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December 12, 2022

Charter School Board
Rock Creek Community Academy, Inc.
8000 Diefenbach Lane
Sellersburg, IN 47172

We have reviewed the audit report of Rock Creek Community 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 Rock Creek Community 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.

We call your attention to the findings in the report on pages 26 through 28. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 30 through 31.

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

In addition to the report presented herein, a Supplemental Audit Report for Rock Creek Community Academy, Inc., was prepared in accordance with the guidelines established by the Indiana 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

ROCK CREEK COMMUNITY ACADEMY, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rock Creek Community Academy, Inc.
Anderson, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Rock Creek Community Academy, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, and cash flows for the year 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.

Board of Directors
Rock Creek Community Academy, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rock Creek Community Academy, Inc. as of June 30, 2021, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2022, on our consideration of Rock Creek Community 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 Rock Creek Community 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 Rock Creek Community Academy, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 27, 2022

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS	2021	2020
CURRENT ASSETS		
Cash	\$ 2,224,974	\$ 1,788,579
Cash - Restricted for Construction	3	106,531
Cash - Restricted for Debt Service	1,764,378	1,592,082
Total Cash	3,989,355	3,487,192
Grants Receivable	142,303	16,435
Prepaid Expenses	51,923	16,942
Total Current Assets	4,183,581	3,520,569
PROPERTY AND EQUIPMENT		
Land	1,196,153	1,196,153
Leasehold Improvements	13,375,771	13,185,802
Furniture and Equipment	1,056,593	745,242
Textbooks	441,611	437,573
Less: Accumulated Depreciation	(2,130,629)	(1,716,253)
Property and Equipment, Net	13,939,499	13,848,517
OTHER ASSETS		
Security Deposits	7,714	4,000
Total Assets	\$ 18,130,794	\$ 17,373,086

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2021 AND 2020

	2021	2020
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 708,682	\$ 264,480
Current Portion of Bonds Payable	205,000	65,000
Current Portion of Capital Leases Payable	70,440	14,988
Accrued Bond Interest Payable	431,484	433,556
Deferred Revenue	166,561	159,447
Student Activity Funds	103,518	111,123
Refundable Advances	6,827	15,374
Total Current Liabilities	1,692,512	1,063,968
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	14,380,000	14,585,000
Plus: Unamortized Premiums on Bonds Payable	115,372	119,606
Less: Unamortized Debt Insurance Costs	(416,966)	(432,267)
Capital Leases Payable, Net of Current Portion	210,904	47,518
Loan Payable Under Payroll Protection Program	-	504,600
Total Long-Term Liabilities	14,289,310	14,824,457
Total Liabilities	15,981,822	15,888,425
NET ASSETS		
Without Donor Restrictions	2,148,972	1,484,661
Total Liabilities and Net Assets	\$ 18,130,794	\$ 17,373,086

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2021 AND 2020

	2021	2020
REVENUE AND SUPPORT		
State Education Support	\$ 4,280,594	\$ 3,818,677
Grant Revenue	1,609,716	731,882
Student Fees	295,555	254,963
Contributions	4,254	43,379
Fundraising Income	56,541	9,605
Forgiveness of Payroll Protection Program Loan	504,600	-
Interest Income	98	34,660
Total Revenue and Support	6,751,358	4,893,166
EXPENSES		
Program Services	4,269,740	3,574,503
Management and General	1,817,307	1,157,944
Total Expenses	6,087,047	4,732,447
CHANGE IN NET ASSETS	664,311	160,719
Net Assets Without Donor Restrictions - Beginning of Year	1,484,661	1,323,942
NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 2,148,972	\$ 1,484,661

See accompanying Notes to Financial Statements.

**ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 1,982,128	\$ 367,416	\$ 2,349,544
Employee Benefits	485,852	66,744	552,596
Professional Services	363,590	352,549	716,139
Occupancy	86,754	-	86,754
Classroom, Kitchen, and Office Supplies	344,457	17,390	361,847
Depreciation	414,376	-	414,376
Equipment	248,327	-	248,327
Authorizer Oversight Fees	-	74,648	74,648
Food Costs	133,077	-	133,077
Field Trips	7,164	-	7,164
Insurance	-	32,272	32,272
Repairs and Maintenance	43,728	763	44,491
Advertising	-	4,945	4,945
Staff Development	31,457	-	31,457
Interest	-	870,631	870,631
Other	128,830	29,949	158,779
	<u>\$ 4,269,740</u>	<u>\$ 1,817,307</u>	<u>\$ 6,087,047</u>
Total Functional Expenses	<u>\$ 4,269,740</u>	<u>\$ 1,817,307</u>	<u>\$ 6,087,047</u>

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 1,766,273	\$ 330,650	\$ 2,096,923
Employee Benefits	470,104	61,799	531,903
Professional Services	342,643	132,430	475,073
Occupancy	265,578	-	265,578
Classroom, Kitchen, and Office Supplies	223,666	18,910	242,576
Depreciation	243,244	-	243,244
Equipment	65,553	-	65,553
Authorizer Oversight Fees	-	99,675	99,675
Food Costs	71,499	-	71,499
Field Trips	560	-	560
Insurance	-	37,046	37,046
Repairs and Maintenance	46,175	158	46,333
Advertising	-	7,904	7,904
Staff Development	17,711	-	17,711
Interest	-	442,294	442,294
Other	61,497	27,078	88,575
	<u>\$ 3,574,503</u>	<u>\$ 1,157,944</u>	<u>\$ 4,732,447</u>
Total Functional Expenses	<u>\$ 3,574,503</u>	<u>\$ 1,157,944</u>	<u>\$ 4,732,447</u>

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 664,311	\$ 160,719
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	414,376	243,244
Amortization of Debt Issuance Costs	15,301	15,302
Amortization of Bond Premium	(4,234)	(4,234)
Forgiveness of Payroll Protection Program Loan	(504,600)	-
(Increase) Decrease in Assets:		
Grants Receivable	(125,868)	27,994
Prepaid Expenses	(34,981)	45,313
Security Deposits	(3,714)	-
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	444,202	(39,828)
Student Activity Funds	(7,605)	46,948
Construction Costs Payable	-	(1,272,655)
Accrued Bond Interest Payable	(2,072)	-
Deferred Revenue	7,114	23,489
Refundable Advances	(8,547)	6,786
Net Cash Provided (Used) by Operating Activities	853,683	(746,922)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(210,957)	(2,857,147)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Payroll Protection Program	-	504,600
Payments on Bond Payable	(65,000)	-
Payments on Capital Leases	(75,563)	(7,494)
Net Cash Provided (Used) by Financing Activities	(140,563)	497,106
NET CHANGE IN CASH AND RESTRICTED CASH	502,163	(3,106,963)
Cash and Restricted Cash - Beginning of Year	3,487,192	6,594,155
CASH AND RESTRICTED CASH - END OF YEAR	\$ 3,989,355	\$ 3,487,192
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest, Including Capitalized Interest	\$ 872,703	\$ 433,556
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Capitalized Interest Included in Construction in Progress	\$ -	\$ 433,556
Assets Acquired Under Capital Lease	\$ 294,401	\$ 70,000
Amortization of Premiums on Bonds Payable Included in Construction in Progress	\$ -	\$ 4,234

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Rock Creek Community Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School, located in Sellersburg, Indiana, provided educational instruction to students in grades kindergarten to twelve, serving approximately 600 students during the 2020 – 2021 school year and approximately 554 students during the 2019 – 2020 school year.

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2021 and 2020, the School had conditional grants it had received advances in excess of expenditures of \$6,827 and \$15,374, respectively. Accordingly, these amounts have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statement of financial position. As of June 30, 2021, 2020, and 2019, the School did not have any accounts receive from student fees. Amounts received prior to service being performed are reported as deferred revenues in the statement of financial position. As of June 30, 2021, 2020, and 2019, the School has \$166,561, \$159,447, and \$135,958, respectively, of deferred revenue from student fees.

Grants Receivable and Revenue

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

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, and Fees

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

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.

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 \$5,000 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:

Building and Improvements	40 Years
Leasehold Improvements	5 to 8 Years
Furniture and Equipment	3 to 5 Years
Textbooks	5 Years

Construction in Progress

Construction in progress represents expenditures incurred for construction and development of the new school facility and are carried at cost. Cost includes related acquisition expenses, development/construction costs, and capitalized interest during the construction phase of the project, and other direct expenditures.

Impairment of Long-Lived Assets

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

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

During the year ended June 30, 2019, the School incurred costs totaling \$459,045 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bonds. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization and amortization expense were \$42,079 and \$15,301 for the year ended June 30, 2021. Accumulated amortization and amortization expense were \$26,778 and \$15,302 for the year ended June 30, 2020. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

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

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would 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 School 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.

Future Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. The School is evaluating the effects of this new standard.

Subsequent Events

The School evaluated subsequent events through January 27, 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.

In July 2021, the School entered into a lease agreement for computer equipment requiring \$5,118 monthly payments for 48 months.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In September 2021, the School reached a litigation settlement and was required to pay \$190,000, which was paid in November 2021. This has been included in accrued expenses as of June 30, 2021.

NOTE 2 RESTRICTED CASH

Cash – Restricted for Construction represents resources available for the building project and are drawn down as construction is completed. As of June 30, 2021 and 2020, the School had \$3 and \$106,351, respectively, restricted for construction.

Cash – Restricted for Debt Service is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. As of June 30, 2021 and 2020, the School had \$1,764,378 and \$1,592,082, respectively, restricted for debt service.

NOTE 3 BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Indiana Finance Authority Education Facilities Revenue Bonds, Series 2018A with a face amount of \$14,450,000, plus premium of \$127,015. The principal is payable in annual installments that increase from \$140,000 to \$905,000 from July 2021 to July 2048, with a lump sum payment of \$2,060,000 due in July 2048. Interest payments are made semi-annually on January 1 and July 1 at rates ranging from 5.25% to 6.125% from July 2021 to July 2039 in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	\$ 14,450,000	\$ 14,450,000
Indiana Finance Authority Taxable Education Facilities Revenue Bonds, Series 2018B with a face amount of \$200,000. The principal is payable in annual installments of \$65,000, \$65,000, and \$70,000 in July 2020, 2021, and 2022, respectively. Interest payments are made semi-annually on January 1 and July 1 at a rate of 6.375% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	135,000	200,000
Total	14,585,000	14,650,000
Less: Current Portion	(205,000)	(65,000)
Long-Term Portion	<u>\$ 14,380,000</u>	<u>\$ 14,585,000</u>

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 3 BONDS PAYABLE (CONTINUED)

The premium on the Series A bonds above totaled \$127,015 and is being amortized over the 30-year life of the bonds. Amortization of the premium for the year ended June 30, 2021 was \$4,234 and is included as part of interest expense. Amortization of the premium for the year ended June 30, 2020 was \$4,234 and is netted against capitalized interest expense (i.e. a reduction of construction in progress).

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain covenants requiring minimum unrestricted cash reserves sufficient to meet 45 days of operating expenses and establishes a minimum debt service coverage ratio of 1.10 to 1. The School believes it was in compliance with covenants for 2021.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 205,000
2023	215,000
2024	225,000
2025	240,000
2026	250,000
Thereafter	<u>13,450,000</u>
Total	<u><u>\$ 14,585,000</u></u>

NOTE 4 PAYROLL PROTECTION PROGRAM LOAN

In April 2020, the School received a loan from First Financial Bank in the amount of \$504,600 to fund payroll, rent utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. Payment of principal and interest were deferred until the date on which the amount of forgiveness is remitted to the lender. The School completed and submitted the PPP Loan Forgiveness application and received notification on November 18, 2020 that the \$504,600 PPP Loan was approved for full forgiveness by the U.S. Small Business Administration (SBA). The recognition of the PPP Loan is recorded in the statement of activities and changes in net assets. The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 LEASES

The School leased its school facility, modular classrooms, and items of equipment under operating leases until the new building was completed and the School took ownership of the new building in December 2019. Under the facility lease, the School was also responsible for repairs, maintenance, and utilities. Total expense under these operating leases was \$18,175 and \$188,418 for the years ended June 30, 2021 and 2020, respectively.

The School leases a bus under a capital lease which was acquired during the year ended June 30, 2020. At June 30, 2021, the cost and accumulated depreciation relating to this asset was \$70,000 and \$18,667, respectively.

The School leases several vehicles under a capital lease which was acquired during the year ended June 30, 2021. At June 30, 2021, the cost and accumulated depreciation related to these assets was \$294,401 and \$9,813, respectively.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 77,400
2023	77,400
2024	77,400
2025	77,400
2026	7,494
Less: Amount Representing Interest	<u>(35,750)</u>
Total	<u><u>\$ 281,344</u></u>

NOTE 6 RETIREMENT PLAN

The School maintains a Section 403(b) defined contribution retirement plan with Mass Mutual Financial Group for the benefit of its employees. Substantially all full-time employees are eligible to participate. Under the plan, the School contributes 7.5% of each participant's compensation for the plan year. Retirement plan expense for the years ended June 30, 2021 and 2020 was \$172,061 and \$151,398, respectively.

NOTE 7 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2027 and is renewable thereafter by mutual consent. Payments under this charter agreement were \$74,648 and \$99,675 for the years ended June 30, 2021 and 2020, respectively.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 RELATED PARTY TRANSACTIONS

During the year ended June 20, 2021, the School paid \$58,875 to companies of a related party for cleaning and landscaping needs of the School.

NOTE 9 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021, substantially all of the grants receivable balance was due from the state of Indiana. Cash deposits are maintained at New Washington State Bank and US Bank and normally exceed the FDIC insurance limit.

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

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2021 and 2020 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable.

	<u>2021</u>	<u>2020</u>
Financial Assets	\$ 4,131,658	\$ 3,503,627
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Construction and Debt Service	<u>(1,764,381)</u>	<u>(1,698,613)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,367,277</u>	<u>\$ 1,805,014</u>

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 10 LIQUIDITY (CONTINUED)

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

NOTE 11 FUNCTIONAL EXPENSE REPORTING

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

**ROCK CREEK COMMUNITY ACADEMY, INC.
OTHER REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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

Supplemental Audit Report of
Rock Creek Community 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
Rock Creek Community Academy, Inc.
Anderson, 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 Rock Creek Community Academy, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, 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 27, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rock Creek Community 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 Rock Creek Community Academy, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Rock Creek Community 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2021-001 and 2021-02 that we consider to be material weaknesses.

Compliance and Other Matters

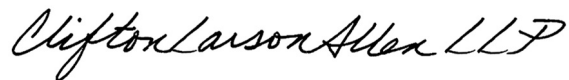
As part of obtaining reasonable assurance about whether Rock Creek Community Academy, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-002.

Rock Creek Community Academy, Inc.'s Response to Findings

Rock Creek Community Academy, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rock Creek Community Academy, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 27, 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
Rock Creek Community Academy, Inc.
Anderson, Indiana

Report on Compliance for Each Major Federal Program

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

Opinion on Each Major Federal Program

In our opinion, Rock Creek Community 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Rock Creek Community Academy, Inc.'s response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rock Creek Community Academy, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Rock Creek Community 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 Rock Creek Community 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 Rock Creek Community 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2021-002 that we consider to be material weaknesses.

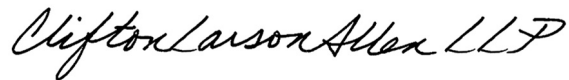
Board of Directors
Rock Creek Community Academy, Inc.

Rock Creek Community Academy, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rock Creek Community Academy, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

We have audited the financial statements of Rock Creek Community Academy, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated January 27, 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
September 23, 2022

ROCK CREEK COMMUNITY ACADEMY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture			
Passed through from Indiana Department of Education:			
Child Nutrition Cluster:			
National School Lunch Program	10.555		\$ 185,058
Total Child Nutrition Cluster			<u>185,058</u>
Total U.S. Department of Agriculture			<u>185,058</u>
U.S. Department of Education			
Passed through from Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A200014	2,212
Title I Grants to Local Educational Agencies	84.010	S010A200014	<u>26,267</u>
Total Assistance Listing Number 84.010			28,479
Special Education Cluster (IDEA):			
Passed through from Indiana Department of Education:			
Special Education Grants to States	84.027	H027A190084	120,449
Special Education Grants to States	84.027	H027A190084	<u>20,493</u>
Total Special Education Cluster (IDEA)			140,942
Passed through from Indiana Department of Education:			
Charter Schools	84.282	S282D190002	462,896
Passed through from Indiana Department of Education:			
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A190013	8,724
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	S367A180013	<u>3,809</u>
Total Assistance Listing Number 84.367			12,533
Passed through from Indiana Department of Education:			
Student Support and Academic Enrichment Program	84.424	S424A190015	10,000
Passed through from Indiana Department of Education:			
Education Stabilization Fund:			
COVID 19: Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	33,088
COVID 19: Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	151,999
COVID 19: American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	S425U210013	<u>75,150</u>
Total Assistance Listing Number 84.425			<u>260,237</u>
Total U.S. Department of Education			<u>915,087</u>
Total Expenditures of Federal Awards			<u>\$ 1,100,145</u>

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Rock Creek Community Academy, 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 Rock Creek Community Academy, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Rock Creek Community Academy, Inc..

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

Rock Creek Community Academy, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 4 SUBRECIPIENTS

Rock Creek Community Academy, Inc. did not make any federal awards to sub recipients for the year ending June 30, 2021.

ROCK CREEK COMMUNITY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

- | | | |
|---|---------------------|----------------------------|
| 1. Internal control over major federal programs: | | |
| • Material weakness(es) identified? | <u> x </u> yes | <u> </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> x </u> 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)? | <u> </u> yes | <u> x </u> no |

Identification of Major Federal Programs

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

ROCK CREEK COMMUNITY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Section II – Financial Statement Findings

2021 – 001

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: Various material journal entries including adjusting and reclassifying journal entries were required in order to correct various areas of the audit.

Criteria or specific requirement: Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the statements of financial position, changes in net assets, and cash flows, and disclosures in the statements, in conformity with accounting principles generally accepted in the United States of America.

Effect: Financial statements could be materially misstated.

Cause: The Academy's controls were not able to detect the adjustments made as part of the audit.

Repeat Finding: No

Recommendation: The Academy should continue to review all GAAP requirements for transactions entered into to ensure conformity with GAAP and to establish and maintain internal controls including monitoring to ensure the fair presentation of the financial data. The Academy should review the draft financial statements utilizing a disclosure checklist to ensure they are properly reported in accordance with accounting principles generally accepted in the United States of America.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 002

Federal agency: ALL

Federal program title: ALL

Assistance Listing Number: Multiple

Pass-Through Agency: Multiple

Pass-Through Number(s): Multiple

Award Period: Multiple

Type of Finding:

- Material Weakness in Internal Control over Compliance, Other Matters
- Internal Control over Financial Reporting

ROCK CREEK COMMUNITY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021 – 002 (Continued)

Criteria or specific requirement: 2 CFR, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Subpart F, §200.510(b) requires that auditees prepare a schedule of expenditures of Federal awards (Schedule) for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502. At a minimum, the schedule must:

1. List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency.
2. For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
3. Provide total Federal awards expended for each individual Federal program and the Assistance listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.
4. Include the total amount provided to subrecipients from each Federal program.
5. For loan or loan guarantee programs described in §200.502(b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
6. Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

Condition: During testing, it was noted that the Academy's Schedule did not properly identify items 1-3 as noted above. Additionally, the School did not complete the footnote disclosures related to the Schedule. We noted missing Assistance Listing Numbers, improper subtotaling, no name or pass-through identifying information, and missing subparts that are required to be identified under Assistance Listing 84.425. Additionally, the Schedule was not initially prepared on the same basis of accounting as the financial statements, i.e., accrual basis, thus resulting in an adjustment of approximately \$117,500.

Questioned costs: None

Context: The conditions noted above were discovered as a systemic problem during the reconciliation process between the amounts recorded in the financial statements for grant expenditures and the amounts initially shown in the Schedule. The reconciliation process included all Assistance Listing numbers.

Cause: The Academy did not have the controls in place to ensure that the Schedule was prepared and reviewed in accordance with 2 CFR, Part 200 and U.S. GAAP.

Effect: The Schedule of the Academy could be materially misstated and inaccurately presented. Inaccurate presentation and clustering of programs affects the presentation of the Schedule and the conduct of the audit procedures applicable to the expenditures. Additionally, federal funds could be expended that are not accurately reported.

ROCK CREEK COMMUNITY ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2021 – 002 (Continued)

Repeat Finding: No

Recommendation: We recommend the Academy utilize the practice aids provided during the audit and establish controls to ensure that the Schedule is prepared in compliance with 2 CFR, Part 200 and U.S. GAAP, specifically as it relates to accrual basis of accounting and presentation.

Views of responsible officials: There is no disagreement with the audit finding.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

Rock Creek Community Academy

8000 Diefenbach Lane • Sellersburg, IN 47172 • 812-246-9271 • www.rccasi.org

ROCK CREEK COMMUNITY ACADEMY, INC. CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2021

U.S. Department of Education

Rock Creek Community Academy, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2021.

Audit period: July 1, 2020 through June 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2021-001 Financial Statement Preparation

Recommendation: The School should continue to review all GAAP requirements for transactions entered to ensure conformity with GAAP and to establish and maintain internal controls including monitoring to ensure the fair presentation of the financial data. The School should review the draft financial statements utilizing a disclosure checklist to ensure they are properly reported in accordance with GAAP.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action in response to finding: Discussions with bookkeeping company regarding GAAP requirements.

Name(s) of the contact person(s) responsible for corrective action: Karen Floyd

Planned completion date for corrective action plan: 07/01/2022



FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2021-002 Schedule of Expenditures of Federal Awards Preparation

Recommendation: The School should continue to review all GAAP requirements for transactions entered to ensure conformity with GAAP and to establish and maintain internal controls including monitoring to ensure the fair presentation of the financial data. The School should review the draft financial statements utilizing a disclosure checklist to ensure they are properly reported in accordance with GAAP.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action in response to finding: Discussions with bookkeeping company regarding SEFA requirements.

Name(s) of the contact person(s) responsible for corrective action: Karen Floyd

Planned completion date for corrective action plan: 07/01/2022

If the U.S. Department of Education has questions regarding this plan, please call Karen Floyd at 812-246-9271.