charter Academy, Inc. (the Academy) 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 Title 2 U.S. *Code of Federal Regulations* 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 the Academy, it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of the Academy.

### **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.

### **3. INDIRECT COST RATE**

The Academy has negotiated various indirect cost rates depending on the programs. These cost rates are allowed under the Uniform Guidance. The negotiated cost rates under Assistance Listing Number 84.425 are: Education Stabilization Fund I: 1.14%, Education Stabilization Fund II: 17.82%, & Education Stabilization Fund III: 17.82%. The cost rate for Assistance Listing Number 84.010 is 10%, however no indirect costs were charged under Assistance Listing Number 84.010 for the year ended June 30, 2021.

### **4. SUBRECIPIENTS**

The Academy did not make any awards to subrecipients for the year ended June 30, 2021.

**ASPIRE CHARTER ACADEMY, INC.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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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***

| <b>CFDA Number(s)</b>  | <b>Name of Federal Program or Cluster</b> |
|--|---|
| 84.425   | Education Stabilization Fund              |
| Dollar threshold used to distinguish between Type A and Type B programs: | \$ <u>750,000</u>                         |
| Auditee qualified as low-risk auditee?                                   | <u>  x  </u> yes      _____ no            |

# ASPIRE CHARTER ACADEMY, INC.

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2020

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### ***Section II – Financial Statements Findings***

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

### ***Section III – Federal Award Findings and Questioned Costs***

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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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