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July 19, 2023

Charter School Board
Muncie Public Charter School of Inquiry, Inc.
d/b/a Inspire Academy
2801 E 16th St
Muncie, IN 47302

We have reviewed the report prepared by Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy 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 Muncie Public Charter School of Inquiry, Inc. d/b/a Inspire Academy, 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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy
Muncie, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy (the School), which comprise the statements 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 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 the School 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 the School 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 the School'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 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 School'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.

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 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

Indianapolis, Indiana
March 27, 2023

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 49,263	\$ 209,272
Grants Receivable	111,555	110,776
Prepaid Expenses	33,458	27,217
Total Current Assets	194,276	347,265
PROPERTY AND EQUIPMENT		
Land	76,880	76,880
Buildings and Improvements	1,262,056	502,299
Furniture and Equipment	445,691	326,805
Textbooks	13,092	13,092
Vehicles	31,850	31,850
Less: Accumulated Depreciation	(433,819)	(343,648)
Property and Equipment, Net	1,395,750	607,278
Total Assets	\$ 1,590,026	\$ 954,543
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Note Payable	\$ 24,997	\$ 28,119
Current Portion of Capital Lease Obligations	2,097	2,270
Accounts Payable and Accrued Expenses	92,121	133,240
Refundable Advances	3,667	23,670
Total Current Liabilities	122,882	187,299
LONG-TERM LIABILITIES		
Note Payable, Net of Current Portion	530,003	200,481
Capital Lease Obligations, Net of Current Portion	1,535	3,633
Total Long-Term Liabilities	531,538	204,114
Total Liabilities	654,420	391,413
NET ASSETS WITHOUT DONOR RESTRICTIONS		
	935,606	563,130
Total Liabilities and Net Assets	\$ 1,590,026	\$ 954,543

See accompanying Notes to Financial Statements.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
State Education Support	\$ 1,463,809	\$ 1,165,668
Grant Revenue	1,175,934	699,748
Student Fees	13,812	7,253
Contributions	105,503	35,638
Fundraising and Other Income	28,828	44,637
Total Revenue and Support	<u>2,787,886</u>	<u>1,952,944</u>
EXPENSES		
Program Services	1,735,136	1,190,653
Management and General	680,274	608,443
Total Expenses	<u>2,415,410</u>	<u>1,799,096</u>
CHANGE IN NET ASSETS	372,476	153,848
Net Assets - Beginning of Year	<u>563,130</u>	<u>409,282</u>
NET ASSETS - END OF YEAR	<u><u>\$ 935,606</u></u>	<u><u>\$ 563,130</u></u>

See accompanying Notes to Financial Statements.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
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	\$ 843,873	\$ 361,315	\$ 1,205,188	\$ 612,135	\$ 286,811	\$ 898,946
Employee Benefits	149,188	73,389	222,577	120,763	59,182	179,945
Staff Development	52,508	-	52,508	24,073	-	24,073
Professional Services	37,803	116,255	154,058	22,925	90,112	113,037
Connectivity	77,267	-	77,267	37,897	-	37,897
Authorizer Oversight Fees	-	37,219	37,219	-	30,079	30,079
Food Costs	61,366	-	61,366	47,936	-	47,936
Equipment	15,490	-	15,490	7,833	-	7,833
Classroom, Kitchen, and Office Supplies	72,108	5,096	77,204	75,342	4,661	80,003
Occupancy	159,421	25,000	184,421	125,186	-	125,186
Transportation	167,592	-	167,592	-	-	-
Depreciation	90,171	-	90,171	37,778	-	37,778
Interest	-	14,873	14,873	-	6,523	6,523
Property Rental and Maintenance	-	3,350	3,350	-	23,651	23,651
Insurance	-	25,440	25,440	-	23,351	23,351
Other	8,349	18,337	26,686	78,785	84,073	162,858
Total Functional Expenses	<u>\$ 1,735,136</u>	<u>\$ 680,274</u>	<u>\$ 2,415,410</u>	<u>\$ 1,190,653</u>	<u>\$ 608,443</u>	<u>\$ 1,799,096</u>

See accompanying Notes to Financial Statements.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 372,476	\$ 153,848
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	90,171	37,778
Gain on Extinguishment of Debt - PPP Loan	-	(209,200)
Changes in Operating Assets and Liabilities:		
Grants Receivable	(779)	(83,149)
Prepaid Expenses	(6,241)	23,353
Accounts Payable and Accrued Expenses	(41,119)	27,016
Refundable Advances	(20,003)	(21,499)
Net Cash Provided (Used) by Operating Activities	394,505	(71,853)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(576,143)	(280,304)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Note Payable	-	(150,000)
Proceeds from Note Payable	23,900	228,600
Principal Reduction of Capital Lease Obligations	(2,271)	(2,875)
Net Cash Provided by Financing Activities	21,629	75,725
NET CHANGE IN CASH	(160,009)	(276,432)
Cash - Beginning of Year	209,272	485,704
CASH - END OF YEAR	\$ 49,263	\$ 209,272
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 14,873	\$ 6,523
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Capital Assets Acquired With Note Payable	\$ 302,500	\$ -

See accompanying Notes to Financial Statements.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and sponsored by Ball State University. In 2022 and 2021, the School served approximately 153 and 145 students, respectively, in grades prekindergarten to eighth by providing an alternative to the traditional elementary school program.

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.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consist 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.

Accounts Receivable

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2022, the School has one conditional grant that has not been recognized as revenue in the statement of activities because conditions have not been met. See Note 5.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable and Revenue

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

Contributions, Grants, and Fees

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

Taxes on Income

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

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:

Buildings and Improvements	5 to 40 Years
Furniture and Equipment	3 Years
Textbooks	4 Years
Vehicles	5 Years

Impairment of Long-Lived Assets

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through March 27, 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.

Subsequent to year-end, the School applied for and was approved for a charter with Trine University, to begin July 1, 2023.

NOTE 2 NOTE PAYABLE

Note payable was comprised of the following at June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Promissory note payable to IFF, payable in equal monthly installments of \$4,462 including interest at 5.25% secured by a mortgage of School facilities and all business assets	\$ 555,000	\$ 228,600
Less: Current Portion	<u>(24,997)</u>	<u>(28,119)</u>
Long-Term Portion	<u>\$ 530,003</u>	<u>\$ 200,481</u>

Principal maturities of the note payable is as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 24,997
2024	26,342
2025	27,793
2026	29,289
2027	30,860
Thereafter	415,719
Total	<u>\$ 555,000</u>

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 PAYCHECK PROTECTION PROGRAM LOAN

On April 21, 2020, the School received a loan from Star Financial Bank in the amount of \$209,200 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 18 months, deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. On February 16, 2021, the SBA has formally forgiven the entire portion of the School's obligation under this PPP Loan. Therefore, the School recognized \$209,200 in grant revenue in the statement of activities and changes in net assets for the year ended June 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 4 LEASES

The School leases various items of equipment under capital leases. At June 30, 2022, the cost and accumulated depreciation relating to these assets were \$14,582 and \$11,190, respectively (\$14,582 and \$8,905, respectively, at June 30, 2021).

Minimum future lease payments as of June 30, 2022 under capital leases and the present value of the net minimum lease payments are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 2,097
2024	1,334
2025	201
Total	<u>\$ 3,632</u>

NOTE 5 REFUNDABLE ADVANCE

During the year ended June 30, 2019, the School received a \$100,000 comprehensive counseling initiative implementation grant from the Lilly Endowment. The grant must be spent in accordance with the submitted budget and any funds not encumbered before June 30, 2022 must be returned. Accordingly, the revenue is recognized as approved expenditures are incurred. As of June 30, 2022 and 2021, \$3,667 and \$23,670, respectively, remained to be expended.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 6 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF), which is a cost-sharing multiple employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2022 and 2021, the School contributed 5.5% of compensation for eligible teaching personnel to TRF. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2021 (the latest year reported), TRF was more than 95% funded.

All other employees are eligible to participate in a School-sponsored section 403(b) plan. Under this plan, the School contributes 6% of compensation, as defined in the plan document. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2022 or 2021. Retirement plan expense under both plans was \$43,609 and \$34,387 for the years ended June 30, 2022 and 2021, respectively.

NOTE 7 COMMITMENTS AND CONTINGENCIES

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Payments under this charter agreement were \$37,219 and \$30,079 for the years ended June 30, 2022 and 2021, respectively. The charter remains in effect until June 30, 2024 and is renewable thereafter by mutual consent.

The School terminated its lease on its facility at 1620 S. Madison Street, Muncie, Indiana effective June 30, 2016, citing landlord nonperformance. The lease was through June 30, 2018 and, as such, the School may be liable for remaining payments. On April 4, 2019, the School received an offer letter from the lessor, The Housing Authority of the City of Muncie, Indiana, to settle for payment in the amount of \$300,000. The School responded, via its attorney, on August 4, 2019, stating its opinion and offering to settle based on the following terms: (1) The Housing Authority of the City of Muncie, Indiana, would retain the original security deposit, and (2) the School tenders an additional lump sum payment of \$22,000. The Housing Authority of the City of Muncie, Indiana responded in January 2020 to settle in the amount of \$200,000. In April 2020, the School responded, via its attorney, that it would settle for \$35,000 plus the \$15,000 security deposit retention. The School recorded a contingent liability of \$35,000 and reduction of prepaid expense of \$15,000 for the proposed settlement during the year ended June 30, 2021. The total expense related to the proposed settlement recorded in the year ended June 30, 2021 was \$50,000. During the year ended June 30, 2022, a proposed settlement was accepted by The Housing Authority of the City of Muncie.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana and federal funding sources. At June 30, 2020, substantially all of the receivable balance was due from these sources. In addition, bank deposits are maintained primarily at First Financial Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

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

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School 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. Financial assets for the School include cash and grants receivable. Financial assets at June 30, 2022 and 2021, totaled \$160,818 and \$320,048, respectively, all of which are available to meet cash needs for general expenditures within a year.

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

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 10 FUNCTIONAL EXPENSE REPORTING

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

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2022**

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

Supplemental Audit Report of Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy

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*.

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Inspire Academy Charter	Inspire Academy Pre-K	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 49,263	\$ -	\$ -	\$ 49,263
Accounts Receivable	111,555	-	-	111,555
Prepaid Expenses	33,458	-	-	33,458
Due from Pre-K	256,979	-	(256,979)	-
Total Current Assets	<u>451,255</u>	<u>-</u>	<u>(256,979)</u>	<u>194,276</u>
PROPERTY AND EQUIPMENT, NET				
Land	76,880	-	-	76,880
Buildings and Improvements	1,262,056	-	-	1,262,056
Furniture and Equipment	445,691	-	-	445,691
Textbooks	13,092	-	-	13,092
Vehicles	31,850	-	-	31,850
Less: Accumulated Depreciation	(433,819)	-	-	(433,819)
Property and Equipment, Net	<u>1,395,750</u>	<u>-</u>	<u>-</u>	<u>1,395,750</u>
 Total Assets	 <u>\$ 1,847,005</u>	 <u>\$ -</u>	 <u>\$ (256,979)</u>	 <u>\$ 1,590,026</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	\$ 24,997	\$ -	\$ -	\$ 24,997
Current Portion of Capital Lease Obligations	2,097	-	-	2,097
Accounts Payable and Accrued Expenses	92,121	-	-	92,121
Refundable Advances	3,667	-	-	3,667
Due to Charter School	-	256,979	(256,979)	-
Total Current Liabilities	<u>122,882</u>	<u>256,979</u>	<u>(256,979)</u>	<u>122,882</u>
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	530,003	-	-	530,003
Capital Lease Obligations, Net of Current Portion	1,535	-	-	1,535
Total Long-Term Liabilities	<u>531,538</u>	<u>-</u>	<u>-</u>	<u>531,538</u>
 Total Liabilities	 654,420	 256,979	 (256,979)	 654,420
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,192,585</u>	<u>(256,979)</u>	<u>-</u>	<u>935,606</u>
 Total Liabilities and Net Assets	 <u>\$ 1,847,005</u>	 <u>\$ -</u>	 <u>\$ (256,979)</u>	 <u>\$ 1,590,026</u>

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Inspire Academy Charter	Inspire Academy Pre-K	Total
	<u> </u>	<u> </u>	<u> </u>
REVENUE AND SUPPORT			
State Education Support	\$ 1,463,809	\$ -	\$ 1,463,809
Grant Revenue	1,175,934	-	1,175,934
Student Fees	13,812	-	13,812
Contributions	49,434	56,069	105,503
Fundraising and Other Income	28,806	22	28,828
Total Revenue and Support	<u>2,731,795</u>	<u>56,091</u>	<u>2,787,886</u>
EXPENSES			
Program Services	1,658,270	76,866	1,735,136
Management and General	679,392	882	680,274
Total Expenses	<u>2,337,662</u>	<u>77,748</u>	<u>2,415,410</u>
CHANGES IN NET ASSETS	394,133	(21,657)	372,476
Net Assets - Beginning of Year	<u>798,452</u>	<u>(235,322)</u>	<u>563,130</u>
NET ASSETS - END OF YEAR	<u>\$ 1,192,585</u>	<u>\$ (256,979)</u>	<u>\$ 935,606</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
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy
Muncie, 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 Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy (the School), 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 March 27, 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.

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy

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 27, 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
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy
Muncie, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Muncie Public Charter School of Inquiry, Inc. dba: Inspire Academy'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'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 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'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 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'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

Board of Directors
Muncie Public Charter School of Inquiry, Inc.
dba: Inspire Academy

of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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

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

We have audited the financial statements of the School as of and for the year ended June 30, 2022, and have issued our report thereon dated March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
June 16, 2023

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Passed-through Indiana Department of Education:				
Child Nutrition Cluster - School Breakfast Program	10.553	N/A	\$ -	\$ 38,409
Child Nutrition Cluster - National School Lunch Program	10.555	N/A	-	82,622
Child Nutrition Cluster - Fresh Fruit and Vegetable Program	10.582	N/A	-	3,519
Total Child Nutrition Cluster			<u>-</u>	<u>124,550</u>
Total Department of Agriculture			-	124,550
Department of Education				
Passed-through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	18611-001-PN01	-	122,711
Special Education Cluster - Special Education Grants to States	84.027	H027A190084, H027X210084	-	50,327
Special Education Cluster - Special Education Preschool Grants	84.173	H173A210104, H173X210104	-	6,472
Total Special Education Cluster			<u>-</u>	<u>56,799</u>
Title II Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A200013	-	18,569
COVID-19: Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund	84.425D	S425D210013	-	305,669
COVID-19: Education Stabilization Fund: American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	-	365,549
Total Education Stabiulization Fund			<u>-</u>	<u>671,218</u>
Total Department of Education			-	869,297
Department of Homeland Security				
Passed-through Indiana Department of Homeland Security				
Secured Schools Safety Grant	97.008	EMW-2020-UA-0008	-	13,063
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 1,006,910</u>

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Muncie Public Charter School of Inquiry, Inc., dba: Inspire Academy (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 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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 Fund Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ yes <u> x </u> no

MUNCIE PUBLIC CHARTER SCHOOL OF INQUIRY, INC.
DBA: INSPIRE ACADEMY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
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).