



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

July 17, 2023

Charter School Board  
Options Charter Schools  
18077 River Road, Suite 106  
Noblesville, IN 46062

We have reviewed the audit report of Options Charter School, Inc., which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Options Charter Schools, Inc. as of June 30, 2022 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 the guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Options Charter Schools, 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

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEAR ENDED JUNE 30, 2022**



CPAs | CONSULTANTS | WEALTH ADVISORS

[CLAconnect.com](https://CLAconnect.com)

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2022**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>
<b>OTHER REPORT</b>	<b>16</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION</b>	<b>17</b>
<b>SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS</b>	<b>18</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Options Charter Schools and Affiliates  
Noblesville, Indiana

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Options Charter Schools and Affiliates, which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Options Charter Schools and Affiliates as of June 30, 2022, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Options Charter Schools and Affiliates and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Options Charter Schools and Affiliates ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in aggregate, they would influence the judgement made by a reasonable user based on the financial statements.


In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Options Charter Schools and Affiliates' internal controls. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Options Charter Schools and Affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 29, 2023

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022**

**ASSETS**

**CURRENT ASSETS**

Cash	\$ 522,354
Cash - Restricted	53,413
Grants Receivable	84,522
Prepaid Expenses	110,456
Interest Rate Swap	372,635
Total Current Assets	<u>1,143,380</u>

**PROPERTY AND EQUIPMENT**

Land	1,313,089
Building and Improvements	3,368,367
Leasehold Improvements	37,274
Automobiles	41,527
Furniture and Equipment	2,829,013
Less: Accumulated Depreciation	(715,757)
Property and Equipment, Net	<u>6,873,513</u>

Total Assets	<u>\$ 8,016,893</u>
--------------	---------------------

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Current Portion of Note Payable	\$ 363,529
Deferred Revenue	25,000
Security Deposit	3,200
Accounts Payable and Accrued Expenses	434,115
Total Current Liabilities	<u>825,844</u>

**LONG-TERM LIABILITIES**

Note Payable, Net of Current Portion	<u>4,210,383</u>
Total Liabilities	5,036,227

**NET ASSETS, WITHOUT DONOR RESTRICTIONS**

	<u>2,980,666</u>
Total Liabilities and Net Assets	<u>\$ 8,016,893</u>

See accompanying Notes to Consolidated Financial Statements.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED JUNE 30, 2022**

**REVENUE AND SUPPORT**

State Education Support	\$ 7,039,260
Contributions and Donations	30,053
Grant Revenue	1,551,590
In-Kind Revenue	10,285
Student Fees	26,377
Gain on Interest Rate Swap	372,635
Total Revenue and Support	<u>9,030,200</u>

**EXPENSES**

Program Services	6,618,716
Management and General	2,044,215
Total Expenses	<u>8,662,931</u>

**CHANGE IN NET ASSETS**

367,269

Net Assets - Beginning of Year

2,613,397

**NET ASSETS - END OF YEAR**

\$ 2,980,666

*See accompanying Notes to Consolidated Financial Statements.*

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 3,742,085	\$ 993,235	\$ 4,735,320
Employee Benefits	1,447,461	379,793	1,827,254
Occupancy	394,612	62,786	457,398
Scholarships	5,000	-	5,000
Equipment	242,245	16,578	258,823
Professional Services	327,889	176,016	503,905
Depreciation	189,917	1,871	191,788
Classroom and Office Supplies	135,708	30,933	166,641
Authorizer Oversight Fees	-	155,674	155,674
Food Service	36,742	-	36,742
Insurance	-	70,046	70,046
Transportation	35,212	9,561	44,773
Interest	-	125,691	125,691
Foundation Expenses	9,775	-	9,775
Other	52,070	22,031	74,101
	<u>\$ 6,618,716</u>	<u>\$ 2,044,215</u>	<u>\$ 8,662,931</u>
Total Expenses by Function	<u>\$ 6,618,716</u>	<u>\$ 2,044,215</u>	<u>\$ 8,662,931</u>

See accompanying Notes to Consolidated Financial Statements.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2022**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 367,269
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	191,788
Gain on Interest Rate Swap	(372,635)
Changes in Operating Assets and Liabilities:	
Grants Receivable	(84,522)
Prepaid Expenses	27,573
Accounts Payable and Accrued Expenses	(30,358)
Deferred Revenue	25,000
Security Deposit	3,200
Net Cash Provided by Operating Activities	<u>127,315</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchase of Property and Equipment	(1,277,014)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Principal Paid on Note Payable	<u>(347,990)</u>
<b>NET CHANGE IN CASH</b>	(1,497,689)
Cash and Restricted Cash - Beginning of Year	<u>2,073,456</u>
<b>CASH AND RESTRICTED CASH - END OF YEAR</b>	<u><u>\$ 575,767</u></u>
<b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>	
Cash	\$ 522,354
Cash - Restricted	53,413
Total Cash and Restricted Cash	<u><u>\$ 575,767</u></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>	
Cash Paid for Interest	<u><u>\$ 126,821</u></u>

See accompanying Notes to Consolidated Financial Statements.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Options Charter Schools (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates three public charter schools established under Indiana Code 20-24 and is sponsored by Ball State University. The School serves approximately 830 students in grades nine to twelve by providing an alternative to traditional high school programs.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the School and its affiliate Options in Education Foundation, Inc. (Foundation) and its single member LLC's OCS Westfield, LLC and OCS Noblesville, LLC (LLC's). The School and the Foundation are consolidated due to being under common control through common board members and having a financial interest among the School and the LLC's. The LLC's were formed to hold and maintain the properties in which the School operates. All significant intercompany accounts and transactions have been eliminated in consolidation.

**Accounting Estimates**

The preparation of consolidated 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. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as Deferred Revenues in the consolidated statement of financial position. As of June 30, 2022, the School does not have any conditional grants that have not been recognized as Revenue in the consolidated statement 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.

**Grant Revenue**

Grant revenues relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022**

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

**Contributions and Donations, Grant Revenue, and Student Fees**

The School receives income from contributions and donations, grant revenue, and student fees that support certain school activities. Grant revenues relate primarily to activities funded under federal programs and legislation enacted by the state of Indiana. 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 consolidated statement of activities and change in net assets as Net Assets Released from Restrictions. The School, Foundation, and LLC's did not have any net assets with donor restrictions as of June 30, 2022.

**Cash, Restricted Cash, and Cash Equivalents**

Cash and restricted 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, 2022.

Restricted cash represents resources unavailable for use as it represents escrowed construction loan funds at the time of conversion of the construction loan to the loan as described in Note 2.

**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 Leasehold Improvements	5 to 40 Years
Furniture and Equipment	3 to 7 Years

**Impairment of Long-Lived Assets**

On an ongoing basis, the School and LLC's review its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School and LLC's 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.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

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

**Taxes on Income**

The School and Foundation have received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization; however, the School and Foundation would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2022, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

Professional accounting standards require the School and Foundation 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 and Foundation have examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School and Foundation are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a Right-of-Use Asset and Lease Liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The School, Foundation, and LLC's are currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

**Subsequent Events**

The School, Foundation, and LLC's have evaluated subsequent events through March 29, 2023, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

Subsequent to year-end, the School Corporation's petition to the State Board of Education (SBOE) was agreed to for student support payments not received in the amount of \$363,000.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 NOTES PAYABLE**

At June 30, 2022, the notes payable consisted of the following:

<u>Description</u>	<u>Amount</u>
Note payable to the Indiana State Board of Education, payable \$112,900 semi-annually (January 1 and July 1) plus interest at 1.00% per annum.	\$ 1,016,102
Construction note payable to First Financial Bank, subject to conversion to mini-permanent term loan for 108 months upon completion of construction. Loan was converted to term in July 2021 and is due July 2030. Interest at 3.27%, secured by building and guaranteed by the School and Foundation.	<u>3,557,810</u>
Total	<u>4,573,912</u>
Less: Current Portion	<u>(363,529)</u>
Notes Payable, Net of Current Portion	<u>\$ 4,210,383</u>

The note payable to the Indiana State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant. The school paid \$347,990 on this loan in the year ending June 30, 2022.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 363,529
2024	367,806
2025	372,829
2026	377,717
2027	269,867
Thereafter	<u>2,822,164</u>
Total	<u>\$ 4,573,912</u>

The note payable to First Financial Bank contains certain reporting and financial covenants. As of June 30, 2022, the School was not in compliance with one of the financial covenants. This covenant was waived at June 30, 2022.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 INTEREST RATE SWAP**

In July 2020, the OCS Westfield, LLC entered into an interest rate swap transaction with First Financial Bank. This is guaranteed by the School and Foundation. OSC Westfield, LLC uses the interest rate swap to convert its variable rate debt to a fixed rate as a cash-flow hedge. OSC Westfield, LLC is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, OSC Westfield, LLC does not anticipate nonperformance by the counterparty.

The agreement that took effect on July 1, 2021 (in conjunction with the conversion of the construction loan to term) effectively changes OSC Westfield, LLC's interest rate exposure on its floating rate note payable to 3.27%. This interest rate swap agreement matures on July 24, 2030. This agreement had a total notional principal in the amount of \$3,557,810 at June 30, 2022.

The effective portion of the gain or loss on the interest rate swap is reported as Revenues and Expenses in the consolidated statement of activities and change in net assets in the same period or periods during which the hedged transaction affects the consolidated statement of activities and change in net assets. Gains and losses on the interest rate swap representing either hedge ineffectiveness, or excluded from the assessment of hedge effectiveness, is recognized in the consolidated statement of activities and change in net assets as Revenue and Expenses.

**NOTE 4 LINE OF CREDIT**

On June 2, 2021, the School entered into a \$150,000 line of credit with First Financial Bank that remains in effect until June 2, 2023. The line bears interest at a floating rate per annum equal to the Prime Rate (4.75% at June 30, 2022), is secured by all assets of the School, Foundation, and LLC's, and guaranteed by the Foundation and LLC's. The line has no amounts drawn against it as of June 30, 2022.

The line of credit is subject to the same financial covenants described at Note 2.

**NOTE 5 LEASES**

The School leases its facilities and certain items of office equipment under operating leases, which require various monthly payments over the life of the leases. Total expense under these operating leases was \$556,375 for the year ended June 30, 2022.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 LEASES (CONTINUED)**

Future minimum lease obligations are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 195,761
2024	146,184
2025	140,506
2026	94,963
2027	5,112
Thereafter	-
Total	<u>\$ 582,526</u>

**NOTE 6 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. Expense under this charter agreement was \$155,674 for the year ended June 30, 2022. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

**NOTE 7 RELATED PARTIES**

The School also employs several members of the superintendent's family. The School paid these individuals \$127,151 during the year ended June 30, 2022.

**NOTE 8 RETIREMENT PLANS**

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 8.5% of compensation for electing teaching faculty to TRF and 14.2% of compensation for other electing employees to PERF. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2021 (the latest year reported), TRF and PERF were approximately 95% and 83% funded, respectively.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 8 RETIREMENT PLANS (CONTINUED)**

TRF eligible employees can also elect to participate in a School-sponsored 403(B) plan in lieu of the State of Indiana – INPRS plan. The School contributes 8.5% of participant compensation to the 403(b) plan.

Full-time employees may also choose to participate in a voluntary salary reduction 403(b) plan. The School will match the employee's contribution up to 1% of their gross wages.

Retirement plan expense was \$517,760 for the year ended June 30, 2022.

**NOTE 9 RISKS AND UNCERTAINTIES**

The School provides educational instruction services to families residing in Hamilton 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.

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

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 having significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its operations and financial results, including an increase in technology, social distancing, and related costs. 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.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 10 LIQUIDITY**

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2022, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash, cash – restricted, and grants receivable totaling \$660,289 at June 30, 2022, of which \$606,876 is available to meet cash needs for general expenditures within a year.

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

**NOTE 11 FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities have been summarized on a functional basis in the statement 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. Certain expenses have been allocated between program services and management and general expenses. Employee benefits, transportation, office supplies, and other expenses are allocated based on individual employees' function. Occupancy and depreciation expenses are allocated based on their location due to the schools and the administrative facilities are at discreet locations.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES  
OTHER REPORT  
YEAR ENDED JUNE 30, 2022**

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

Supplemental Audit Report of Options Charter Schools

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*.

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Options Charter Schools	Options in Education Foundation, Inc.	OCS Noblesville, LLC	OCS Westfield, LLC	Eliminations	Total
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	\$ 437,651	\$ 63,596	\$ 21,107	\$ -	\$ -	\$ 522,354
Cash - Restricted	-	-	-	53,413	-	53,413
Grants Receivable	84,522	-	-	-	-	84,522
Related Party Receivable	-	-	-	34,891	(34,891)	-
Prepaid Expenses	101,072	-	-	9,384	-	110,456
Interest Rate Swap	-	-	-	372,635	-	372,635
Total Current Assets	<u>623,245</u>	<u>63,596</u>	<u>21,107</u>	<u>470,323</u>	<u>(34,891)</u>	<u>1,143,380</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	-	-	-	1,313,089	-	1,313,089
Building and Improvements	-	-	-	3,368,367	-	3,368,367
Leasehold Improvements	37,274	-	-	-	-	37,274
Automobiles	41,527	-	-	-	-	41,527
Furniture and Equipment	336,983	-	2,322,948	169,082	-	2,829,013
Less: Accumulated Depreciation	(266,512)	-	(354,919)	(94,326)	-	(715,757)
Property and Equipment, Net	<u>149,272</u>	<u>-</u>	<u>1,968,029</u>	<u>4,756,212</u>	<u>-</u>	<u>6,873,513</u>
Total Assets	<u>\$ 772,517</u>	<u>\$ 63,596</u>	<u>\$ 1,989,136</u>	<u>\$ 5,226,535</u>	<u>\$ (34,891)</u>	<u>\$ 8,016,893</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Note Payable	\$ 225,800	\$ -	\$ -	\$ 137,729	\$ -	\$ 363,529
Deferred Revenue	-	-	4,000	21,000	-	25,000
Security Deposit	-	-	1,600	1,600	-	3,200
Accounts Payable and Accrued Expenses	434,115	-	-	-	-	434,115
Total Current Liabilities	<u>659,915</u>	<u>-</u>	<u>5,600</u>	<u>160,329</u>	<u>-</u>	<u>825,844</u>
<b>LONG-TERM LIABILITIES</b>						
Note Payable, Net of Current Portion	790,302	-	-	3,420,081	-	4,210,383
Total Liabilities	<u>1,450,217</u>	<u>-</u>	<u>5,600</u>	<u>3,580,410</u>	<u>-</u>	<u>5,036,227</u>
<b>NET ASSETS (DEFICIT), WITHOUT DONOR RESTRICTIONS</b>	<u>(677,700)</u>	<u>63,596</u>	<u>1,983,536</u>	<u>1,646,125</u>	<u>(34,891)</u>	<u>2,980,666</u>
Total Liabilities and Net Assets	<u>\$ 772,517</u>	<u>\$ 63,596</u>	<u>\$ 1,989,136</u>	<u>\$ 5,226,535</u>	<u>\$ (34,891)</u>	<u>\$ 8,016,893</u>

**OPTIONS CHARTER SCHOOLS AND AFFILIATES**  
**SCHEDULE OF CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Options Charter Schools	Options in Education Foundation, Inc.	OCS Noblesville, LLC	OCS Westfield, LLC	Eliminations	Total
<b>REVENUE AND CONTRIBUTED SUPPORT</b>						
<b>REVENUE AND SUPPORT</b>						
State Education Support	\$ 7,039,260	\$ -	\$ -	\$ -	\$ -	\$ 7,039,260
Contributions and Donations	111,940	28,299	-	-	(110,186)	30,053
Grant Revenue	1,551,590	-	-	-	-	1,551,590
In-Kind Revenue	-	-	10,285	-	-	10,285
Student Fees	24,356	2,021	-	-	-	26,377
Rent Revenue	-	-	85,776	312,000	(397,776)	-
Other Income	-	47,000	-	-	(47,000)	-
Gain on Interest Rate Swap	-	-	-	372,635	-	372,635
Total Revenue and Support	<u>8,727,146</u>	<u>77,320</u>	<u>96,061</u>	<u>684,635</u>	<u>(554,962)</u>	<u>9,030,200</u>
<b>EXPENSES</b>						
Program Services	6,823,325	5,980	72,527	224,846	(507,962)	6,618,716
Management and General	1,912,946	16,018	311	161,940	(47,000)	2,044,215
Total Expenses	<u>8,736,271</u>	<u>21,998</u>	<u>72,838</u>	<u>386,786</u>	<u>(554,962)</u>	<u>8,662,931</u>
<b>CHANGE IN NET ASSETS</b>	(9,125)	55,322	23,223	297,849	-	367,269
Net Assets - Beginning of Year	<u>(668,575)</u>	<u>8,274</u>	<u>1,960,313</u>	<u>1,348,276</u>	<u>(34,891)</u>	<u>2,613,397</u>
<b>NET ASSETS (DEFICIT) - END OF YEAR</b>	<u>\$ (677,700)</u>	<u>\$ 63,596</u>	<u>\$ 1,983,536</u>	<u>\$ 1,646,125</u>	<u>\$ (34,891)</u>	<u>\$ 2,980,666</u>



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