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July 19, 2023

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

We have reviewed the audit report of Aspire Charter Academy, Inc., which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Aspire Charter Academy, Inc. as of June 30, 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 Aspire Charter 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

**ASPIRE CHARTER
ACADEMY, INC.**



Financial Statements and Supplementary
Information

Years Ended June 30, 2022 and 2021

**NATIONAL
HERITAGE
ACADEMIES** 

ASPIRE CHARTER ACADEMY, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aspire Charter Academy, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years 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 Aspire Charter Academy, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Aspire Charter Academy, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Aspire Charter Academy, Inc.'s ability to continue as a going concern for one year after the date 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 Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'s ability to continue as a going concern for a reasonable period of time.

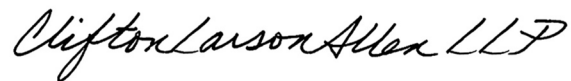
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying 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*, 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 supplementary 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 April 17, 2023 on our consideration of Aspire Charter Academy, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Aspire Charter Academy, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Aspire Charter Academy, Inc.'s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
April 17, 2023

ASPIRE CHARTER ACADEMY, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,832,848	\$ 2,246,136
Due from governmental revenue sources	<u>456,945</u>	<u>529,172</u>
Total current assets	<u>3,289,793</u>	<u>2,775,308</u>
NON-CURRENT ASSETS:		
Capital assets	118,360	141,030
Less accumulated depreciation	<u>(115,828)</u>	<u>(129,144)</u>
Total capital assets, net of accumulated depreciation	<u>2,532</u>	<u>11,886</u>
TOTAL	<u><u>\$ 3,292,325</u></u>	<u><u>\$ 2,787,194</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 3,807	\$ 3,791
Deferred revenue	22,416	7,101
Contracted service fee payable	<u>3,132,493</u>	<u>2,726,177</u>
Total liabilities	<u>3,158,716</u>	<u>2,737,069</u>
NET ASSETS:		
Net assets without donor restrictions	<u>133,609</u>	<u>50,125</u>
TOTAL	<u><u>\$ 3,292,325</u></u>	<u><u>\$ 2,787,194</u></u>

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

ASPIRE CHARTER ACADEMY, INC.

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
REVENUES AND SUPPORT:		
State aid	\$ 5,940,409	\$ 5,030,122
Other state sources	390,591	983,154
Federal sources	2,336,321	1,816,755
Private sources	50,871	47,523
In-kind contribution — NHA	<u>123,204</u>	<u>232,834</u>
Total revenues and support	<u>8,841,396</u>	<u>8,110,388</u>
EXPENSES:		
Contracted service fee	8,719,236	8,075,391
Depreciation	6,900	9,167
Loss on abandonment of asset	2,454	1,195
Board expenses	<u>29,322</u>	<u>33,008</u>
Total expenses	<u>8,757,912</u>	<u>8,118,761</u>
CHANGE IN NET ASSETS	83,484	(8,373)
NET ASSETS WITHOUT DONOR RESTRICTION:		
Beginning of year	<u>50,125</u>	<u>58,498</u>
End of year	<u>\$ 133,609</u>	<u>\$ 50,125</u>

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

ASPIRE CHARTER ACADEMY, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022**

	2022			
	Program Services	Management and General	Fundraising	Total
Contracted service fee:				
Salaries and wages	\$ 3,701,920	\$ -	\$ -	\$ 3,701,920
Retirement contributions	52,847	-	-	52,847
Other employee benefits	552,841	-	-	552,841
Payroll taxes	257,029	-	-	257,029
Accounting fees	8,452	85,387	-	93,839
Curriculum, textbooks, and supplies	159,596	-	-	159,596
Postage and shipping	4,962	-	-	4,962
Occupancy	1,729,516	11,868	-	1,741,384
Food service	482,043	-	-	482,043
Equipment rental and maintenance	131,278	-	-	131,278
Printing and publications	15,911	-	-	15,911
Travel	14,604	-	-	14,604
Conferences and meetings	20,980	-	-	20,980
Professional fees	534,722	-	-	534,722
Instructional support	-	91,087	-	91,087
Academic and general support	-	199,838	-	199,838
Enrollment and parent relations	-	105,290	-	105,290
Board support	-	67,528	-	67,528
Human resources	-	120,376	-	120,376
Support services	-	32,590	-	32,590
Technology	18,380	75,384	-	93,764
Marketing and business development	124,182	24,914	-	149,096
Insurance	30,383	-	-	30,383
Miscellaneous	65,328	-	-	65,328
Total contracted service fee	7,904,974	814,262	-	8,719,236
Depreciation	6,900	-	-	6,900
Loss on Abandonment of Assets	2,454	-	-	2,454
Expenses of Board of Directors	29,322	-	-	29,322
Total expenses	\$ 7,943,650	\$ 814,262	\$ -	\$ 8,757,912

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2021

	2021			Total
	Program Services	Management and General	Fundraising	
Contracted service fee:				
Salaries and wages	\$ 3,253,724	-	\$ -	\$ 3,253,724
Retirement contributions	49,022	-	-	49,022
Other employee benefits	655,612	-	-	655,612
Payroll taxes	251,230	-	-	251,230
Accounting fees	8,256	62,535	-	70,791
Curriculum, textbooks, and supplies	371,196	-	-	371,196
Postage and shipping	3,663	-	-	3,663
Occupancy	1,572,799	10,920	-	1,583,719
Food service	101,400	-	-	101,400
Equipment rental and maintenance	167,590	-	-	167,590
Printing and publications	15,651	-	-	15,651
Travel	1,766	-	-	1,766
Conferences and meetings	19,561	-	-	19,561
Professional fees	639,816	-	-	639,816
Instructional support	-	126,265	-	126,265
Academic and general support	-	220,358	-	220,358
Enrollment and parent relations	-	40,773	-	40,773
Board support	-	61,725	-	61,725
Human resources	-	102,038	-	102,038
Support services	-	28,594	-	28,594
Technology	15,256	91,995	-	107,251
Marketing and business development	134,474	28,053	-	162,527
Insurance	23,414	-	-	23,414
Miscellaneous	17,700	-	-	17,704
Total contracted service fee	7,302,131	773,256	-	8,075,391
Depreciation	9,167	-	-	9,167
Loss on Abandonment of Assets	1,195	-	-	1,195
Expenses of Board of Directors	33,008	-	-	33,008
Total expenses	<u>\$ 7,345,501</u>	<u>\$ 773,256</u>	<u>\$ -</u>	<u>\$ 8,118,761</u>

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
State aid	\$ 6,152,937	\$ 4,848,796
Other state sources	403,661	983,154
Federal sources	2,196,039	1,659,755
Private sources	53,097	46,721
Payments for services rendered	<u>(8,219,022)</u>	<u>(6,828,538)</u>
Net Cash Provided by Operating Activities	<u>586,712</u>	<u>709,888</u>
Net Change in Cash and Restricted Cash	586,712	709,888
Beginning of year	<u>2,246,136</u>	<u>1,536,248</u>
End of year	<u>\$ 2,832,848</u>	<u>\$ 2,246,136</u>
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 83,484	\$ (8,373)
Depreciation	6,900	9,167
Loss on Abandonment of Asset	2,454	1,195
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	72,227	(338,327)
Change in accounts payable	16	3,791
Change in contracted service fee payable	15,315	1,043,236
Change in deferred revenue	<u>406,316</u>	<u>(801)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 586,712</u>	<u>\$ 709,888</u>
NON-CASH ACTIVITY — In-kind contribution from NHA	<u>123,204</u>	<u>\$ 232,834</u>

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

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

1. NATURE OF OPERATIONS AND REPORTING ENTITY

Aspire Charter Academy, Inc. (the “Academy”) is a public benefit not-for-profit organization established under the laws of the State of Indiana that provides education based on rigorous teaching methods, parental involvement, student responsibility, and basic moral values. The Academy provides education, at no cost to the parent, to students in kindergarten through the eighth grade. Enrollment is open to all appropriately aged children without regard to gender, ethnic background, disability, and/or religious affiliation. The Academy served approximately 652 students during the 2021-2022 school year.

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

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

The Academy operates a public charter school established under Indiana Code 20-24-3-1 and is sponsored by Ball State University, which is responsible for oversight of the Academy’s operations. Under this Charter, the Academy has agreed to pay to Ball State University an annual fee equal to 3% of the state tuition support, which is included in the expenses assumed by NHA as described. This amounted to \$158,352 and \$150,903 for the fiscal years 2022 and 2021, respectively. The charter expires on June 30, 2025 and is subject to renewal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, and expenditures during the reporting period. Actual results could differ from those estimates.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

A portion of the Academy's revenue is the product of cost reimbursement grants. Therefore, the Academy recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022 and 2021, the Academy deferred \$22,416 and \$7,101, respectively, of such conditional funding.

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

In-Kind Contribution — The Academy receives in-kind contribution based upon the service agreement with NHA. NHA covers all expenses of the Academy and the revenue received by the Academy is paid to NHA. If the Academy incurs more expenses than revenues, NHA contributes this amount to the Academy based upon actual direct expenses.

Cash — Cash as of June 30, 2022 represents bank deposits with a carrying amount of \$2,832,848 and a bank balance of \$2,835,523 of which \$2,585,523 was uninsured and uncollateralized by federal depository insurance. The Academy does not have a deposit policy for custodial credit risk, as it typically does not anticipate holding uninsured deposits based on the nature of its management agreement with NHA. The Academy believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Academy evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2022 and 2021 represents a timing difference between funds received from governmental sources and amounts payable to NHA in accordance with the services agreement.

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

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

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

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

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

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

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

Professional accounting standards require the Academy to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2015 are open to audit for both federal and state purposes.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements — In February 2016, the FASB issued amended guidance for the treatment of leases. The guidance requires lessees to recognize a right-of-use asset and a corresponding lease liability for all operating and finance leases with lease terms greater than one year. The accounting for lessors will remain relatively unchanged. The guidance changes the accounting for sale and leaseback transactions to conform to the new revenue recognition standards. The guidance also requires both qualitative and quantitative disclosures regarding the nature of the entity's leasing activities. The amendments in the guidance are effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. Management is evaluating the impact of the amended lease guidance on the Academy's financial statements; however, the impact of the adoption is not expected to be significant as the facility sublease agreement with NHA is considered short-term as disclosed in Note 6.

Change in Accounting Principles — In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Subsequent Events — The Academy evaluated subsequent events through April 17, 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.

3. DUE FROM GOVERNMENTAL REVENUE SOURCES

The Academy's accounts receivable balance consists of \$456,945 and \$529,172 in federal grants receivable and state special education as of June 30, 2022 and 2021, respectively. The Academy considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts were recorded.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

4. LIQUIDITY

The Academy has \$3,289,793 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,832,848 and amounts due from governmental revenue sources of \$456,945 at June 30, 2022. The Academy had \$2,775,308 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,246,136 and amounts due from governmental revenue sources of \$529,172 at June 30, 2021. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Academy has a goal to maintain financial assets, which consist of cash and short-term receivables on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,467,388 and \$1,353,127 at June 30, 2022 and 2021, respectively.

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

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

5. CAPITAL ASSETS

Capital asset activity of the Academy's governmental activities for the year ended June 30, 2022, was as follows:

Year Ended June 30, 2022	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Other equipment	<u>\$ 141,030</u>	<u>\$ -</u>	<u>\$ (22,670)</u>	<u>\$ 118,360</u>
Total capital assets at historical cost	<u>141,030</u>	<u>-</u>	<u>(22,670)</u>	<u>118,360</u>
Less accumulated depreciation — equipment	<u>(129,144)</u>	<u>(6,900)</u>	<u>20,216</u>	<u>(115,828)</u>
Total accumulated depreciation	<u>(129,144)</u>	<u>(6,900)</u>	<u>20,216</u>	<u>(115,828)</u>
Total capital asset activity, net	<u><u>\$ 11,886</u></u>	<u><u>\$ (6,900)</u></u>	<u><u>\$ (2,454)</u></u>	<u><u>\$ 2,532</u></u>

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

Year Ended June 30, 2021	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Other equipment	<u>\$ 191,883</u>	<u>\$ -</u>	<u>\$ (50,853)</u>	<u>\$ 141,030</u>
Total capital assets at historical cost	<u>191,883</u>	<u>-</u>	<u>(50,853)</u>	<u>141,030</u>
Less accumulated depreciation — equipment	<u>(169,635)</u>	<u>(9,167)</u>	<u>49,658</u>	<u>(129,144)</u>
Total accumulated depreciation	<u>(169,635)</u>	<u>(9,167)</u>	<u>49,658</u>	<u>(129,144)</u>
Total capital asset activity, net	<u><u>\$ 22,248</u></u>	<u><u>\$ (9,167)</u></u>	<u><u>\$ (1,195)</u></u>	<u><u>\$ 11,886</u></u>

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

6. OPERATING LEASE

The Academy has entered into a sublease agreement with NHA for a facility to house the Academy. The lease term is from July 1, 2021 through June 30, 2022. Annual rental payments required by the lease are \$907,358 payable in twelve monthly payments of \$75,613. The lease agreement can be cancelled upon termination of the NHA services agreement.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2022 through June 30, 2023 at the same rental rate.

7. RISKS AND UNCERTAINTIES

The Academy is exposed to various risks of loss related to general liability. Commercial insurance policies to cover certain risks of loss have been obtained. There have been no significant reductions in insurance coverage during fiscal year 2022, and claims did not exceed coverage less retained risk deductible amounts in the past three fiscal years.

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

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

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

8. FUNCTIONAL EXPENSES

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

ASPIRE CHARTER ACADEMY, INC.

OTHER REPORT FOR THE YEAR ENDED JUNE 30, 2022

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

Supplemental Audit Report of Aspire Charter Academy, Inc.

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



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aspire Charter Academy, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 30, 2022.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

Purpose of This Report

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

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

CliftonLarsonAllen LLP

Indianapolis, Indiana
April 17, 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
Aspire Charter Academy, Inc.
Gary, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Aspire Charter Academy, Inc.'s 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 Aspire Charter Academy, Inc.'s major federal programs for the year ended June 30, 2022. Aspire Charter Academy, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Aspire Charter Academy, Inc. 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 Aspire Charter Academy, Inc. 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 Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'s 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 Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Aspire Charter Academy, Inc.'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 Aspire Charter Academy, Inc.'s 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
Aspire Charter Academy, 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
April 17, 2023

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Pass-Through Indiana Department of Education</i>				
Child Nutrition Cluster				
School Breakfast Program	10.553	N/A	\$ -	\$ 179,226
National School Lunch Program	10.555	N/A	-	387,754
National School Lunch Program - Snacks	10.555	N/A	-	2,180
Total U.S. Department of Agriculture			-	569,160
U.S. DEPARTMENT OF EDUCATION				
<i>Pass-Through Indiana Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	S010A200014	-	76,086
Title I Grants to Local Educational Agencies	84.010	S010A210014	-	876,197
Total			-	952,283
Special Education Grants to States	84.027	220450	-	111,888
COVID-19: Special Education Grants to States	84.027	221280	-	41,044
Total			-	152,932
Supporting Effective Instruction State Grants	84.367	S367A200013	-	26,946
Supporting Effective Instruction State Grants	84.367	S367A210013	-	40,727
Total			-	67,673
COVID-19: Elementary and Secondary School Emergency Relief Fund	* 84.425D	203710	-	414,076
COVID-19: Elementary and Secondary School Emergency Relief Fund	* 84.425D	213712	-	48,010
COVID-19: Elementary and Secondary School Emergency Relief Fund	* 84.425U	213713	-	132,187
Total			-	594,273
Total U.S. Department of Education			-	1,767,161
Total Federal Awards Expended			\$ -	\$ 2,336,321

* Denotes Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS OF AND FOR THE YEAR ENDED JUNE 30, 2022 AND 2021

NOTE 1 BASIS OF PRESENTATION

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

Aspire Charter Academy, Inc.'s programs are funded jointly by federal and state funds. Costs incurred in such programs are applied against federal grant funds to the extent of the grant award provisions and against state funds for the balance. Federal and state program awards are reported in the financial statements under the caption "Government reimbursements".

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.

NOTE 3 INDIRECT COST RATE

Aspire Charter Academy, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ASPIRE CHARTER ACADEMY, INC.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425	Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? x yes _____ no

ASPIRE CHARTER ACADEMY, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2022

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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