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July 17, 2023

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

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

In addition to the report presented herein, a Supplemental Audit Report for Indiana Online Learning Options, Inc., was prepared in accordance with the guidelines established by the 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 black ink that reads 'Tammy R. White'.

Tammy R. White, CPA  
Deputy State Examiner

**INDIANA ONLINE LEARNING OPTIONS, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School, as of June 30, 2022 and 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.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the School 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 the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern within one year after the date that the 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 and *Government Auditing Standards* 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 the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 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 the School's internal control. 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Schools' 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 opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the School’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 the School’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 the School’s internal control over financial reporting and compliance.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 30, 2023

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 9,755,638	\$ 8,111,726
Grants Receivable	2,395,346	2,274,982
Total Current Assets	12,150,984	10,386,708
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold Improvements	95,900	95,900
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(116,277)	(95,401)
Property and Equipment, Net	74,567	95,443
Total Assets	\$ 12,225,551	\$ 10,482,151
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Due to Connections Academy of Indiana, LLC	\$ 7,939,933	\$ 9,097,878
Accounts Payable and Accrued Expenses	1,182,437	1,310,645
Deferred Revenue	35,339	41,714
Total Current Liabilities	9,157,709	10,450,237
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	3,067,842	31,914
Total Liabilities and Net Assets	\$ 12,225,551	\$ 10,482,151

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 44,766,439	\$ 43,317,901
Grant Revenue	6,569,249	3,936,629
Contributions	298,848	-
Other	12,650	-
Total Revenue and Support	51,647,186	47,254,530
<b>EXPENSES</b>		
Program Services	41,392,144	39,976,791
Management and General	7,219,114	7,331,780
Total Expenses	48,611,258	47,308,571
<b>CHANGES IN NET ASSETS</b>	3,035,928	(54,041)
Net Assets - Beginning of Year	31,914	85,955
<b>NET ASSETS - END OF YEAR</b>	\$ 3,067,842	\$ 31,914

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 11,604,063	\$ -	\$ 11,604,063	\$ 12,445,931	\$ -	\$ 12,445,931
Employee Benefits	3,509,140	-	3,509,140	3,778,701	-	3,778,701
Staff Development and Recruitment	793,269	6,254	799,523	1,079,568	26,353	1,105,921
Authorizer Fees	-	1,087,742	1,087,742	-	1,163,780	1,163,780
Professional Services	1,616,232	268,378	1,884,610	753,839	253,930	1,007,769
School Administration and Support Services	6,411,828	4,520,536	10,932,364	5,405,258	4,751,033	10,156,291
Classroom and Office Supplies	10,003,326	-	10,003,326	9,254,730	25,339	9,280,069
Technology	6,034,883	-	6,034,883	6,083,322	-	6,083,322
Testing	877,141	-	877,141	958,868	-	958,868
Occupancy	29,573	-	29,573	123,652	-	123,652
Travel	40,119	-	40,119	11,837	-	11,837
Depreciation	20,876	-	20,876	9,253	-	9,253
Equipment	15,367	-	15,367	16,505	-	16,505
Repairs and Maintenance	-	-	-	3,514	-	3,514
Insurance	-	12,521	12,521	-	11,952	11,952
Other	436,327	1,323,683	1,760,010	51,813	1,099,393	1,151,206
<b>Total Functional Expenses</b>	<b><u>\$ 41,392,144</u></b>	<b><u>\$ 7,219,114</u></b>	<b><u>\$ 48,611,258</u></b>	<b><u>\$ 39,976,791</u></b>	<b><u>\$ 7,331,780</u></b>	<b><u>\$ 47,308,571</u></b>

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 3,035,928	\$ (54,041)
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	20,876	9,253
Changes in Operating Assets and Liabilities:		
State Tuition Receivable	-	74,076
Grants Receivable	(120,364)	(499,591)
Due to Connections Academy of Indiana, LLC	(1,157,945)	1,669,924
Accounts Payable and Accrued Expenses	(128,208)	308,474
Deferred Revenue	(6,375)	17,894
Net Cash Provided by Operating Activities	1,643,912	1,525,989
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	-	(91,330)
<b>NET CHANGE IN CASH</b>	1,643,912	1,434,659
Cash - Beginning of Year	8,111,726	6,677,067
<b>CASH - END OF YEAR</b>	\$ 9,755,638	\$ 8,111,726

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Indiana Online Learning Options, Inc. (IOL) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana, and is the governing body of two virtual public charter schools, Indiana Connections Academy (INCA) and Indiana Connections Career Academy (INCC). The 2017-2018 school year was the first year of operations for INCC. Both INCA and INCC (together referred to as the Schools) operate under Indiana Code 20-24 and are sponsored by Ball State University. The Schools are available to students residing in the state of Indiana and provide educational instruction to approximately 7,000 students in grades kindergarten through 12.

**Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**Revenue Recognition**

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

A portion of IOL's revenue is the product of cost reimbursement grants. Therefore, IOL recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022 and 2021, IOL does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

**Grants Revenue**

IOL receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2022 and 2021.

**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, 2022 and 2021.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Grants and State Tuition Support Receivable**

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

**Property and Equipment**

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

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

**Impairment of Long-Lived Assets**

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

**Taxes on Income**

IOL has received a determination from the Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, IOL would be subject to tax on income unrelated to its tax-exempt purpose. For the periods ended June 30, 2022 and 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require IOL to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. IOL has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of IOL are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

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

**Recently Issued Accounting Pronouncements**

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

**Subsequent Events**

The School evaluated subsequent events through March 30, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**NOTE 2 RETIREMENT PLANS**

IOL's personnel are eligible to participate in a 401(k) retirement plan sponsored by Pearson Online & Blended Learning, LLC. Under the plan, IOL matches 100% of employee contributions up to 3% of compensation and 50% of employee contributions for the next 3% of compensation. IOL may also make additional discretionary contributions. No discretionary contributions were made in 2022 and 2021. Retirement plan expense for the years ended June 30, 2022 and 2021 was \$245,917 and \$228,621, respectively.

**NOTE 3 LEASE**

IOL leases its facilities under an operating lease through August 30, 2026. Expense under the lease for the years ended June 30, 2022 and 2021 was \$29,573 and \$123,652, respectively. Future minimum lease obligations under this lease are as follows for the years ending June 30:

<u>Years Ending June 30,</u>	<u>Amount</u>
2023	\$ 41,800
2024	42,845
2025	43,890
2026	44,935
2027	7,664
Total	<u>\$ 181,134</u>

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 COMMITMENTS**

INCA and INCC operate under a single charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, IOL agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$1,087,742 and \$1,163,780 for the years ended June 30, 2022 and 2021, respectively. The charters remain in effect until June 30, 2026 and are renewable thereafter by mutual consent.

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

Connections Academy of Indiana, LLC has agreed to make a contribution and/or issue credits against the amounts billed for services and products provided, if needed, to ensure that IOL does not end a fiscal year with a financial deficit. The total contribution was \$298,848 and \$115,227 for the years ended June 30, 2022 and 2021, respectively, and the credits issued to IOL were \$-0- and \$748,626 for the years ended June 30, 2022 and 2021, respectively.

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

	<u>2022</u>	<u>2021</u>
Enrollment/Unit-Based Fees	\$ 1,864,039	\$ 18,324,789
Revenue-Based Fees	966,582	10,210,665
Total	<u>2,830,621</u>	<u>28,535,454</u>
Less: Total Contribution and Credits Issues	<u>(298,848)</u>	<u>(863,853)</u>
Net Fees	<u>\$ 2,531,773</u>	<u>\$ 27,671,601</u>

**NOTE 5 RISKS AND UNCERTAINTIES**

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

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

Financial instruments that potentially subject IOL to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2022 and 2021, substantially all of the receivable balance was due from the state of Indiana.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 RISKS AND UNCERTAINTIES (CONTINUED)**

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

The Coronavirus Disease (COVID-19) pandemic continues to have significant effects on global markets, supply chains, businesses, and communities. Specific to the IOL, COVID-19 has impacted various parts of its operations and financial results, including an increased demand for virtual learning options and additional funding opportunities. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

**NOTE 6 LIQUIDITY**

Under ASU 2016-14, IOL is required to disclose the assets it has available at June 30, 2022 and 2021, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. IOL's financial assets include cash and grants receivable. Financial assets at June 30, 2022 and 2021 totaling \$12,150,984 and \$10,386,708 respectively, all of which are available to meet cash needs for general expenditures within the next year.

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

**NOTE 7 FUNCTIONAL EXPENSE REPORTING**

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

**INDIANA ONLINE LEARNING OPTIONS, INC.  
OTHER REPORT  
YEAR ENDED JUNE 30, 2022**

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

Supplemental Audit Report of Indiana Online Learning Options, Inc.

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

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 9,188,002	\$ 567,636	\$ 9,755,638
State Tuition Support Receivable	-	-	-
Grants Receivable	1,842,371	552,975	2,395,346
Due from (to) Intercompany	202,469	(202,469)	-
Total Current Assets	11,232,842	918,142	12,150,984
<b>PROPERTY AND EQUIPMENT, NET</b>			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(116,277)	-	(116,277)
Property and Equipment, Net	74,567	-	74,567
 Total Assets	 \$ 11,307,409	 \$ 918,142	 \$ 12,225,551
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Due to Connections Academy of Indiana, LLC	\$ 7,185,228	\$ 754,705	\$ 7,939,933
Accounts Payable and Accrued Expenses	1,038,141	144,296	1,182,437
Deferred Revenue	27,149	8,190	35,339
Total Current Liabilities	8,250,518	907,191	9,157,709
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>3,056,891</b>	<b>10,951</b>	<b>3,067,842</b>
 Total Liabilities and Net Assets	 \$ 11,307,409	 \$ 918,142	 \$ 12,225,551

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

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

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL**  
**YEAR ENDED JUNE 30, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 40,841,964	\$ 3,924,475	\$ 44,766,439
Grant Revenue	5,765,075	804,174	6,569,249
Other Income	12,059	591	12,650
Contribution Revenue	-	298,848	298,848
Total Revenue and Support	<u>46,619,098</u>	<u>5,028,088</u>	<u>51,647,186</u>
<b>EXPENSES</b>			
Program Services	37,006,174	4,385,970	41,392,144
Management and General	6,577,206	641,908	7,219,114
Total Expenses	<u>43,583,380</u>	<u>5,027,878</u>	<u>48,611,258</u>
<b>CHANGES IN NET ASSETS</b>	3,035,718	210	3,035,928
Net Assets - Beginning of Year	<u>21,173</u>	<u>10,741</u>	<u>31,914</u>
<b>NET ASSETS - END OF YEAR</b>	<u><u>\$ 3,056,891</u></u>	<u><u>\$ 10,951</u></u>	<u><u>\$ 3,067,842</u></u>

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

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statement of financial position as of June 30, 2022, 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 March 30, 2023.

***Report on Internal Control Over Financial Reporting***

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

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

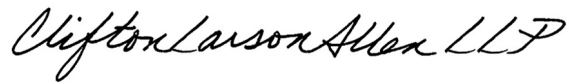
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 30, 2023



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

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

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

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

We have audited Indiana Online Learning Options, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the 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, 2022.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the School' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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.

Board of Directors  
Indiana Online Learning Options, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

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

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
March 30, 2023

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2022**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U. S. Department of Education:</b>			
Passed-Through from Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A200014	\$ 791,421
Title I Grants to Local Educational Agencies	84.010	S010A200015	18,750
Title I Grants to Local Educational Agencies	84.010	S010A190014	121,879
Title I Grants to Local Educational Agencies	84.010	1861-001-PN01	104,154
Total Assistance Listing Number 84.010			1,036,204
Special Education Cluster (IDEA)			
Passed-Through from Indiana Department of Education:			
Special Education Grants to States	84.027A	20611-546-PN01	1,090,881
Special Education Grants to States	84.027A	H027A190084	106,528
Special Education Grants to States	84.027X	N/A	98,654
Special Education Grants to States	84.027X	N/A	15,212
Total Assistance Listing Number 84.027			1,311,275
Special Education Preschool Grants	84.173A	20619-546-PN01	17,757
Total Special Education Cluster (IDEA)			1,329,032
Passed-Through from Indiana Department of Education:			
Charter School Program	84.282A	N/A	207,345
Passed-Through from Indiana Department of Education:			
English Language Acquisition State Grants	84.365A	N/A	5,838
Passed-Through from Indiana Department of Education:			
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A190013	164,539
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A200013	16,544
Total Assistance Listing Number 84.367			181,083
Passed-Through from Indiana Department of Education:			
Student Support and Academic Enrichment Program	84.424A	S424A120015	963
Student Support and Academic Enrichment Program	84.424A	S424A200015	10,129
Total Assistance Listing Number 84.424			11,092
Passed-Through from Indiana Department of Education:			
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	1,852,535
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	S425D200013	137,576
Total Assistance Listing Number 84.425			1,990,111
Total U.S. Department of Education			4,760,705
Total Expenditures of Federal Awards			\$ 4,760,705

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Indiana Online Learning Options, Inc. (the School) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

**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 for all awards. Under these principles, 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**

The School has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 SUBRECIPIENTS**

The School did not make any federal awards to subrecipients during the year ended June 30, 2022.

**INDIANA ONLINE LEARNING OPTIONS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2022  
(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?                      | _____ yes  | ___x___ no            |
| • Significant deficiency(ies) identified?                | _____ yes  | ___x___ none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes  | ___x___ no            |

**Federal Awards**

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

**Identification of Major Federal Programs**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.027, 84.173	Special Education Cluster (IDEA)
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ yes      ___x___ no

**INDIANA ONLINE LEARNING OPTIONS, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

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

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

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

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



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