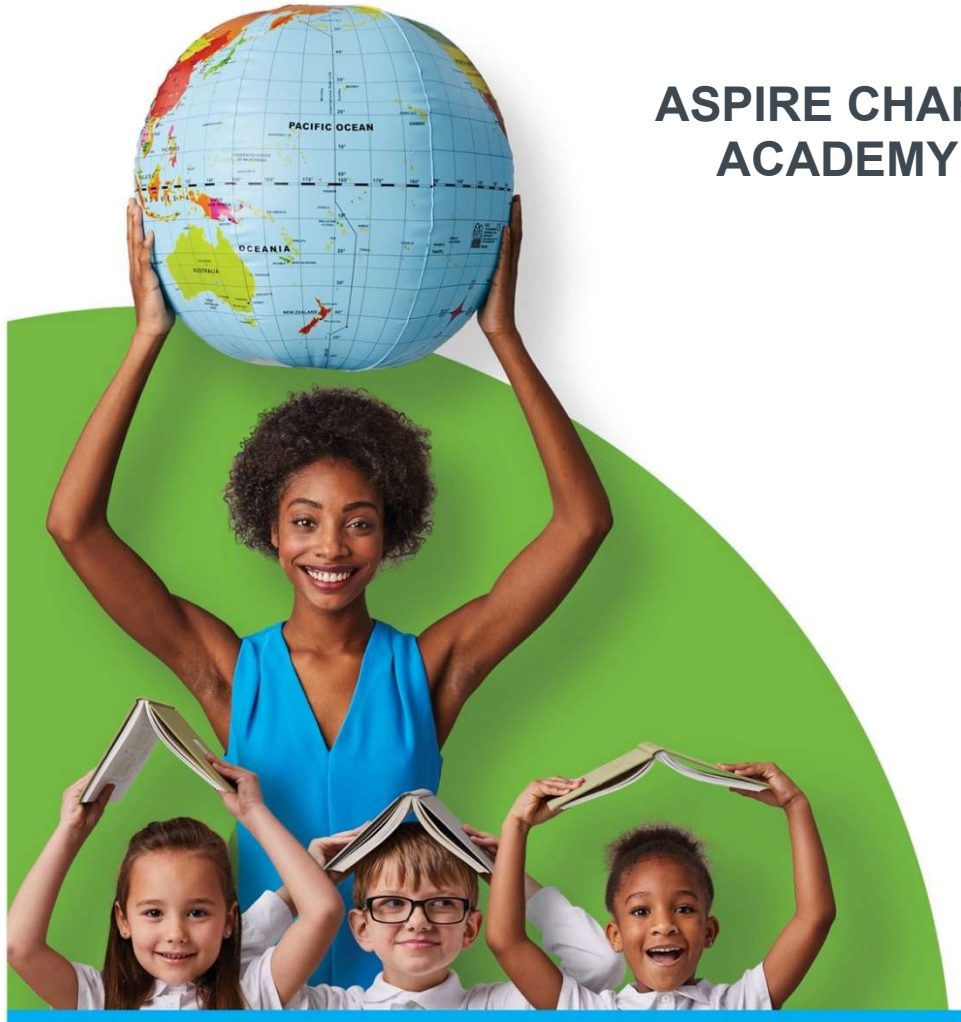


**Anderson Preparatory
Academy
(Pending)**

Aspire Charter Academy

**ASPIRE CHARTER
ACADEMY, INC.**



Financial Statements

Years Ended June 30, 2025 and 2024

**NATIONAL
HERITAGE
ACADEMIES** 

ASPIRE CHARTER ACADEMY, INC.
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024:	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to the Financial Statements	8-13
Other Report	14



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 financial statements of Aspire Charter Academy, Inc., (a nonprofit organization) (the Academy), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Academy as of June 30, 2025 and 2024, 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). 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 Academy 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 Academy's ability to continue as a going concern within 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 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, 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 Academy'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 Academy'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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 5, 2026

ASPIRE CHARTER ACADEMY, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS:		
Cash	\$ 2,910,972	\$ 2,336,294
Due from governmental revenue sources	<u>445,992</u>	<u>307,008</u>
Total current assets	<u>3,356,964</u>	<u>2,643,302</u>
NON-CURRENT ASSETS:		
Capital assets	118,360	118,360
Less accumulated depreciation	<u>(118,360)</u>	<u>(118,360)</u>
Total capital assets, net of accumulated depreciation	<u>-</u>	<u>-</u>
TOTAL	<u><u>\$ 3,356,964</u></u>	<u><u>\$ 2,643,302</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	\$ 6,220	\$ 4,437
Deferred revenue	84,211	27,266
Contracted service fee payable	<u>3,166,301</u>	<u>2,532,833</u>
Total liabilities	<u>3,256,732</u>	<u>2,564,536</u>
NET ASSETS:		
Net assets without donor restrictions	<u>100,232</u>	<u>78,766</u>
Total net assets	<u>100,232</u>	<u>78,766</u>
TOTAL	<u><u>\$ 3,356,964</u></u>	<u><u>\$ 2,643,302</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, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
REVENUES AND SUPPORT:		
State aid	\$ 7,024,864	\$ 6,654,602
Other state sources	591,404	521,788
Federal sources	4,026,247	4,122,526
Local sources	373,678	-
Private sources	<u>25,025</u>	<u>116,858</u>
Total revenues and support	<u>12,041,218</u>	<u>11,415,774</u>
EXPENSES:		
Contracted service fee	11,972,500	11,412,742
Depreciation	-	1,021
Board expenses	<u>47,252</u>	<u>45,440</u>
Total expenses	<u>12,019,752</u>	<u>11,459,203</u>
CHANGE IN NET ASSETS	21,466	(43,429)
NET ASSETS WITHOUT DONOR RESTRICTION:		
Beginning of year	<u>78,766</u>	<u>122,195</u>
End of year	<u>\$ 100,232</u>	<u>\$ 78,766</u>

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2025 WITH COMPARATIVE TOTALS FOR JUNE 30, 2024

	2025		2024	
	Program Services	Management and General	Total	Total
Contracted service fee:				
Salaries and wages	\$ 4,296,007	\$ -	\$ 4,296,007	\$ 4,186,382
Retirement contributions	65,141	-	65,141	60,037
Other employee benefits	524,681	-	524,681	392,492
Payroll taxes	351,162	-	351,162	329,114
Accounting fees	9,875	109,646	119,521	77,379
Curriculum, textbooks, and supplies	1,053,608	-	1,053,608	893,041
Postage and shipping	7,576	-	7,576	8,261
Occupancy	1,645,691	21,774	1,667,465	1,653,354
Food service	676,583	-	676,583	728,866
Equipment rental and maintenance	87,892	-	87,892	485,562
Printing and publications	23,424	-	23,424	30,292
Travel	33,079	-	33,079	34,694
Conferences and meetings	79,838	-	79,838	131,339
Professional fees	1,032,717	-	1,032,717	756,449
Instructional support	-	443,363	443,363	228,097
Academic and general support	-	225,733	225,733	209,136
Enrollment and parent relations	-	129,676	129,676	130,437
Board support	-	71,060	71,060	79,266
Human resources	-	187,084	187,084	171,555
Support services	-	28,809	28,809	27,418
Technology	23,760	372,156	395,916	178,246
Marketing and business development	165,155	41,203	206,358	226,640
Insurance	28,593	-	28,593	34,272
Miscellaneous	237,214	-	237,214	360,413
Total contracted service fee	10,341,996	1,630,504	11,972,500	11,412,742
Depreciation	-	-	-	1,021
Expenses of Board of Directors	47,252	-	47,252	45,440
Total expenses	\$ 10,389,248	\$ 1,630,504	\$ 12,019,752	\$ 11,459,203

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

ASPIRE CHARTER ACADEMY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	2024		
	Program	Management	
	Services	and General	Total
Contracted service fee:			
Salaries and wages	\$ 4,186,382	\$ -	\$ 4,186,382
Retirement contributions	60,037	-	60,037
Other employee benefits	392,492	-	392,492
Payroll taxes	329,114	-	329,114
Accounting fees	11,088	66,291	77,379
Curriculum, textbooks, and supplies	893,041	-	893,041
Postage and shipping	8,261	-	8,261
Occupancy	1,635,779	17,575	1,653,354
Food service	728,866	-	728,866
Equipment rental and maintenance	485,562	-	485,562
Printing and publications	30,292	-	30,292
Travel	34,694	-	34,694
Conferences and meetings	131,339	-	131,339
Professional fees	756,449	-	756,449
Instructional support	-	228,097	228,097
Academic and general support	-	209,136	209,136
Enrollment and parent relations	-	130,437	130,437
Board support	-	79,266	79,266
Human resources	-	171,555	171,555
Support services	-	27,418	27,418
Technology	22,922	155,324	178,246
Marketing and business development	178,220	48,420	226,640
Insurance	34,272	-	34,272
Miscellaneous	360,413	-	360,413
Total contracted service fee	10,279,223	1,133,519	11,412,742
Depreciation	1,021	-	1,021
Expenses of Board of Directors	45,440	-	45,440
Total expenses	<u>\$ 10,325,684</u>	<u>\$ 1,133,519</u>	<u>\$ 11,459,203</u>

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

ASPIRE CHARTER ACADEMY, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:		
State aid	\$ 7,021,905	\$ 6,654,602
Other state sources	600,104	525,878
Federal sources	4,086,194	4,378,343
Local sources	176,771	-
Private sources	74,205	75,425
Payments for services rendered	<u>(11,384,501)</u>	<u>(9,911,303)</u>
Net cash provided by operating activities	<u>574,678</u>	<u>1,722,945</u>
NET INCREASE IN CASH	574,678	1,722,945
CASH — Beginning of year	<u>2,336,294</u>	<u>613,349</u>
CASH — End of year	<u><u>\$ 2,910,972</u></u>	<u><u>\$ 2,336,294</u></u>
RECONCILIATION OF CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS TO NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ 21,466	\$ (43,429)
Depreciation	-	1,021
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in due from governmental revenue sources	(138,984)	256,751
Change in accounts payable	1,783	4,437
Change in deferred revenue	56,945	(38,277)
Change in contracted service fee payable	<u>633,468</u>	<u>1,542,442</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 574,678</u></u>	<u><u>\$ 1,722,945</u></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, 2025 AND 2024

1. NATURE OF OPERATIONS AND REPORTING ENTITY

Aspire Charter Academy, Inc. (the Academy) is a public benefit nonprofit 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 675 students during the 2024-2025 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 authorized 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 \$182,018 and \$172,506 for the fiscal years 2025 and 2024, respectively. The charter expired on June 30, 2025 and was subsequently renewed through June 30, 2028.

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, 2025 AND 2024

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, 2025, 2024, and 2023, the Academy deferred \$84,211, \$27,266, and \$65,544, 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, 2025 and 2024.

Millages Passed Through LEA—During the year ended June 30, 2025, the Indiana legislature passed IC 20-46-8-11.2, which requires auditors in Lake County, Marion County, St. Joseph's County, and Vanderburgh Count, Indiana to remit a portion of tax levy revenues collected to eligible charter schools. The School qualifies as eligible to receive a share of these revenues. Property tax levy revenues are treated as conditional grants as the value and benefit is the general public. Revenue is recognized as barriers, educational programming is delivered to the students throughout the school year, are satisfied.

Cash — Cash as of June 30, 2025 and 2024, represents bank deposits with a carrying amount of \$2,910,972 of which \$2,660,972 and a carrying amount of \$2,336,294 and a bank balance of \$2,348,468, respectively, 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, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracted Service Fee Payable — Contracted service fee payable as of June 30, 2025 and 2024, 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 to 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 (IRC). 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 IRC. 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 2022 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, 2025 AND 2024

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events — The Academy evaluated subsequent events through January 5, 2026, 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 \$445,992 and \$307,008 in federal grants receivable, state grants receivable, and local property tax receivable as of June 30, 2025 and 2024, respectively. The Academy considers all receivables to be fully collectible; accordingly, no allowance for credit loss was recorded.

4. LIQUIDITY

The Academy has \$3,356,964 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,910,972 and amounts due from governmental revenue sources of \$445,992 at June 30, 2025. The Academy had \$2,643,302 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$2,336,294 and amounts due from government revenue sources of \$307,008 at June 30, 2024. 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 \$1,943,000 and \$1,884,000 at June 30, 2025 and 2024, 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 Academy's revenue during the year.

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2025 AND 2024

5. CAPITAL ASSETS

Capital asset activity of the Academy's activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	\$ 118,360	\$ -	\$ -	\$ 118,360
Total capital assets at historical cost	118,360	-	-	118,360
Less accumulated depreciation — equipment	(118,360)	-	-	(118,360)
Total accumulated depreciation	(118,360)	-	-	(118,360)
Total capital asset activity, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital asset activity of the Academy's activities for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Other equipment	\$ 118,360	\$ -	\$ -	\$ 118,360
Total capital assets at historical cost	118,360	-	-	118,360
Less accumulated depreciation — equipment	(117,339)	(1,021)	-	(118,360)
Total accumulated depreciation	(117,339)	(1,021)	-	(118,360)
Total capital asset activity, net	<u>\$ 1,021</u>	<u>\$ (1,021)</u>	<u>\$ -</u>	<u>\$ -</u>

ASPIRE CHARTER ACADEMY, INC.

NOTES TO THE FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2025 AND 2024

6. 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, 2024 through June 30, 2025. Annual rental payments required by the lease are \$912,800 payable in twelve monthly payments of \$76,067 for the year ended June 30, 2025 and 2024. The lease agreement can be cancelled upon termination of the NHA services agreement.

The Academy is not a party to any leasing arrangements that meet the criteria for recognition of lease assets or liabilities under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)* based on the noncancellable period being less than 12 months and applicability of the short-term lease exception for the facility lease agreement.

The Academy subsequently renewed the sublease with NHA for the period of July 1, 2025 through June 30, 2026 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 2025 or 2024, 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, 2025 and 2024, 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, 2025

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*.

**SUPPLEMENTAL AUDIT REPORT
OF
ASPIRE CHARTER ACADEMY, INC.**

LAKE COUNTY INDIANA

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Denise Dillard	07/01/2024 – 06/30/2025
Board Treasurer	Rachael Wright	07/01/2024 – 06/30/2025
School Leader	ReNae Robinson	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

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. (the Academy), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 5, 2026.

In connection with our audit, we noted the Academy failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in do far as they relate to accounting matters as describe in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the Academy failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-reference provisions of the Guidelines, insofar as they relate to accounting matters.

The Academy's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the Academy and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 5, 2026

**ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT DOCUMENTATION

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for nine (9) students (2 fall, 7 spring) of the 60 tested for enrollment. The students were missing the proof of residency documentation and/or birth certificate as required by the School's policy.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

**ASPIRE CHARTER ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on December 23, 2025 with Denise Dillard (Board President), Matt Carlton (School Director), along with Liz Samuelson, Gabriel Fox, and Andrew Gayle from National Heritage Academies. Official response has been made part of this report and may be found beginning on page 5.



Aspire Charter Academy

June 30, 2025

Corrective Action Plan

Average Daily Membership Testing – Enrollment Documentation: Enrollment documents are required to be maintained by the Indiana Department of Education for each student.

Condition: For 9 of the 60 students tested, the Academy was missing proof of residency documentation and/or birth certificates, which are required to be maintained per the Academy's policy.

Planned Corrective Action: The Academy will work to retain supporting evidence of enrollment of students by scanning and digitizing all the documentation that is collected during the enrollment process.

Contact person responsible for corrective action: Liz Samuelson

Anticipated Completion Date: 6/30/2026



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

The Bloomington Project School

**THE BLOOMINGTON PROJECT SCHOOL
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024**



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**THE BLOOMINGTON PROJECT SCHOOL
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
OTHER REPORT	15



INDEPENDENT AUDITORS' REPORT

Board of Directors
The Bloomington Project School
Bloomington, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Bloomington Project School, which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Bloomington Project School as of June 30, 2025 and 2024, and the changes in 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). 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 Bloomington Project 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 Bloomington Project 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 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, 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 Bloomington Project 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 Bloomington Project 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 3, 2025

**THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 662,571	\$ 896,895
Grants Receivable	24,357	69,269
Prepaid Expenses	49,926	43,787
Total Current Assets	736,854	1,009,951
PROPERTY AND EQUIPMENT		
Buildings and Improvements	2,675,305	2,675,305
Furniture and Equipment	531,140	504,602
Textbooks	10,295	10,295
Less: Accumulated Depreciation	(1,897,645)	(1,739,450)
Property and Equipment, Net	1,319,095	1,450,752
OTHER ASSETS		
Right-of-Use Assets Operating, Net	632,735	248,308
Security Deposits	12,500	12,500
Total Other Assets	645,235	260,808
Total Assets	\$ 2,701,184	\$ 2,721,511
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 22,011	\$ 24,392
Accrued Expenses	202,156	233,134
Current Portion of Line of Credit	30,853	29,643
Current Portion of Notes Payable	112,172	144,347
Right-of-Use Liability - Operating, Current Portion	146,078	50,247
Right-of-Use Liability - Financing, Current Portion	-	4,330
Total Current Liabilities	513,270	486,093
LONG-TERM LIABILITIES		
Line of Credit, Net of Current Portion	376	31,229
Notes Payable, Net of Current Portion	682,703	789,267
Right-of-Use Liability - Operating, Net of Current Portion	559,651	278,001
Total Long-Term Liabilities	1,242,730	1,098,497
Total Liabilities	1,756,000	1,584,590
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total Liabilities and Net Assets	\$ 2,701,184	\$ 2,721,511

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
REVENUE AND SUPPORT		
State Education Support	\$ 2,544,546	\$ 2,563,026
Grant Revenue	912,663	1,069,527
Student Fees	50,523	53,642
Contributions	77,124	90,354
Other Income	<u>67,077</u>	<u>96,179</u>
Total Revenue and Support	3,651,933	3,872,728
 EXPENSES		
Program Services	2,635,305	2,649,379
Management and General	<u>1,208,365</u>	<u>1,144,284</u>
Total Expenses	<u>3,843,670</u>	<u>3,793,663</u>
 CHANGE IN NET ASSETS	 (191,737)	 79,065
Net Assets Without Donor Restrictions - Beginning of Year	<u>1,136,921</u>	<u>1,057,856</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	 <u>\$ 945,184</u>	 <u>\$ 1,136,921</u>

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,933,683	\$ 353,676	\$ 2,287,359	\$ 1,945,255	\$ 350,450	\$ 2,295,705
Employee Benefits	433,490	83,715	517,205	403,423	69,674	473,097
Staff Development	15,134	453	15,587	18,813	245	19,058
Professional Services	111,290	81,135	192,425	155,513	77,266	232,779
Repairs and Maintenance	-	34,484	34,484	-	27,405	27,405
Authorizer Oversight Fees	63,939	-	63,939	44,330	-	44,330
Food Costs	8,080	88,157	96,237	5,155	84,775	89,930
Equipment	367	1,504	1,871	-	214	214
Classroom, Kitchen, and Office Supplies	53,754	23,995	77,749	49,252	20,088	69,340
Occupancy	300	117,292	117,592	-	121,130	121,130
Depreciation and Amortization	-	317,090	317,090	-	253,990	253,990
Interest	-	66,294	66,294	-	88,688	88,688
Insurance	-	21,915	21,915	-	32,421	32,421
Other	15,268	18,655	33,923	27,638	17,938	45,576
Total Functional Expenses	<u>\$ 2,635,305</u>	<u>\$ 1,208,365</u>	<u>\$ 3,843,670</u>	<u>\$ 2,649,379</u>	<u>\$ 1,144,284</u>	<u>\$ 3,793,663</u>

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (191,737)	\$ 79,065
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation and Amortization	317,090	253,990
Noncash Lease Activities	(165,841)	(137,084)
Changes in Operating Assets and Liabilities:		
Grants Receivable	44,912	21,748
Prepaid Expenses	(6,139)	(23,613)
Accounts Payable	(2,381)	1,393
Accrued Expenses	(30,978)	117,786
Refundable Advances	-	(11,540)
Net Cash Provided (Used) by Operating Activities	(35,074)	301,745
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(26,538)	(15,994)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayments of Notes Payable, Net	(138,739)	(131,857)
Payments on Line of Credit, Net	(29,643)	(28,474)
Payments on Financing Lease Activities	(4,330)	(4,132)
Net Cash Used by Financing Activities	(172,712)	(164,463)
 NET CHANGE IN CASH	(234,324)	121,288
 Cash - Beginning of Year	896,895	775,607
 Cash - End of Year	\$ 662,571	\$ 896,895
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 66,294	\$ 88,688
 Right-of-Use Assets Obtained in Exchange for New Operating Leases	\$ 453,767	\$ -

See accompanying Notes to Financial Statements.

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Bloomington Project School (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates as a public charter school established under Indiana Code 20-24 serving approximately 315 students in grades kindergarten through eighth and is authorized by Ball State University.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. As of June 30, 2025 and 2024, the School had no conditional grants that had not been recognized as revenue in the statements of activities because conditions had not been met.

Revenue from student fees and other income is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service being performed are reported as deferred revenue in the statement of financial position. As of June 30, 2025 and 2024, the School did not have any such deferred revenue.

Contributions

The School receives income from contributions and grants that support certain School activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes' restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restriction. The School did not have any net assets with donor restrictions as of June 30, 2025 and 2024.

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2025 and 2024.

Grants Receivable

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

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	Lesser of 30 Years or Life of Lease
Furniture and Equipment	3 to 5 Years
Textbooks	4 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.

Taxes on Income

The Bloomington Project School, Inc. has received a determination from the U.S. Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination.

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2020 are open to audit for both federal and state purposes.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The School evaluated subsequent events through December 3, 2025, 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.

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 LINE OF CREDIT

On February 28, 2020, the School entered into a credit agreement with a bank for a line of credit which permits borrowing up to \$168,000. Principal and interest payments of \$2,628 are due monthly beginning in March of 2021 with an interest rate of 3.95% with final payment due in February of 2027. The line of credit is secured by any and all existing and subsequent security documents, including mortgages, security agreements, and collateral assignments by any Borrower or Guarantor. As of June 30, 2025 and 2024, the line of credit balance was \$31,229 and \$60,872, respectively.

Principal maturities of the line of credit are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 30,853
2027	376
Total	<u>\$ 31,229</u>

NOTE 3 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Note Payable to Indiana Finance Authority	\$ 40,425	\$ 106,009
Note Payable to IFF	744,670	811,305
Common School Fund Loan	9,780	16,300
Total	794,875	933,614
Less: Current Portion	(112,172)	(144,347)
Long-Term Portion	<u>\$ 682,703</u>	<u>\$ 789,267</u>

Indiana Finance Authority Note Payable

The note payable to Indiana Finance Authority is payable in quarterly installments of \$17,798, including interest at 5.5% per annum. The loan was funded through the sale of Qualified School Construction Bonds, which provide for the interest to be subsidized by the U.S. federal government. The loan is subordinate to the IFF note payable.

IFF Note Payable

The note payable to IFF is payable in monthly installments of \$10,028, including interest at 6.875% per annum, with the unpaid balance due on August 1, 2033. The note is secured by a leasehold mortgage, and furniture and equipment. The promissory note with IFF contains several financial and nonfinancial covenants with which the School is required to comply annually. The School was in compliance with all covenants as of June 30, 2025 and 2024.

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 NOTES PAYABLE (CONTINUED)

Common School Fund Loan

The note payable to the Indiana Common School Fund is payable in semi-annual principal installments of \$3,260 from January 2017 to July 2026, with interest at 1% per annum.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 112,172
2027	79,251
2028	81,383
2029	87,158
2030	93,343
Thereafter	341,568
Total	<u>\$ 794,875</u>

NOTE 4 LEASES

The School leases equipment and facilities under long-term, noncancelable lease agreements. The leases expire at various times until 2030. In the normal course of business, it is expected that the leases will be renewed or replaced by similar leases.

The School entered into a capital lease financing agreement during the year ended June 30, 2020 for a piece of equipment. The original cost related to this asset was \$18,698. At June 30 2025 and 2024, the net book value for this asset was \$0.

The following tables provide quantitative information concerning the School's leases for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Finance Lease Cost:		
Amortization of Right of Use Asset	\$ -	\$ -
Interest on Lease Liabilities	128	327
Operating Lease Cost	<u>163,573</u>	<u>134,775</u>
Total Lease Cost	<u>\$ 163,701</u>	<u>\$ 135,102</u>
Other Information		
Operating Cash Flows from Finance Leases	\$ 128	\$ 327
Operating Cash Flows from Operating Leases	162,063	154,316
Financing Cash Flows from Finance Leases	4,330	4,132
Right-of-Use Assets Obtained in Exchange for New Operating Leases	453,767	-
Weighted-Average Remaining Lease Term - Finance Leases	0 Years	0.9 Years
Weighted-Average Remaining Lease Term - Operating Leases	4.4 Years	4.8 Years
Weighted-Average Discount Rate - Finance Leases	N/A	4.72%
Weighted-Average Discount Rate - Operating Leases	4.23%	4.00%

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 LEASES (CONTINUED)

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2026	\$ 170,008
2027	176,940
2028	175,153
2029	177,216
2030	<u>72,000</u>
Undiscounted Cash Flows	771,317
(Less) Imputed Interest	<u>(65,588)</u>
Total Present Value	<u><u>\$ 705,729</u></u>
Short-Term Lease Liabilities	\$ 146,078
Long-Term Lease Liabilities	559,651
Total	<u><u>\$ 705,729</u></u>

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For both years ended June 30, 2025 and 2024, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2024 (the latest year reported), TRF and PERF were approximately 86% and 82% funded, respectively.

Employees can elect benefits under a 403(b) plan, where the School contributes 7.5% of compensation.

Retirement plan expense was \$142,177 and \$134,825 for the years ended June 30, 2025 and 2024, respectively.

THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing 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 \$44,234 and \$44,330 for the years ended June 30, 2025 and 2024, respectively. The charter remains in effect until June 30, 2026, and is renewable thereafter by mutual consent.

The School has contracted with Charter School Management Corporation (CSMC) to provide finance, business consulting, compliance, payroll, human resources, and other services. This contract remains in effect until June 30, 2024, and is automatically renewed on a year-to-year basis commencing on the last day of the expiring contract unless written notice of intent to terminate or renegotiate is given by either party at least 60 days prior to expiration of the agreement. Expenses under the agreement were \$54,083 and \$60,000 for the years ended June 30, 2025 and 2024, respectively.

Under the terms of the agreement, the School has agreed to pay CSMC \$55,000 for the year ending June 30, 2026.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025, substantially all of the receivable balance was due from the state of Indiana. In addition, deposits maintained at Old National Bank are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance limit of \$250,000. Funds held at this financial institution exceed the FDIC insurance limit. To date, the School has not experienced losses in any of these accounts.

**THE BLOOMINGTON PROJECT SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 LIQUIDITY

Under Accounting Standards Update (ASU) 2016-14, the School is required to disclose the assets it has available at June 30, 2025 and 2024 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable as noted below at June 30:

	<u>2025</u>	<u>2024</u>
Financial Assets	\$ 686,928	\$ 966,164
Less: Those Unavailable for General Expenditures		
Within One Year: Extracurricular Account	<u>(283,562)</u>	<u>(240,201)</u>
Financial Assets Available to Meet Cash		
Needs for General Expenditures Within One Year	<u>\$ 403,366</u>	<u>\$ 725,963</u>

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

**THE BLOOMINGTON PROJECT SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of The Bloomington Project School

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*.



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

SUPPLEMENTAL AUDIT REPORT
THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025

**THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4

**THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Michael Horvath	07/01/2024 – 06/30/2025
School Leader	Catherine Diersing	07/01/2024 – 06/30/2025
Business Manager	Lisa Jones	07/01/2024 – 06/30/2025

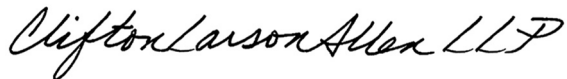
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials
The Bloomington Project School
Bloomington, Indiana

We have audited in accordance with auditing standards generally accepted in the United States of America the financial statements of The Bloomington Project School (the School), which comprise the statement of financial positions as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 3, 2025.

In connection with our audit, nothing came to our attention that caused us to believe that the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above referenced provisions of the Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 3, 2025

**THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

No findings noted for the period of July 1, 2024 to June 30, 2025.

**THE BLOOMINGTON PROJECT SCHOOL
MONROE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed with Catherine Diersing (School Leader), Lisa Jones (Business Manager), and a representative from Charter School Management Corporation (CSMC) on December 3, 2025.

Canaan Community Academy

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
OTHER REPORT	13



INDEPENDENT AUDITORS' REPORT

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Madison, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements are present fairly, in all material respects, the financial position of the School as of June 30, 2025 and 2024, 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). 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 within 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 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, 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 16, 2026

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 403,388	\$ 455,947
Grants Receivable	94,714	60,959
In-Kind Rent Receivable	-	721,997
Prepaid Expenses	8,965	54,636
Total Current Assets	507,067	1,293,539
PROPERTY AND EQUIPMENT		
Land	17,000	-
Buildings and Building Improvements	6,054,852	591,973
Furniture and Equipment	596,514	596,514
Textbooks	141,309	141,309
Vehicles	670,737	380,631
Less: Accumulated Depreciation	(779,292)	(601,100)
Property and Equipment, Net	6,701,120	1,109,327
Total Assets	\$ 7,208,187	\$ 2,402,866
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of Credit	\$ 150,000	\$ -
Accounts Payable and Accrued Expenses	72,206	176,432
Deferred Revenue	34,123	34,423
Total Current Liabilities	256,329	210,855
NET ASSETS		
Without Donor Restrictions	6,951,858	1,470,014
With Donor Restrictions	-	721,997
Total Net Assets	6,951,858	2,192,011
Total Liabilities and Net Assets	\$ 7,208,187	\$ 2,402,866

See accompanying Notes to Financial Statements.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	\$ 1,752,113	\$ -	\$ 1,752,113	\$ 1,796,128	\$ -	\$ 1,796,128
Grant Revenue	726,022	-	726,022	771,516	-	771,516
Student Fees	12,633	-	12,633	1,508	-	1,508
Contributions	19,742	-	19,742	9,168	-	9,168
Other Income	11,596	-	11,596	38,704	-	38,704
In-kind Contribution	4,762,610	-	4,762,610	-	-	-
Net Assets Released from Restrictions	721,997	(721,997)	-	173,824	(173,824)	-
Total Revenue and Support	8,006,713	(721,997)	7,284,716	2,790,848	(173,824)	2,617,024
EXPENSES						
Program Services	2,060,489	-	2,060,489	1,990,030	-	1,990,030
Management and General	464,380	-	464,380	423,691	-	423,691
Total Expenses	2,524,869	-	2,524,869	2,413,721	-	2,413,721
CHANGE IN NET ASSETS	5,481,844	(721,997)	4,759,847	377,127	(173,824)	203,303
Net Assets - Beginning of Year	1,470,014	721,997	2,192,011	1,092,887	895,821	1,988,708
NET ASSETS - END OF YEAR	<u>\$ 6,951,858</u>	<u>\$ -</u>	<u>\$ 6,951,858</u>	<u>\$ 1,470,014</u>	<u>\$ 721,997</u>	<u>\$ 2,192,011</u>

See accompanying Notes to Financial Statements.

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,125,893	\$ 189,046	\$ 1,314,939	\$ 1,057,926	\$ 168,560	\$ 1,226,486
Employee Benefits	298,010	30,601	328,611	274,552	22,503	297,055
Classroom, Kitchen, and Office Supplies	67,649	27,317	94,966	69,993	22,209	92,202
Professional Services	105,812	90,176	195,988	88,916	105,740	194,656
Food Costs	62,776	-	62,776	62,979	-	62,979
Depreciation	178,192	-	178,192	85,794	-	85,794
Occupancy	49,603	-	49,603	61,916	-	61,916
In-Kind Rent Expense	59,607	-	59,607	173,824	-	173,824
Property Rental and Maintenance	75,526	-	75,526	46,212	-	46,212
Equipment	11,269	-	11,269	10,751	-	10,751
Insurance	-	62,116	62,116	-	49,635	49,635
Authorizer Oversight Fees	-	46,335	46,335	-	47,949	47,949
Contracted Transportation Services	6,059	-	6,059	28,509	-	28,509
Interest	-	5,176	5,176	-	635	635
Other	20,093	13,613	33,706	28,658	6,460	35,118
	<u>\$ 2,060,489</u>	<u>\$ 464,380</u>	<u>\$ 2,524,869</u>	<u>\$ 1,990,030</u>	<u>\$ 423,691</u>	<u>\$ 2,413,721</u>
Total Expenses by Function	<u>\$ 2,060,489</u>	<u>\$ 464,380</u>	<u>\$ 2,524,869</u>	<u>\$ 1,990,030</u>	<u>\$ 423,691</u>	<u>\$ 2,413,721</u>

See accompanying Notes to Financial Statements.

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 4,759,847	\$ 203,303
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	178,192	85,794
In-Kind Contribution	(4,703,003)	173,824
Changes in Operating Assets and Liabilities:		
Grants Receivable	(33,755)	115,121
Prepaid Expenses	45,671	(45,798)
Accounts Payable and Accrued Expenses	(104,226)	42,316
Deferred Revenue	(300)	14,570
Net Cash Provided by Operating Activities	142,426	589,130
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(344,985)	(220,522)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Note Payable	-	(17,644)
Borrowings on Line of Credit	399,000	-
Repayments of Line of Credit	(249,000)	-
Net Cash Provided (Used) by Financing Activities	150,000	(17,644)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(52,559)	350,964
Cash and Cash Equivalents - Beginning of Year	455,947	104,983
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 403,388	\$ 455,947
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 5,176	\$ 635

See accompanying Notes to Financial Statements.

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Friends of Canaan, Inc. dba: Canaan Community 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 serving approximately 190 students in grades kindergarten through eight and is authorized by Ball State University.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). This method records revenue and related assets when earned and records expense and related liabilities when the obligations are incurred. These financial statements report amounts separately by class of net assets.

Accounting Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the state of Indiana is based on enrollment, and paid in monthly installments in July through June, coinciding with the academic school year. Revenue 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. 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, 2025 and 2024, the School had \$34,123 and \$34,423, respectively, of deferred revenue for grant funds received in advance of related reimbursable expenses.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and short term treasury notes. The School considers all accounts to be cash and cash equivalents as maturities are within one year.

Grants Receivable and Revenue

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

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions received are measured at their fair values and are reported as an increase in net assets. 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.

In-kind Contributions

In addition to receiving cash contributions, the School receives in-kind contributions. The School records the value of the donated goods or services when there is an objective basis available to measure their value. The value of donated assets are reflected as contributions at their estimated values at date of receipt, based upon insurable values of the assets. All in-kind contributions are treated as noncash transactions for purpose of the statement of cash flows. The School received the donation of a building and land totaling \$4,762,610 for the year ended June 30, 2025.

Taxes on Income

Friends of Canaan, Inc. has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

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.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

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 Building Improvements	40 Years
Furniture and Equipment	3 to 4 Years
Textbooks	4 Years
Vehicles	5 to 10 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.

Classification of Net Assets

Net assets of the School are classified based on the presence or absence of donor-imposed restrictions and are defined as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions or the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the School.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the School or passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All of the net assets with donor of restrictions of the School related to the in-kind rent receivable as further described in Note 2. The School did not have any net assets with donor restrictions that are perpetual in nature as of June 30, 2025 and 2024.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or applicable state law.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The School evaluated subsequent events through March 16, 2026, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 IN-KIND RENT RECEIVABLE

The School leased its facility under an operating lease with Shelby Township. In April 2023, the School entered into a lease agreement with Shelby Township, with an effective date of March 1, 2023. Shelby Township was providing a donation to the School by allowing it to occupy the government-owned building for an annual lease payment of \$1, below market rent, through February 2028. The present value of the contribution, as determined at the date of the lease was effective using a 4.27% interest rate, is recorded in net assets with donor restrictions, and in-kind receivable. Annually, this receivable is amortized and released from restriction. The School is responsible for all repairs, maintenance, utilities, and insurance.

In October 2024, the School and Shelby Township executed a quitclaim deed transferring ownership to the School for the land and building.

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 LINE OF CREDIT

In May 2024, the School entered into a \$150,000 line of credit with German American Bank that remained in effect until August 2025, which was then subsequently renewed through August 2026. The line bears interest at a floating rate per annum equal to the Prime Rate plus 1.250% with a floor of 6.000% (8.750% and 9.75% at June 30, 2025 and 2024, respectively), is secured by all assets of the School. The line \$150,000 and -\$0- drawn against it as of June 30, 2025 and 2024, respectively.

NOTE 4 RETIREMENT PLAN

The School offers retirement benefits to its employees through both 403(b) and 401(a) defined contribution retirement plans. The 403(b) plan is funded solely by employee contributions. The School contributes 7.5% of each employee's salary for all full-time employees to the 401(a) plan. Retirement plan expense, net of forfeitures, was \$93,456 and \$67,318 for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 LEASES

The School leases two copiers from a third party under a long-term, noncancelable lease agreement. The lease expired in 2024 and was replaced with a month-to-month lease. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was -\$0- and \$2,667 for the years ended June 30, 2025 and 2024, respectively.

	2025	2024
Lease Cost:		
Operating Lease Cost	\$ -	\$ 2,667
Other Information:		
Operating Cash Flows from Operating Leases	\$ -	\$ (1,444)

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing 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 \$46,335 and \$47,949 for the years ended June 30, 2025 and 2024, respectively. The charter remains in effect until June 30, 2027 and is renewable thereafter by mutual consent.

FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Madison 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. At June 30 2025, substantially all of the receivable balance was due from the state of Indiana.

Cash deposits are maintained at German American Bank and normally exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Insured accounts are guaranteed by the FDIC up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the School had approximately \$321,000 and \$296,000, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2025 and 2024 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, 2025 and 2024 total \$498,102 and \$516,906, 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.

NOTE 9 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.

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
OTHER REPORT
JUNE 30, 2025**

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

Supplemental Audit Report of Friends of Canaan, Inc.
dba: Canaan Community 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*.



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

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA**

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	David Herring	07/01/2024 - 06/30/2025
Chief Administrative Officer	Rhonda Pennington	07/01/2024 - 06/30/2025
Chief Operations Officer	Kristi Allard	07/01/2024 - 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

Board of Directors
Friends of Canaan, Inc.
dba: Canaan Community Academy
Canaan, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of Friends of Canaan, Inc. dba: Canaan Community Academy (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2026.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they related to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 16, 2026

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

An audit adjustment related to the donation of a school building and land for \$5,425,000 was detected as a result of audit procedures. The School exercised a quitclaim deed within the lease agreement with Shelby Township. The sale and transfer of ownership was not disclosed to the audit team until after fieldwork was completed, resulting in a material audit adjustment to record the final portion of the lease agreement, the building and land addition, and the related in-kind contribution revenue. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around contributions and fixed assets are an important element of internal controls.

Indiana Code 20-24-7-1 provides that "...The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)..."

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

VENDOR DISBURSEMENTS – SALES TAX EXEMPTION

A similar comment also appeared in prior Report 255905 entitled "VENDOR DISBURSEMENTS – SALES TAX EXEMPTION".

Sales tax can be avoided or reimbursed for purchases eligible under the state tax exemption guidelines. During our testing of vendor disbursements noted there were six (6) instances of the twenty-five (25) disbursement selections where the School paid sales tax. Total amount of sales tax paid was \$194.65

Charter schools are eligible for an exemption from the state sales tax on purchases. To obtain the exemption for a Sales Tax Exemption Certificate, application shall be made to the Sales Tax Division of the Department of Revenue. This certificate must be presented at the time a purchase is made to avoid paying sales tax. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10).

**FRIENDS OF CANAAN, INC.
DBA: CANAAN COMMUNITY ACADEMY
JEFFERSON COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on January 27, 2026 with Rhonda Pennington (Chief Administrative Officer), Kristi Allard (Chief Operations Officer), and David Herring (Board President). The School's official response can be found starting on page 5.



CANAAN
COMMUNITY
Academy

COUGARS

A K-8, Finnish Model Inspired School

8775 N. CANAAN MAIN ST. MADISON, IN 47250 | PO BOX 20 CANAAN, IN 47224

To Whom It May Concern:

Subject: Official Response to Audit Finding – Preparation of Financial Statements in Accordance with GAAP

Canaan Community Academy (CCA) respectfully submits the following official response regarding the audit finding related to the recording of the donated school building and land valued at \$5,425.00 and the associated internal control considerations.

During the audit period, CCA exercised the quit claim deed provision within the existing lease agreement with Shelby Township, resulting in the transfer of ownership of the building and land to the school. The auditors were onsite during this period and were provided access to all requested documentation, including the executed quit claim deed and the Board of Education meeting minutes that formally recorded the approval, sale, and transfer of ownership.

The audit finding states that the transfer of ownership was not disclosed to the audit team until after fieldwork was completed, resulting in a material audit adjustment to record the final portion of the lease agreement, the fixed asset addition, and the related in-kind contribution revenue. The finding further identifies this as a material weakness in internal controls related to contributions and fixed asset reporting.

CCA acknowledges the importance of timely communication and accurate financial reporting in accordance with Generally Accepted Accounting Principles (GAAP) and Indiana Code 20-24-7-1, which requires charter schools to maintain internal controls that ensure the reliability of financial information, safeguard assets, and support compliance with applicable laws and regulations.

However, CCA notes the following clarifications:

- The auditors had full access to the quit claim deed and all supporting documentation during their onsite visit.
- The Board meeting minutes provided to the audit team included the approval and execution of the transfer of ownership.
- The auditors operated under the assumption that the prior-year lease agreement remained in effect. A copy of the lease was not provided during this audit cycle because it was no longer applicable following the transfer of ownership.

EXPLORE - EXPERIENCE - EXCEL

812-839-0003 | WWW.CANAANCOMMUNITYACADEMY.ORG



CANAAN
COMMUNITY
Academy

COUGARS

A K-8, Finnish Model Inspired School

8775 N. CANAAN MAIN ST. MADISON, IN 47250 | PO BOX 20 CANAAN, IN 47224

- When a staff member inadvertently referenced the continuation of the lease, CCA immediately corrected the misstatement and clarified that ownership had transferred under the quit claim deed.

CCA recognizes that the timing of this clarification contributed to the need for a material audit adjustment. While the documentation was available to the auditors, CCA acknowledges that more explicit and proactive communication regarding the termination of the lease and the resulting asset transfer would have strengthened the audit process and prevented the adjustment.

Corrective Actions

CCA is committed to strengthening internal controls and ensuring full compliance with GAAP and Indiana Code 20-24-7-1. The following measures are being implemented:

- Establishing a formal communication protocol requiring that all significant transactions—including asset acquisitions, disposals, and contributions—be summarized and provided to auditors at the start of fieldwork.
- Enhancing internal review procedures to ensure that all staff involved in audit support are aligned on current-year financial events and documentation.
- Updating the fixed asset and contribution reporting procedures to ensure timely recognition and documentation of all non-cash transactions.
- Providing additional training to administrative staff on internal control expectations outlined in the Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10.

CCA remains committed to transparency, accuracy, and continuous improvement in financial reporting. We appreciate the auditors' work and will use this finding as an opportunity to further strengthen our internal control environment.

Please feel free to contact us should additional information or clarification be needed.

Sincerely,

Rhonda Pennington

Chief Administrative Officer

EXPLORE - EXPERIENCE - EXCEL
812-839-0003 | WWW.CANAANCOMMUNITYACADEMY.ORG



8775 N Canaan Main St. (PO 20) Canaan, IN 47224

812-839-0003

To whom it may concern:

Canaan Community Academy(CCA) does have a Sales Tax Exemption Certificate. CCA makes every effort to not pay sales tax to vendors. Due to the rural location this can be challenging. CCA staff is small with everyone doing multiple jobs. The staff often purchases items that are needed; when they are at a store out of town (1.5-2 hours away) it is helpful to have them pick things up instead of the office staff leaving during the day for 4-5 hours. Also, staff may make purchases online for an item that is needed quickly; especially when it could prevent a staff member from driving over an hour to pick up item(s).

Canaan Community Academy will continue to make efforts to not pay sales tax plus look at additional ways to not pay sales tax to vendors.

Warmest regards,

A handwritten signature in black ink that reads 'Rhonda Pennington'. The signature is written in a cursive style with a small 'x' mark above the 'n' in 'Pennington'.

Rhonda Pennington
Chief Administrative Officer



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

Community Montessori

COMMUNITY MONTESSORI, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**COMMUNITY MONTESSORI, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
OTHER REPORT	17



INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Montessori, Inc.
New Albany, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Montessori, Inc. (the School), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and change in net assets, statements of 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, 2025 and 2024, and the changes in 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). 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 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, 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 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 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 22, 2025

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,634,348	\$ 3,404,997
Investments	5,195,805	5,195,429
Accounts Receivable, Net	98,550	10,174
Prepaid Expenses	-	17,465
Total Current Assets	8,928,703	8,628,065
PROPERTY AND EQUIPMENT		
Land	150,296	150,296
Buildings and Improvements	13,853,594	13,569,296
Furniture and Equipment	244,987	227,188
Less: Accumulated Depreciation	(5,529,508)	(5,162,909)
Property and Equipment, Net	8,719,369	8,783,871
Operating Right-of-Use Asset, Net	4,203	7,069
Total Assets	\$ 17,652,275	\$ 17,419,005
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 289,563	\$ 284,467
Accounts Payable and Accrued Expenses	542,088	367,131
Operating Lease Liability - Current Portion	2,949	2,866
Deferred Revenue	60,051	205,975
Total Current Liabilities	894,651	860,439
LONG-TERM LIABILITIES		
Operating Lease Liability, Net of Current Portion	1,254	4,203
Notes Payable, Net of Current Portion	3,439,093	3,728,424
Less: Unamortized Debt Issuance Costs	(31,028)	(33,628)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	3,408,065	3,694,796
Total Liabilities	4,303,970	4,559,438
NET ASSETS		
Without Donor Restrictions	13,343,090	12,853,352
With Donor Restrictions	5,215	6,215
Total Net Assets	13,348,305	12,859,567
Total Liabilities and Net Assets	\$ 17,652,275	\$ 17,419,005

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	\$ 207,023	\$ -	\$ 207,023	\$ 120,201	\$ -	\$ 120,201
Program Fees	616,071	-	616,071	493,770	-	493,770
Grant Revenue	5,155,757	-	5,155,757	6,489,194	-	6,489,194
Student Fees	48,542	-	48,542	54,970	-	54,970
Contributions	48,727	-	48,727	41,617	-	41,617
Fundraising	18,392	-	18,392	15,836	-	15,836
Investment Income, Net	323,385	-	323,385	188,304	-	188,304
Other	43,440	-	43,440	20,740	-	20,740
Net Assets Released from Restrictions	1,000	(1,000)	-	-	-	-
Total Revenue and Support	6,462,337	(1,000)	6,461,337	7,424,632	-	7,424,632
EXPENSES						
Program Services	5,088,438	-	5,088,438	4,604,076	-	4,604,076
Management and General	858,814	-	858,814	790,754	-	790,754
Fundraising	25,347	-	25,347	15,129	-	15,129
Total Expenses	5,972,599	-	5,972,599	5,409,959	-	5,409,959
CHANGE IN NET ASSETS	489,738	(1,000)	488,738	2,014,673	-	2,014,673
Net Assets - Beginning of Year	12,853,352	6,215	12,859,567	10,838,679	6,215	10,844,894
NET ASSETS - END OF YEAR	<u>\$ 13,343,090</u>	<u>\$ 5,215</u>	<u>\$ 13,348,305</u>	<u>\$ 12,853,352</u>	<u>\$ 6,215</u>	<u>\$ 12,859,567</u>

See accompanying Notes to Financial Statements.

**COMMUNITY MONTESSORI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025				2024			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 3,136,114	\$ 540,691	\$ -	\$ 3,676,805	\$ 2,719,115	\$ 508,138	\$ -	\$ 3,227,253
Employee Benefits and Taxes	647,533	122,347	-	769,880	544,207	107,050	-	651,257
Staff Development and Recruitment	28,942	-	-	28,942	48,141	-	-	48,141
Professional Services	264,296	23,172	-	287,468	269,388	22,050	-	291,438
Program Expenses	52,243	-	-	52,243	35,342	-	-	35,342
Dues, Licenses, and Subscriptions	-	83,228	-	83,228	-	77,652	-	77,652
Advertising	-	2,254	-	2,254	-	8,249	-	8,249
Travel	-	897	-	897	-	2,427	-	2,427
Information Technology	60,094	-	-	60,094	69,263	-	-	69,263
Supplies	158,899	2,334	-	161,233	171,419	2,252	-	173,671
Occupancy	253,375	-	-	253,375	256,596	-	-	256,596
Depreciation and Amortization	369,199	-	-	369,199	364,050	-	-	364,050
Interest	117,743	-	-	117,743	126,555	-	-	126,555
Insurance	-	74,660	-	74,660	-	60,669	-	60,669
Fundraising	-	-	25,347	25,347	-	-	15,129	15,129
Other	-	9,231	-	9,231	-	2,267	-	2,267
Total Functional Expenses	\$ 5,088,438	\$ 858,814	\$ 25,347	\$ 5,972,599	\$ 4,604,076	\$ 790,754	\$ 15,129	\$ 5,409,959

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 488,738	\$ 2,014,673
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	366,599	361,450
Amortization	2,600	2,600
Gain on Investments, Net	(146,536)	(188,304)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(88,376)	365,451
Prepaid Expenses	17,465	(3,023)
Accounts Payable and Accrued Expenses	78,695	26,325
Refundable Advances	-	(1,235,193)
Deferred Revenue	(145,924)	158,317
Net Cash Provided by Operating Activities	573,261	1,502,296
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,000,000)	(2,995,677)
Proceeds from Sale of Investments	2,146,160	109,882
Purchase of Property and Equipment	(205,835)	(193,474)
Net Cash Used by Investing Activities	(59,675)	(3,079,269)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Notes Payable	(284,235)	(275,423)
NET CHANGE IN CASH AND CASH EQUIVALENTS	229,351	(1,852,396)
Cash and Cash Equivalents - Beginning of Year	3,404,997	5,257,393
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,634,348	\$ 3,404,997
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 109,099	\$ 126,555
Property and Equipment Financed Through Accounts Payable	\$ 96,262	\$ -

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Community Montessori, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is authorized by Ball State University. The School also provides an early childhood education program for children ages three and four on a fee basis. For 2024-2025 School year, the School served approximately 480 students in preschool through high school.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statements of financial position. As of June 30, 2025 and 2024, the School has \$-0- and \$121,396, respectively, of conditional grants that have not been recognized as revenue in the statements of activities and changes in net assets because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service is being performed is reported as deferred revenues in the statement of financial position. As of June 30, 2025, 2024, and 2023, the School has \$60,051, \$84,579 and \$47,658, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

**COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less.

Grants and Accounts Receivable

Grants receivable relate primarily to activities funded under grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements. Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. As of June 30, 2025 and 2024, no allowance was deemed necessary relating to program fees.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Unrealized gains and losses are included in the statements of activities and change in net assets. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 are charged to expense as incurred.

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

Buildings and Improvements	27 to 40 Years
Furniture and Equipment	3 to 7 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.

Deferred Revenue

Deferred revenue consists of early education program fee deposits and materials and supply fee deposits received as part of the enrollment process for the subsequent academic School year.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs include expenses incurred as part of the February 2023 refinancing of long-term debt. Amortization of the \$52,041 in debt issuance costs is provided on a straight-line basis over the 15-year term of the related notes payable. Accumulated amortization was \$21,013 and \$18,413 as of June 30, 2025 and 2024, respectively. As provided by Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) 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, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in Operating Right-of-Use Asset, Net and Operating Lease Liability - Current Portion, and finance leases are included in right-of-use assets – financing and lease liabilities – financing in the statements of financial position.

Right-of-Use (ROU) assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The School evaluated subsequent events through December 22, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help business retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$349,281.

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$1,132,177.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and loss contingency of \$1,481,458 related to eligibility uncertainty and ongoing IRS audit of the ERC claim during the year ended June 30, 2023.

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of \$1,235,193. Due to the eligibility uncertainty and initial ruling on the IRS audit of the School's ERC claim, the School has classified these funds as refundable advances as of June 30, 2024.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 EMPLOYER RETENTION CREDIT (CONTINUED)

Subsequent to the year ended June 30, 2024 , the School’s ERC tax appeal prevailed and the amount of \$1,235,193 was recognized as revenue for the year ended June 30, 2024.

The IRS may review funding eligibility of funds for compliance with program requirements based on dollar thresholds and other factors.

NOTE 3 INVESTMENTS

The School held the following investments as of June 30:

	2025	2024
Mutual Funds	\$ 990,228	\$ 805,606
Equities	25,843	57,776
Exchange Traded Funds	32,390	57,669
Pacific Life Fixed Annuity	1,112,234	1,073,172
Certificate of Deposits	3,035,110	3,201,206
Total	\$ 5,195,805	\$ 5,195,429

NOTE 4 FAIR VALUE MEASUREMENTS

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participants assumptions based on market data obtained from sources independent of the entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity’s own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 – quoted prices for identical assets or liabilities in active markets to which the School has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability and significant to the fair value measurement.

The asset or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2025 and 2024.

Mutual Funds: Valued at the closing price, or net asset value, reported on the active market on which the individual securities are traded.

Equities: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange Traded Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Annuity Contract: Valued at the underlying investment holdings, including items reported on active markets on which the individual securities are traded, fixed-income securities based on market prices or, if not available, is estimated using discounted cash flow techniques, and other investments with no readily available market prices is estimated using appropriate valuation techniques, including consideration of recent transactions in comparable securities or businesses.

Certificates of Deposit: Valued at cost adjusted for amortization of premium and discount to the maturity date using the level-yield method, which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the School's assets at fair value:

	June 30, 2025			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 990,228	\$ 990,228	\$ -	\$ -
Equities	25,843	25,843	-	-
Exchange Traded Funds	32,390	32,390	-	-
Pacific Life	1,112,234	-	1,112,234	-
Certificates of Deposit	3,035,110	3,035,110	-	-
Total Investment	<u>\$ 5,195,805</u>	<u>\$ 4,083,571</u>	<u>\$ 1,112,234</u>	<u>\$ -</u>

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Mutual Funds	\$ 805,606	\$ 805,606	\$ -	\$ -
Equities	57,776	57,776	-	-
Exchange Traded Funds	57,669	57,669	-	-
Pacific Life	1,073,172	-	1,073,172	-
Certificates of Deposit	3,201,206	3,201,206	-	-
Total Investment	<u>\$ 5,195,429</u>	<u>\$ 4,122,257</u>	<u>\$ 1,073,172</u>	<u>\$ -</u>

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Note payable to German American Bancorp, payable \$33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	\$ 3,728,656	\$ 4,012,891
Less: Current Portion	<u>(289,563)</u>	<u>(284,467)</u>
Long-Term Portion	<u>\$ 3,439,093</u>	<u>\$ 3,728,424</u>

Principal maturities of German American Bancorp notes payable are scheduled as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 289,563
2027	302,225
2028	311,271
2029	321,084
2030	330,954
Thereafter	<u>2,173,559</u>
Total	<u>\$ 3,728,656</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that have been received but not expended for the identified purposes or have been donated for use in future periods. Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2025</u>	<u>2024</u>
Scholarships	<u>\$ 5,215</u>	<u>\$ 6,215</u>

During the years ended June 30, 2025 and 2024, net assets of \$1,000 and \$-0-, respectively, were released from restriction by incurring expenses satisfying the restricted purposes or due to the passage of time.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 COMMITMENTS AND CONTINGENCIES

The School operates under a charter granted by Ball State University. As the authorizing 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 2% of state tuition support received. The charter remains in effect until June 30, 2027 and is renewable thereafter by mutual consent. Expense under this agreement was \$65,511 and \$65,371 for the years ended June 30, 2025 and 2024, respectively.

NOTE 8 LEASES

The School leases equipment from a third party under a long-term noncancelable lease agreement. The lease expires in 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$3,024 for the years ended June 30, 2025 and 2024.

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	\$ 3,024	\$ 3,024
Total Lease Cost	<u>\$ 3,024</u>	<u>\$ 3,024</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 3,024	\$ 3,024
Weighted-Average Remaining Lease Term - Operating Leases	1.4 Years	2.3 Years
Weighted-Average Discount Rate - Operating Leases	2.87 %	2.87 %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 3,024
2027	1,260
Undiscounted Cash Flows	<u>4,284</u>
Less: Imputed Interest	(81)
Total Present Value	<u>\$ 4,203</u>
Short-Term Lease Liabilities	\$ 2,949
Long-Term Lease Liabilities	1,254
Total	<u>\$ 4,203</u>

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 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 part of 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, 2025 and 2024, the School contributed 6.0% of compensation for eligible teaching personnel. 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, 2024 (the latest year reported), TRF was approximately 86% funded.

All nonteaching personnel are eligible to enroll in a defined contribution Section 403(b) plan. Teaching personnel can also opt to participate in the 403(b) plan in lieu of TRF. Under the 403(b) plan, the School will provide a three to six percent match of an employee's contribution, depending on years of service. Retirement plan expense under all plans was \$58,575 and \$54,381 for the years ended June 30, 2025 and 2024, respectively.

NOTE 10 RISKS AND UNCERTAINTIES

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

Cash deposits are maintained at various financial institutions and normally exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Insured accounts are guaranteed by the FDIC up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the School had approximately \$3,235,000 and \$3,152,000, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2025 and 2024 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. Financial assets for the School include cash and cash equivalents, investments, and accounts receivable.

	2025	2024
Financial Assets	\$ 8,928,703	\$ 8,610,600
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restrictions by Donor with Time or Purpose	(5,215)	(6,215)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 8,923,488	\$ 8,604,385

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

NOTE 12 FUNCTIONAL EXPENSE REPORTING

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

**COMMUNITY MONTESSORI, INC
OTHER REPORT
JUNE 30, 2025**

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

Supplemental Audit Report of Community Montessori, 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*.



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

**COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA**

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**COMMUNITY MONTESSORI, INC.
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Melissa Merida	07/01/2024 – 06/30/2025
Executive Director	Barbara Burke Fondren	07/01/2024 – 06/30/2025
Administrative Finance	Melissa Cole	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

Board of Directors
Community Montessori, Inc.
New Albany, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Community Montessori, Inc. (the School), which comprise the statement of financial positions as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 22, 2025.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 22, 2025

**COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

TRAVEL CLAIMS – MILEAGE REIMBURSEMENT

During our testing of the travel vouchers, we noted that 1 (one) of the 5 (five) items tested had incorrect mileage rates being used in the calculation for reimbursement. The 2024 rate was used to calculate reimbursements from 2025 the claim. School policy is to follow the federal mileage rate. The amount of \$6.67 should have been reimbursed to the employee for the item tested.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

**COMMUNITY MONTESSORI, INC.
FLOYD COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on December 15, 2025, with Barbara Burke Fondren, Executive Director, and Melissa Cole, Administrative Finance.



To whom it may concern,

Please find below the school's official response to the Audit results.

During the review period, a travel reimbursement was processed using an incorrect mileage rate. This occurred due to an oversight in applying the current approved mileage rate at the time the reimbursement was submitted and approved.

To prevent recurrence, staff responsible for processing travel reimbursements will be reminded to reference the most up-to-date mileage rate guidance before processing a travel reimbursement. Additionally, a calendar reminder will be added to update the mileage rate each January 1st as part of staff roles and responsibilities. These corrective actions will help ensure compliance with reimbursement requirements going forward.

Sincerely,

Melissa Cole
Finance Coordinator
Community Montessori



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

Discovery Charter School

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL**

FINANCIAL STATEMENT

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENTS OF FUNCTIONAL EXPENSES	5
STATEMENTS OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
OTHER REPORT	16



INDEPENDENT AUDITORS' REPORT

Board of Directors
Duneland Charter School, Inc.
dba: Discovery Charter School
Chesterton, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Duneland Charter School, Inc. dba: Discovery Charter School (the School), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 the School as of June 30, 2025 and 2024, 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). 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 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, 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
November 3, 2025

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,169,940	\$ 2,189,323
Grants Receivable, Net	29,286	173,255
Other Receivables	25,685	-
Prepaid Expenses	49,967	43,012
Total Current Assets	2,274,878	2,405,590
PROPERTY AND EQUIPMENT		
Land	408,188	408,188
Buildings and Improvements	6,417,287	6,178,328
Furniture and Equipment	1,605,833	1,605,833
Textbooks	94,956	94,956
Work in Progress	4,800	21,833
Less: Accumulated Depreciation	(3,175,262)	(2,932,191)
Property and Equipment, Net	5,355,802	5,376,947
OTHER ASSETS		
Cash and Equivalents - Restricted for Debt Service	735,783	694,204
Cash and Equivalents - Restricted for Prepaid Interest	11,270	9,361
Security Deposits	-	-
Operating Right of Use (ROU) Asset, Net	-	1,781
Financing Right of Use (ROU) Asset, Net	27,652	-
Total Other Assets	774,705	705,346
Total Assets	\$ 8,405,385	\$ 8,487,883
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Debt	\$ 272,500	\$ 117,500
Accounts Payable and Accrued Expenses	286,364	257,161
Refundable Advance	350,118	940,571
Operating Lease Liability - Current Portion	-	1,781
Financing Lease Liability - Current Portion	7,724	-
Total Current Liabilities	916,706	1,317,013
LONG-TERM LIABILITIES		
Debt, Net of Current Portion	6,373,750	6,646,250
Less: Unamortized Debt Issuance Cost	(247,409)	(259,478)
Financing Lease Liability - Less Current Portion	19,928	-
Total Long-Term Liabilities	6,146,269	6,386,772
Total Liabilities	7,062,975	7,703,785
NET ASSETS		
Without Donor Restrictions	1,342,410	784,098
Total Liabilities and Net Assets	\$ 8,405,385	\$ 8,487,883

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
REVENUE AND SUPPORT		
State Education Support	\$ 4,241,751	\$ 4,173,006
Grant Revenue	1,648,152	1,387,767
Student Fees	185,038	129,067
Contributions	59,262	45,194
Interest Income	33,669	46,740
Other Income	257,199	23,941
Total Revenue and Support	<u>6,425,071</u>	<u>5,805,715</u>
EXPENSES		
Program Services	4,503,533	4,296,318
Management and General	1,363,226	1,298,493
Total Expenses	<u>5,866,759</u>	<u>5,594,811</u>
CHANGE IN NET ASSETS	558,312	210,904
Net Assets - Beginning of Year	<u>784,098</u>	<u>573,194</u>
NET ASSETS - END OF YEAR	<u>\$ 1,342,410</u>	<u>\$ 784,098</u>

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 2,569,054	\$ 430,682	\$ 2,999,736	\$ 2,344,108	\$ 360,291	\$ 2,704,399
Employee Benefits	573,244	109,622	682,866	499,142	100,536	599,678
Staff Development	19,004	-	19,004	31,314	-	31,314
Professional Services	324,919	101,151	426,070	358,257	112,214	470,471
Repairs and Maintenance	-	-	-	-	4,010	4,010
Academic Services	-	75,121	75,121	-	75,218	75,218
Food Services	222,457	-	222,457	209,020	-	209,020
Transportation Services	87,861	-	87,861	111,057	-	111,057
Travel	5,114	6,663	11,777	3,469	1,108	4,577
Equipment	723	-	723	-	-	-
Classroom, Kitchen, and Office Supplies	267,873	16,434	284,307	310,109	42,564	352,673
Occupancy	120,159	-	120,159	99,795	-	99,795
Information Technology	57,984	32,756	90,740	36,014	25,122	61,136
Depreciation	243,072	-	243,072	272,797	-	272,797
Interest and Amortization	12,069	471,719	483,788	12,069	472,894	484,963
Insurance	-	50,482	50,482	-	41,956	41,956
Advertising	-	11,110	11,110	-	12,888	12,888
Other	-	57,486	57,486	9,167	49,692	58,859
Total Expenses by Function	<u>\$ 4,503,533</u>	<u>\$ 1,363,226</u>	<u>\$ 5,866,759</u>	<u>\$ 4,296,318</u>	<u>\$ 1,298,493</u>	<u>\$ 5,594,811</u>

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 558,312	\$ 210,904
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	243,072	272,798
Amortization	12,069	12,067
Changes in Operating Assets and Liabilities:		
Grants Receivable	143,969	(31,139)
Other Receivables	(25,685)	7,820
Prepaid Expenses	(6,955)	16,384
Accounts Payable and Accrued Expenses	29,203	(67,207)
Refundable Advance	(590,453)	334,997
Net Cash Provided by Operating Activities	363,532	756,624
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(221,927)	(21,833)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(117,500)	(117,500)
 NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	24,105	617,291
 Cash and Cash Equivalents and Restricted Cash - Beginning of Year	2,892,888	2,275,597
 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 2,916,993	\$ 2,892,888
 RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 2,169,940	\$ 2,189,323
Cash and Equivalents - Restricted for Debt Service	735,783	694,204
Cash and Equivalents - Restricted for Prepaid Interest	11,270	9,361
Total	\$ 2,916,993	\$ 2,892,888
 SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 471,719	\$ 472,896
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	\$ 32,552	\$ -

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Duneland Charter School, Inc. dba: Discovery Charter School (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 serving approximately 535 students in grades kindergarten through eight grade and is authorized by Ball State University.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2025, the School did not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met. As of June 30, 2024, the School had \$334,997 of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not yet been met.

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

Grant and Contribution Revenue

The School 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.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include money market funds and time deposits with maturities of three months or less at the date of purchase.

Grants and Other Receivable

Grants 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; however, there is uncertainty as to the final determination of eligibility on the Employer Retention Credit (ERC) funding thus the school has fully allowed for this receivable (see Note 10) as of June 30, 2024. No allowance for receivables was deemed necessary as of June 30, 2025.

The carrying amount of student accounts receivable is reduced by a valuation allowance, if any, that reflects management's best estimate of amounts that will not be collected. The allowance for uncollectable accounts receivable is based on management's assessment of the collectability of specific accounts receivable based on a number of factors, including a history of past collection and write offs, current credit conditions for specific accounts, and any future outlook of market conditions that could impact collectability. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are charged off to the allowance. Management has determined that the allowance for credit losses was insignificant as of June 30, 2025 and 2024 and there was no material activity related to the allowance for credit losses for the years ended June 30, 2025 and 2024.

Prepaid Expenses

Prepaid expenses relate primarily to insurance paid in advance by the School.

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	15 to 39 Years
Furniture and Equipment	3 to 7 Years
Textbooks	5 Years

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Debt Issuance Costs

The School incurred costs totaling \$362,062 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bond. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization as of June 30, 2025 and 2024 was \$114,653 and \$102,584. Amortization expense was \$12,069 for each years ended June 30, 2025 and 2024. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) 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 year ended June 30, 2025, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Reclassification

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The School evaluated subsequent events through November 3, 2025, 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 is working through a bond refinance, with planned closure in December 2025.

NOTE 2 RESTRICTED CASH

Cash and cash equivalents restricted for debt service is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. Of the total balance, approximately \$600,000 is to be held until all bond debt is paid.

Cash and cash equivalents restricted for prepaid interest represents escrowed prepayments of interest due on the bond in future years.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 DEBT

Debt was comprised of the following at June 30, 2024:

<u>Description</u>	<u>2024</u>	<u>2024</u>
Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015A with an original amount of \$7,230,000. The principal amount was reduced by \$760,000 using financing from the state of Indiana. The loan principal is payable in annual installments that increase from \$155,000 to \$580,000 from December 2026 to December 2045. Interest payments are made semi-annually at a rate of 7.25% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	\$ 6,470,000	\$ 6,470,000
Note payable to the Indiana Common School Fund with an original amount of \$1,175,000. The note requires semi-annual payments of \$58,750 plus interest at 1% per annum from January 2017 to July 2026.	<u>176,250</u>	<u>293,750</u>
Total	6,646,250	6,763,750
Less: Current Portion	<u>(272,500)</u>	<u>(117,500)</u>
Long-Term Portion	<u>\$ 6,373,750</u>	<u>\$ 6,646,250</u>

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain financial covenants pertaining to cash reserves and minimum debt service coverage. The School was in compliance with covenants for June 30, 2025 and 2024.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 272,500
2027	223,750
2028	175,000
2029	190,000
2030	205,000
Thereafter	<u>5,580,000</u>
Total	<u>\$ 6,646,250</u>

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 LEASES

The School leases copiers from a third party under a long-term, noncancelable lease agreement. One lease expired in October 2024 and one expires in October 2028. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third party leases was \$8,505 and \$1,790 for the years ended June 30, 2025 and 2024, respectively.

The following tables provide quantitative information concerning the School's leases for the years ended June 30, 2025 and 2024, respectively:

	2025	2024
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 5,425	\$ -
Interest on Lease Liabilities	1,217	-
Operating Lease Cost	2,388	6,865
Total Lease Cost	\$ 9,030	\$ 6,865
Other Information:		
Operating Cash Flows from Finance Leases	\$ 1,217	\$ 6,865
Operating Cash Flows from Operating Leases	\$ 2,389	\$ -
Financing Cash Flows from Finance Leases	\$ 4,899	\$ -
Right-of-Use Assets Obtained in Exchange for New		
Financing Lease Liabilities:	\$ 32,552	\$ -
Weighted-Average Remaining Lease Term -		
Financing Leases:	3.3 years	N/A
Weighted-Average Remaining Lease Term -		
Operating Leases:	N/A	0.3 years

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

Year Ending December 31,	Amount
2026	\$ 9,174
2027	9,174
2028	9,174
2029	3,057
Undiscounted Cash Flows	30,579
Less: Imputed Interest	(2,927)
Total Present Value	\$ 27,652
Short-Term Lease Liabilities	\$ 7,724
Long-Term Lease Liabilities	19,928
Total	\$ 27,652

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiemployer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2025 and 2024, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2024 (the latest year reported), TRF and PERF were approximately 86% and 82% funded, respectively.

The School also maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 18 years of age and have at least 30 days of employment. There is no provision for an employer match.

Retirement plan expenses totaled \$217,214 and \$192,106 during the years ended June 30, 2025 and 2024, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing 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 2% of state tuition support. Payments under this charter agreement were \$75,121 and \$75,218 for the years ended June 30, 2025 and 2024, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 and 2024, 53% and 100%, of the net receivable balance was due from the state of Indiana, respectively.

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2025 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, grants, and student fees receivable.

	<u>2025</u>	<u>2024</u>
Financial Assets	\$ 2,971,964	\$ 3,066,143
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Cash and Cash Equivalents Restricted for Debt Service	(735,783)	(694,204)
Cash and Cash Equivalents Restricted for Construction	<u>(11,270)</u>	<u>(9,361)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 2,224,911</u>	<u>\$ 2,362,578</u>

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

NOTE 9 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.

DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help business retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$273,690.

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$869,400.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and loss contingency of \$1,143,090 related to eligibility uncertainty and ongoing IRS audit of the ERC claim during the year ended June 30, 2023.

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of \$605,574. Due to the eligibility uncertainty and ongoing IRS audit of the School's ERC claim, the School has classified these funds as refundable advances as of June 30, 2023 and 2024.

During the year ended June 30, 2024, the School received notice from the IRS that the claim for the first quarter of 2021 was selected for further examination. The School worked with the IRS to provide further information and respond to their questions during the year ended June 30, 2025. The School received notice from the IRS in February 2025 that the case was closed for this claim. The School recognized revenue of \$255,456 (including \$22,158 of interest) for this claim during the year ended June 30, 2025.

During the year ended June 30, 2024, the School received notice from the IRS that the claims for the fourth quarter of 2020 and second quarter of 2021 were selected for further examination. The School worked with the IRS to provide further information and respond to their questions during the years ended June 30, 2024 and 2025. Subsequent to the year ended June 30, 2025, the IRS issued full disallowance for these quarters and the School did not contest the ruling. As such, the IRS noted the case closed for these quarters and the School reduced the related grants receivable and allowance by \$584,734 during the year ended June 30, 2025, reducing these values to \$-0-.

As of June 30, 2025, the School has \$350,118 as refundable advances for the third quarter of 2021 as the statute of limitations has not yet passed for this quarter as well as the ruling from the IRS on other quarters as noted above.

The IRS may review funding eligibility of funds for compliance with program requirements based on dollar thresholds and other factors.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of Duneland Charter School, Inc.
dba: Discovery Charter School

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*.



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

SUPPLEMENTAL AUDIT REPORT
DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 – JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President	Lisa Gonzalez	07/01/2024 – 06/30/2025
Treasurer	Suzanne Radzik	07/01/2024 – 06/30/2025
Principal	Debra Weller	07/01/2024 – 06/30/2025
Executive Director	Greg Guernsey	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials
Duneland Charter School, Inc.
dba: Discovery Charter School
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United State of America the financial statements of Duneland Charter School, Inc. dba: Discovery Charter School (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon date November 3, 2025.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
November 3, 2025

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 – JUNE 30, 2025**

MILEAGE REIMBURSEMENT

During our testing of the travel vouchers, we discovered four of the seven items tested had incorrect mileage rates being used in the calculation for reimbursement. The 2022 rate was used to calculate reimbursements from 2024 for one claim and the 2024 rate was used to calculate reimbursements from 2025. School Policy is to follow the federal mileage rate. The amount of \$38.22 should have been reimbursed to employees for those sampled.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 – JUNE 30, 2025**

The contents of this report were discussed with Lisa Gonzalez, Board President, Lauren Dado, Executive Director, Suzanne Radzik (Business Manager), Keith Chandler, Ball State University Charter Authorizer representative, and representatives from The Gabriele Group, outsourced accounting, on November 3, 2025. The School's official response has been made part of this report beginning on page 5.

RESPONSE TO SUPPLEMENTAL AUDIT JULY 1, 2024 - JUNE 30, 2025

We acknowledge that the outdated IRS Mileage Rate was incorrectly used for a portion of travel reimbursement checks to employees. We have again provided Employees with the updated IRS Mileage Rate, updated internal spreadsheets used to track mileage and calculate reimbursement, and reviewed policy to ensure proper review of reimbursements at all relevant levels (i.e. Employee, Executive Director Business Manager).

In response to the Audit Results and Comments, Discovery Charter School has reviewed its Travel Policy outlined as follows:

- Employees Must Obtain Approval from Executive Director to Attend Meetings & Conferences
- Employees Must Provide Meeting & Conference Information and All Travel Receipts
- Employees Must Use Internal Spreadsheet Provided to Track Days Traveled and Mileage
- Employees Must Submit Above Mileage Tracker with Current IRS Mileage Rate for Reimbursement
- Both Executive Director and Business Manager Must Review Employee Reimbursement Request for Accuracy Related to:
 - Days Traveled
 - Miles Traveled
 - IRS Mileage Rate
 - Computation of Eligible Reimbursement

Employees and Management attest Travel Policy has been reviewed and will be reinforced.





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

**East Chicago Urban
Enterprise
Academy**

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7
OTHER REPORT	14



INDEPENDENT AUDITORS' REPORT

Board of Directors
East Chicago Urban Enterprise Academy, Inc.
East Chicago, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of East Chicago Urban Enterprise Academy, Inc. (the School), which comprise the statement of financial position as of, June 30, 2025 and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2025, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 23, 2025

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

CURRENT ASSETS

Cash	\$ 2,816,544
Grants and Accounts Receivable	304,370
Prepaid Expenses	44,580
Total Current Assets	3,165,494

PROPERTY AND EQUIPMENT

Buildings and Improvements	2,408,538
Furniture and Equipment	1,246,464
Less: Accumulated Depreciation	(2,188,250)
Property and Equipment, Net	1,466,752

OTHER ASSETS

Security Deposit	7,803
Right-of-Use Asset - Operating	290,738
Right-of-Use Asset - Finance	63,925
Total Other Assets	362,466

Total Assets	\$ 4,994,712
--------------	--------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current Portion of Notes Payable	\$ 95,983
Accounts Payable and Accrued Expenses	387,007
Deferred Revenue	351,074
Current Portion of Lease Liability - Operating	274,742
Current Portion of Lease Liability - Finance	15,850
Total Current Liabilities	1,124,656

LONG-TERM LIABILITIES

Lease Liability - Operating	23,281
Lease Liability - Finance	48,269
Notes Payable, Net of Current Portion	-
Total Long-Term Liabilities	71,550

Total Liabilities	1,196,206
-------------------	-----------

NET ASSETS WITHOUT DONOR RESTRICTIONS

	3,798,506
Total Liabilities and Net Assets	\$ 4,994,712

See accompanying Notes to Financial Statements.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2025**

REVENUE AND SUPPORT	
State Education Support	\$ 3,774,323
Grant Revenue	1,963,988
Student Fees	34,163
Contributions	27,230
Local Income Taxes	98,708
Other Income	<u>29,675</u>
Total Revenue and Support	<u>5,928,087</u>
EXPENSES	
Program Services	4,126,484
Management and General	<u>1,764,062</u>
Total Expenses	<u>5,890,546</u>
CHANGE IN NET ASSETS	37,541
Net Assets - Beginning of Year	<u>3,760,965</u>
NET ASSETS - END OF YEAR	<u><u>\$ 3,798,506</u></u>

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 1,874,154	\$ 462,018	\$ 2,336,172
Employee Benefits	689,160	196,762	885,922
Professional Services	450,840	43,043	493,883
Depreciation	167,009	41,171	208,180
Classroom, Kitchen, and Office Supplies	84,519	110,151	194,670
Food Costs	368,402	-	368,402
Insurance	-	31,688	31,688
Occupancy	315,704	77,828	393,532
Authorizer Oversight Fees	-	70,503	70,503
Management Services	-	590,368	590,368
Property Rental and Maintenance	1,959	15,038	16,997
Interest	-	12,811	12,811
Advertising	-	17,947	17,947
Travel	25,296	6,072	31,368
Information Technology	120,357	75,240	195,597
Other	29,084	13,422	42,506
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 4,126,484</u>	<u>\$ 1,764,062</u>	<u>\$ 5,890,546</u>

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 37,541
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Noncash Lease Expense	(2,711)
Amortization of Finance Lease	2,779
Depreciation	208,180
Changes in Operating Assets and Liabilities:	
Grants Receivable	711,064
Prepaid Expenses	12,274
Accounts Payable and Accrued Expenses	(170,243)
Deferred Revenue	(46,987)
Net Cash Provided by Operating Activities	<u>751,897</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Property and Equipment	(35,232)
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments on Notes Payable	(119,264)
Payments on Finance Lease	(2,584)
Net Cash Used by Financing Activities	<u>(121,848)</u>
NET CHANGE IN CASH	594,817
Cash - Beginning of Year	<u>2,221,727</u>
CASH - END OF YEAR	<u><u>\$ 2,816,544</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	<u><u>\$ 12,811</u></u>
Right-of-Use Assets Obtained in Exchange for New Financing Lease Liabilities	<u><u>\$ 66,704</u></u>

See accompanying Notes to Financial Statements.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

East Chicago Urban Enterprise Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 420 students in grades kindergarten through eighth and is authorized by Ball State University.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2025, the School had \$351,074, of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met and are included as deferred revenue in the statement of financial position.

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.

Cash

The School considers all demand accounts to be cash.

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 uncollectible 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 statement of activities and change in net assets as net assets released from restrictions.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Local Income Taxes

During the year ended June 30, 2025, the Indiana legislature pass IC 20-46-8-11.2, which requires county auditors in Lake County, Marion County, St. Joseph's County, and Vanderburgh County, Indiana to remit a portion of tax levy revenues collected to eligible charter schools. The School qualifies as eligible to receive a share of these revenues. Property tax levy revenues are treated as conditional grants as the value and benefit is the general public. Revenue is recognized as barriers, educational programming is delivered to the students throughout the school year, are satisfied.

Taxes on Income

East Chicago Urban Enterprise Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the year ended June 30, 2025, no accounting for federal and state income taxes was included in the accompanying financial statements.

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

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. 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:

<u>Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$25,000	5 to 40 Years
Furniture and Equipment:		
Individual Items	\$5,000	3 to 7 Years
Aggregate of Similar or Identical Items on a Single Purchase Order	\$12,500	3 to 7 Years

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Leases

The School determines if an arrangement is a lease at inception. The School's operating and finance leases are included in the right-of-use (ROU) lease asset and lease liability.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The School lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through December 23, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

Description

Mortgage note payable in monthly installments of \$10,538 including interest at 4.75% through February 2022, thereafter payable in monthly installments of \$10,437 including interest at a variable rate based on One-Year Treasury Constant Maturity rate plus margin of 3.00%, adjustable annually, through March 2026. secured by a mortgage on School facilities and all School assets. The interest rate as of June 30, 2025 and 2024 was 7.25% and 8.00%, respectively.

\$ 95,983

Less: Current Portion

(95,983)

Long-Term Portion

\$ -

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

Year Ending June 30,
2026

Amount

\$ 95,983

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 LEASES

The School leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$285,849 for the year ended June 30, 2025.

Lease Cost:

Finance Lease Cost:

Amortization of Right-of-Use Assets	\$	2,779
Interest on Lease Liabilities		404
Operating Lease Cost		282,119
Total Lease Cost	\$	<u>285,302</u>

Other Information:

Operating Cash Flows from Finance Leases	\$	404
Operating Cash Flows from Operating Leases	\$	284,830
Financing Cash Flows from Finance Leases	\$	2,584
Right-of-Use Assets Obtained in Exchange for New Finance Lease Liabilities	\$	66,704
Weighted-Average Remaining Lease Term - Finance Leases		3.8 Years
Weighted Average Remaining Lease Term - Operating Leases		1.1 Years
Weighted-Average Discount Rate - Finance Leases		3.75%
Weighted-Average Discount Rate - Operating Leases		2.87%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Total</u>
2026	\$ 279,218	17,928	\$ 297,146
2027	23,296	17,928	41,224
2028	-	17,928	17,928
2029	-	14,940	14,940
Undiscounted Cash Flows	<u>302,514</u>	<u>68,724</u>	<u>371,238</u>
Less: Present Value Discount	(4,491)	(4,605)	(9,096)
Total Present Value	<u>\$ 298,023</u>	<u>\$ 64,119</u>	<u>\$ 362,142</u>
Short-Term Lease Liability	\$ 274,742	15,850	\$ 290,592
Long-Term Lease Liability	23,281	48,269	71,550
Total	<u>\$ 298,023</u>	<u>\$ 64,119</u>	<u>\$ 362,142</u>

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 RETIREMENT PLANS

Retirement benefits for School employees are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Substantially all full-time employees are eligible to participate.

Contribution requirements of plan members are established by the INPRS Board. Under the plans, the School contributes 7.5% of compensation for teaching faculty to TRF and 11.2% of compensation for other employees to PERF. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2024 (the latest year reported), TRF and PERF were approximately 86% and 82% funded, respectively.

Retirement plan expense was \$173,469 for the year ended June 30, 2025.

NOTE 5 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing 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 \$70,503 for the year ended June 30, 2025. The charter remains in effect until June 30, 2026 and is renewable thereafter by mutual consent.

The School has contracted with The Leona Group, LLC to provide financial, management, administrative, and educational programming services. Under the terms of the agreement, the School agrees to pay an amount equal to 10% of revenues, as defined, for such services. The contract will expire June 30, 2026. Payments under this agreement were \$590,368 for the year ended June 30, 2025.

NOTE 6 RISKS AND UNCERTAINTIES

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

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 RISKS AND UNCERTAINTIES (CONTINUED)

Cash deposits are maintained at Peoples Bank and normally exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Insured accounts are guaranteed by the FDIC up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025, the School had approximately \$2,592,000, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

NOTE 7 FUNCTIONAL EXPENSE REPORTING

The cost of providing educational activities have been summarized on a functional basis in the statement of activities and change in net assets. Management of the School has categorized expenses as program services or management and general according to the underlying nature of the expense. Salaries, occupancy and depreciation expenses are allocated based on time and effort.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2025 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash and grants receivable. Financial assets at June 30, 2025 total \$3,120,914, all of which are available to meet cash needs for general expenditures within one year.

While the School has \$3,120,914 in financial assets available to meet cash needs for general expenditures within one year, it also has \$1,124,656 in current liabilities as of June 30, 2025, which must be paid using these available financial assets, future year state tuition support, or some combination of the two.

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 of June 30, 2025, the School did not have any such donor restrictions. 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.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
OTHER REPORT
JUNE 30, 2025**

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

Supplemental Audit Report of
East Chicago Urban Enterprise 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*.



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

**SUPPLEMENTAL AUDIT REPORT
OF
EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025

SCHOOL OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
AUDIT RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chairman of Board of Directors	John Artis	07/01/2024 – 06/30/2025
School Leader	Veronica Eskew	07/01/2024 – 06/30/2025
School Treasurer	Melinda Benkovsky	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' REPORT

Board of Directors
East Chicago Urban Enterprise Academy, Inc.
East Chicago, Indiana

We have audited the financial statements of East Chicago Urban Enterprise Academy, Inc. (the School) as of and for the year ended June 30, 2025 and have issued our report thereon dated December 23, 2025. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 23, 2025

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025

TRAVEL CLAIMS

During our testing of travel vouchers, we noted that one (1) of the five (5) items selected the School could not provide the supporting expense reimbursement request form and supporting documentation as to the purpose of the travel. The total amount of the travel voucher was \$3,668.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

GENERAL RECEIPTS

During our testing of general receipts, we noted that four (4) of the twenty-five (25) receipts tested were not deposited in a timely manner. The timing of the deposits for the items not in compliance were all over one (1) week. Total amount of these four (4) deposits was \$15,601.

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8)

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on December 9, 2025 with Ms. Veronica Eskew (School Leader) and Melinda Benkovsky (Leona Group). The Official Response has been made a part of this report and may be found on page 5.



EAST CHICAGO URBAN ENTERPRISE ACADEMY

1402 E. Chicago Avenue | East Chicago, IN 46312 TEL: 219.392.3650 | FAX: 219.392.3652 ecuea.com

EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC. OFFICIAL REPOSE TO AUDIT YEAR ENDED JUNE 30, 2025

East Chicago Urban Enterprise Academy, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2025.

Audit period: July 1, 2024 through June 30, 2025

TRAVEL CLAIMS

AUDIT RESULT

During our testing of travel vouchers, we noted that one of the five items selected, the School could not provide the supporting expense reimbursement request form and supporting documentation as to the purpose of the travel.

RESPONSE

A policy is in place to detail the requirements necessary to receive travel reimbursement for attending meetings and conferences not on site. The policy outlines the need for prior approval of travel, reimbursement eligibility which includes lodging, meals and other costs, as well as a mileage reimbursement rate.

Going forward, management will conduct retraining with school administration and office staff to ensure school employees are aware of the requirements to be reimbursed. Prior to reimbursement, management will conduct a thorough review to ensure all required documentation has been received prior to releasing payment.

Name(s) of the contact person(s) responsible for corrective action: Melinda Benkovsky and Veronica Eskew

Planned completion date for corrective action: January 1, 2026





EAST CHICAGO URBAN ENTERPRISE ACADEMY

1402 E. Chicago Avenue | East Chicago, IN 46312 TEL: 219.392.3650 | FAX: 219.392.3652 ecuea.com

GENERAL RECEIPT

AUDIT RESULT

During our testing of general receipts, we noted that four of the twenty-five receipts tested were not deposited in a timely manner. The timing of the deposits for the items not in compliance were all over one week.

RESPONSE

A policy is in place requiring the timely deposit of all receipts within twenty-four hours.

Going forward, management will conduct retraining with school administration and office staff response for handling cash, to ensure a clear understanding of the state requirements. Further, school staff will be asked to date stamp or document the receipt date of all cash or checks so there is a clear trail from the date of receipt to the date of deposit.

Name(s) of the contact person(s) responsible for corrective action: Melinda Benkovsky, Veronica Eskew

Planned completion date for corrective action: January 1, 2026



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

Geist Montessori Academy

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	5
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	7
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	17
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS	18
OTHER REPORT	19



INDEPENDENT AUDITORS' REPORT

Board of Directors
Montessori Academy at Geist, Inc.
and GMA Holding, LLC
McCordsville, Indiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, (collectively, the School) which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2025 and 2024, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 consolidated 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 audits.

Board of Directors
Montessori Academy at Geist, Inc.
and GMA Holding, LLC

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and statement of activities and change in net assets are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
January 29, 2026

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 771,355	\$ 1,239,146
Accounts Receivable:		
Grants	40,106	-
Other	2,558	1,005
Prepaid Expenses	7,512	6,473
Total Current Assets	821,531	1,246,624
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Building	6,504,810	6,504,810
Building Improvements	623,384	411,883
Furniture and Equipment	321,370	321,370
Textbooks	12,507	12,507
Less: Accumulated Depreciation	(1,435,743)	(1,234,737)
Property and Equipment, Net	6,572,576	6,562,081
OTHER ASSETS		
Right-of-Use Asset - Financing, Net	43,961	58,218
Total Assets	\$ 7,438,068	\$ 7,866,923
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 318,658	\$ 311,357
Accounts Payable and Accrued Expenses	234,764	273,742
Right-of-Use Liability - Financing, Current	13,983	13,707
Total Current Liabilities	567,405	598,806
LONG-TERM LIABILITIES		
Right-of-Use Liability - Financing, Noncurrent	31,273	45,256
Interest Rate Swap Liability	179,524	103,084
Notes Payable, Net of Current Portion	3,824,739	4,143,398
Total Long-Term Liabilities	4,035,536	4,291,738
Total Liabilities	4,602,941	4,890,544
NET ASSETS WITHOUT DONOR RESTRICTIONS	2,835,127	2,976,379
Total Liabilities and Net Assets	\$ 7,438,068	\$ 7,866,923

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
REVENUE AND SUPPORT		
State Education Support	\$ 2,270,367	\$ 2,236,195
Grant Revenue	552,424	772,869
Pre-K Revenue	329,405	295,327
Before/After Care Revenue	191,174	135,860
Student Fees	57,914	53,161
Contribution Income	5,447	6,729
Change in Value of Interest Rate Swap	(76,440)	(165,204)
Other Income	116,601	120,281
Total Revenue and Support	3,446,892	3,455,218
EXPENSES		
Program Services	2,534,432	2,233,032
Management and General	1,053,712	1,044,473
Total Expenses	3,588,144	3,277,505
CHANGE IN NET ASSETS	(141,252)	177,713
Net Assets - Beginning of Year	2,976,379	2,798,666
NET ASSETS - END OF YEAR	\$ 2,835,127	\$ 2,976,379

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,644,444	\$ 302,631	\$ 1,947,075	\$ 1,482,566	\$ 306,786	\$ 1,789,352
Employee Benefits	344,578	77,847	422,425	307,577	81,464	389,041
Professional Services	146,717	104,366	251,083	138,372	97,127	235,499
Authorizer Oversight Fees	-	62,826	62,826	-	63,046	63,046
Food Costs	5,133	-	5,133	5,279	-	5,279
Property Rental and Equipment	38,578	-	38,578	56,906	-	56,906
Classroom, Kitchen, and Office Supplies	87,971	8,525	96,496	71,523	15,230	86,753
Occupancy	69,067	-	69,067	63,726	-	63,726
Depreciation	38,385	162,620	201,005	37,824	162,620	200,444
Insurance	-	40,187	40,187	-	33,036	33,036
Interest	-	274,953	274,953	-	217,763	217,763
Repairs and Maintenance	38,883	-	38,883	39,275	-	39,275
Lease Interest and Amortization	15,287	-	15,287	14,252	-	14,252
Student Transportation	1,823	-	1,823	-	-	-
Travel	-	-	-	5,222	-	5,222
Advertising	-	-	-	-	258	258
Other	103,566	19,757	123,323	10,510	67,143	77,653
Total Expenses by Function	<u>\$ 2,534,432</u>	<u>\$ 1,053,712</u>	<u>\$ 3,588,144</u>	<u>\$ 2,233,032</u>	<u>\$ 1,044,473</u>	<u>\$ 3,277,505</u>

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (141,252)	\$ 177,713
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	201,005	200,444
Amortization	-	9,253
Change in Value of Interest Rate Swap	76,440	103,084
Changes in Operating Assets and Liabilities:		
Grants Receivable	(40,106)	379,304
Other Receivable	(1,553)	(1,005)
ROU Lease Activity	550	745
Prepaid Expenses	(1,039)	(3,194)
Accounts Payable and Accrued Expenses	(38,978)	89,327
Net Cash Provided by Operating Activities	55,067	955,671
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(211,500)	(78,615)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(311,358)	(4,242,958)
Issuance of Notes Payable	-	3,909,413
Proceeds Related to Terminated Interest Rate Swap	-	62,120
Net Cash Used by Financing Activities	(311,358)	(271,425)
NET CHANGE IN CASH	(467,791)	605,631
Cash - Beginning of Year	1,239,146	633,515
CASH - END OF YEAR	\$ 771,355	\$ 1,239,146
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 274,953	\$ 212,801
Lease Obligation Incurred for Use of Financing Assets	\$ -	\$ 58,963

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montessori Academy at Geist, Inc. (GMA) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. GMA operates a public charter school established under Indiana Code 20-24 and is authorized by Ball State University. During the 2024 – 2025 school year, GMA served approximately 297 students in grades preschool to eight by providing an alternative to the traditional public schools.

Effective December 26, 2018, GMA formed GMA Holding, LLC, a wholly owned subsidiary of the GMA. GMA Holding, LLC was established to own land and construct a school building for use by GMA.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Montessori Academy at Geist, Inc. and GMA Holding, LLC, collectively referred to as the School. All significant intercompany transactions and balances have been eliminated in consolidation.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act (the 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, 2025 and 2024, the School does not have any conditional grants that have not been recognized as revenue in the consolidated statements of activities and change in net assets because conditions have not been met.

Revenue from student fees and other revenue is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the consolidated statements of financial position. As of June 30, 2025, 2024, and 2023, the School had \$2,558, \$1,005, and \$-, respectively, of accounts receivable from student fees. Amounts received prior to service being performed are reported as deferred revenues in the consolidated statements of financial position. As of June 30, 2025, 2024, and 2023, the School has \$3,500, \$6,430, and \$5,774, respectively, of deferred revenue from student fees.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Equivalents

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

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 credit losses is deemed necessary.

Other Accounts Receivable

Other accounts receivable relate to student fees. The School believes that all amounts are collectible; thus, an allowance for credit losses is not 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 consolidated statements of activities and change in net assets as net assets released from restrictions.

Taxes on Income

Montessori Academy at Geist, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the IRC as a tax-exempt organization. The School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying consolidated financial statements.

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

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, and minor replacement costs are charged to expense as incurred.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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	40 Years
Leasehold Improvements	9 to 12 Years
Furniture and Equipment	3 to 5 Years
Textbooks	3 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. For the years ended, June 30, 2025 and 2024, the School has not identified impairment in any long-lived assets.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the consolidated statement of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the consolidated statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The School evaluated subsequent events through the date January 29, 2026, these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Note payable to Huntington bank, payable in variable monthly installments plus a variable interest rate due June 2029.	\$ 3,816,192	\$ 3,909,413
Note payable to State Board of Education, payable \$109,068 semi-annually (January 1 and July 1) plus interest at 1% per annum. Due July 2026.	<u>327,205</u>	<u>545,342</u>
Total	4,143,397	4,454,755
Less: Current Portion	<u>(318,658)</u>	<u>(311,357)</u>
Long-Term Portion	<u>\$ 3,824,739</u>	<u>\$ 4,143,398</u>

The note payable to the State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

In January 2019, GMA Holding, LLC entered into an agreement with First Financial Bank for a construction loan of \$4,500,000. Borrowings accrue interest at 2.00% above LIBOR. On February 1, 2020, the construction loan converted to a 48-month term note, using a 240-month amortization period. In May of 2024, GMA Holding, LLC terminated the loan with First Financial Bank.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 NOTES PAYABLE (CONTINUED)

In May 2024, GMA Holding, LLC entered into an agreement with Huntington National Bank to refinance the construction loan previously held with First Financial Bank with a principal amount of \$3,909,413. Borrowings accrue interest at a variable rate based on the Secured Overnight Financing Rate (SOFR). As of June 30, 2025 and 2024, the SOFR rate was 6.61% and 5.32%, respectively. The loan will mature in June 2029 and contains certain financial and reporting covenants. For the 2025 and 2024 fiscal years, management obtained a bank waiver for any covenants out of compliance.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 318,658
2027	216,844
2028	125,529
2029	<u>3,482,366</u>
Total	<u>\$ 4,143,397</u>

NOTE 3 LEASES

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expire in August 2028. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$15,288 and \$18,917 for the years ended June 30, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 14,258	\$ 13,070
Interest on Lease Liabilities	1,030	1,182
Operating Lease Cost	-	<u>4,665</u>
Total Lease Cost	<u>\$ 15,288</u>	<u>\$ 18,917</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 LEASES (CONTINUED)

	2025	2024
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 1,030	\$ 1,182
Operating Cash Flows from Operating Leases	\$ -	\$ 4,665
Financing Cash Flows from Finance Leases	\$ 13,707	\$ 12,326
Right-of-Use Obtained in Exchange for New Finance Lease Liabilities	\$ -	\$ 71,288
Right-of-Use Assets Terminated in Exchange for New Financing Lease Liabilities	\$ -	\$ (14,882)
Weighted-Average Remaining Lease Term - Finance Leases	3.1 Years	4.1 Years
Weighted-Average Discount Rate - Finance Leases	2.00%	2.00%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Finance</u>
2026	\$ 14,736
2027	14,736
2028	14,736
2029	2,456
Undiscounted Cash Flows	46,664
Less: Imputed Interest	(1,408)
Total Present Value	\$ 45,256
Short-Term Lease Liabilities	\$ 13,983
Long-Term Lease Liabilities	31,273
Total	\$ 45,256

NOTE 4 INTEREST RATE SWAP

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

The agreement that took effect on February 5, 2021 (in conjunction with the conversion of the construction loan to term) effectively changed GMA Holding, LLC's interest rate exposure on its floating rate note payable to 4.95%. This interest rate swap agreement matured on January 31, 2024.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 4 INTEREST RATE SWAP (CONTINUED)

In May 2024, GMA Holding, LLC entered into a new interest rate swap transaction with Huntington National Bank. This is guaranteed by GMA. GMA Holding, LLC uses the interest rate swap to convert its variable rate debt to a fixed rate as a cash-flow hedge. GMA Holding, LLC is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, GMA Holding, LLC does not anticipate nonperformance by the counterparty.

The agreement that took effect on May 30, 2024, effectively changed GMA Holding, LLC's interest rate exposure on its floating rate note payable to 2.30%. This interest rate swap agreement matures on June 5, 2029. This agreement had a total notional principal in the amount of \$3,816,192 and \$3,909,413 on June 30, 2025 and 2024, respectively.

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

NOTE 5 RETIREMENT PLAN

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 multiemployer 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, 2025 and 2024, the School contributed 6.5% and 5.5%, respectively, of compensation for eligible teaching personnel. 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, 2024 (the latest year reported), TRF was approximately 86% funded.

Retirement benefits for school employees are provided under a Section 403(b) defined contribution retirement plan. Under the plan, the School matches 100% of each participant's contributions not to exceed 7% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2025 and 2024.

Retirement plan expense for the years ended June 30, 2025 and 2024 was \$77,687 and \$77,321, respectively.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$62,826 and \$63,046 for the years ended June 30, 2025 and 2024, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Cash deposits are maintained at First Financial Bank and Huntington Bank and normally exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Insured accounts are guaranteed by the FDIC up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the School had approximately \$386,000 and \$635,000, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

NOTE 8 LIQUIDITY

Under Accounting Standards Update (ASU) 2016-14, the School is required to disclose the assets it has available to meet its cash needs for general expenditures within one year of the date of the consolidated statements of financial position. Financial assets for the School include cash, grants receivables, and other accounts receivables.

	<u>2025</u>	<u>2024</u>
Financial Assets	\$ 814,019	\$ 1,240,151
Less: Those Unavailable for General Expenditures Within One Year	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 814,019</u>	<u>\$ 1,240,151</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 LIQUIDITY (CONTINUED)

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	Montessori Academy at Geist, Inc.			GMA	Eliminations	Total
	School	Pre-K	Total	Holding, LLC		
CURRENT ASSETS						
Cash	\$ 648,289	\$ -	\$ 648,289	\$ 123,066	\$ -	\$ 771,355
Accounts Receivable:						
Grants	40,106	-	40,106	-	-	40,106
Other	2,558	-	2,558	-	-	2,558
Due from Affiliated Entity	2,849,097	611,792	3,460,889	-	(3,460,889)	-
Prepaid Expenses	7,512	-	7,512	-	-	7,512
Total Current Assets	<u>3,547,562</u>	<u>611,792</u>	<u>4,159,354</u>	<u>123,066</u>	<u>(3,460,889)</u>	<u>821,531</u>
PROPERTY AND EQUIPMENT						
Land	-	-	-	546,248	-	546,248
Building	-	-	-	6,504,810	-	6,504,810
Leasehold Improvements	623,384	-	623,384	-	-	623,384
Furniture and Equipment	321,370	-	321,370	-	-	321,370
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	(559,230)	-	(559,230)	(876,513)	-	(1,435,743)
Property and Equipment, Net	<u>398,031</u>	<u>-</u>	<u>398,031</u>	<u>6,174,545</u>	<u>-</u>	<u>6,572,576</u>
OTHER ASSETS						
Interest Rate Swap Asset	-	-	-	-	-	-
Investment In LLC	(572,002)	-	(572,002)	-	572,002	-
Right-of-Use Asset - Operating, Net	3,971,525	-	3,971,525	-	(3,971,525)	-
Right-of-Use Asset - Financing, Net	43,961	-	43,961	-	-	43,961
Total Assets	<u>\$ 7,389,077</u>	<u>\$ 611,792</u>	<u>\$ 8,000,869</u>	<u>\$ 6,297,611</u>	<u>\$ (6,860,412)</u>	<u>\$ 7,438,068</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current Portion of Notes Payable	\$ 218,137	\$ -	\$ 218,137	\$ 100,521	\$ -	\$ 318,658
Accounts Payable and Accrued Expenses	209,964	-	209,964	24,800	-	234,764
Right of Use Liability - Operating, Current	193,825	-	193,825	-	(193,825)	-
Right of Use Liability - Financing, Current	13,983	-	13,983	-	-	13,983
Due to Affiliated Entity	611,792	-	611,792	2,849,097	(3,460,889)	-
Total Current Liabilities	<u>1,247,701</u>	<u>-</u>	<u>1,247,701</u>	<u>2,974,418</u>	<u>(3,654,714)</u>	<u>567,405</u>
LONG-TERM LIABILITIES						
Right of Use Liability - Operating, Noncurrent	3,777,700	-	3,777,700	-	(3,777,700)	-
Right of Use Liability - Financing, Noncurrent	31,273	-	31,273	-	-	31,273
Interest Rate Swap Liability	-	-	-	179,524	-	179,524
Notes Payable, Net of Current Portion	109,068	-	109,068	3,715,671	-	3,824,739
Total Long-Term Liabilities	<u>3,918,041</u>	<u>-</u>	<u>3,918,041</u>	<u>3,895,195</u>	<u>(3,777,700)</u>	<u>4,035,536</u>
Total Liabilities	5,165,742	-	5,165,742	6,869,613	(7,432,414)	4,602,941
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS						
	<u>2,223,335</u>	<u>611,792</u>	<u>2,835,127</u>	<u>(572,002)</u>	<u>572,002</u>	<u>2,835,127</u>
Total Liabilities and Net Assets	<u>\$ 7,389,077</u>	<u>\$ 611,792</u>	<u>\$ 8,000,869</u>	<u>\$ 6,297,611</u>	<u>\$ (6,860,412)</u>	<u>\$ 7,438,068</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA Holding, LLC	Eliminations	Total
	School	Pre-K	Total			
REVENUE AND SUPPORT						
State Education Support	\$ 2,270,367	\$ -	\$ 2,270,367	\$ -	\$ -	\$ 2,270,367
Grant Revenue	552,424	-	552,424	-	-	552,424
Pre-K Revenue	-	329,405	329,405	-	-	329,405
Before/After Care Revenue	191,174	-	191,174	-	-	191,174
Student Fees	57,914	-	57,914	-	-	57,914
Contributions	5,447	-	5,447	-	-	5,447
Change in Value of Interest Rate Swap	-	-	-	(76,440)	-	(76,440)
Change in Investment in LLC	(221,373)	-	(221,373)	-	221,373	-
Other Income	116,601	-	116,601	384,884	(384,884)	116,601
Total Revenue and Support	<u>2,972,554</u>	<u>329,405</u>	<u>3,301,959</u>	<u>308,444</u>	<u>(163,511)</u>	<u>3,446,892</u>
EXPENSES						
Program Services	2,711,841	114,399	2,826,240	93,076	(384,884)	2,534,432
Management and General	616,971	-	616,971	436,741	-	1,053,712
Total Expenses	<u>3,328,812</u>	<u>114,399</u>	<u>3,443,211</u>	<u>529,817</u>	<u>(384,884)</u>	<u>3,588,144</u>
CHANGE IN NET ASSETS	(356,258)	215,006	(141,252)	(221,373)	221,373	(141,252)
Net Assets (Deficit) - Beginning of Year	<u>2,579,593</u>	<u>396,786</u>	<u>2,976,379</u>	<u>(350,629)</u>	<u>350,629</u>	<u>2,976,379</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 2,223,335</u>	<u>\$ 611,792</u>	<u>\$ 2,835,127</u>	<u>\$ (572,002)</u>	<u>\$ 572,002</u>	<u>\$ 2,835,127</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
OTHER REPORT
JUNE 30, 2025**

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

Supplemental Audit Report of Montessori Academy at Geist, 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*.



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

**SUPPLEMENTAL AUDIT REPORT
MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**MONTESSORI ACADEMY AT GEIST, INC.
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Erika Radford	07/01/2024 – 06/30/2025
Executive Director	Jennifer Gosch	07/01/2024 – 04/25/2025
Interim Executive Director	Jamie Rahmany	04/26/2025 – 06/30/2025
Assistant Executive Director	Jamie Rahmany	07/01/2024 – 04/25/2025
Operations Manager	Stephanie Edwards	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

Board of Directors
Montessori Academy at Geist, Inc.
McCordsville, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America the consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC (collectively, the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 29, 2026.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) Issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School's failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 29, 2026

**MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – MATERIAL WEAKNESS

A similar comment also appeared in prior Reports 81957S entitled “Preparation Of Financial Statements In Accordance With Generally Accepted Accounting Principles (GAAP) – Material Weakness And Significant Deficiencies”.

Two audit adjustments were made related to the School’s interest rate swap derivative valuation for \$76,440 and accrued interest payables and net assets for the debt portfolio for \$24,800 in the current fiscal year as a result of audit procedures. A balance of the derivative was not recorded at its fair value as of year-end in accordance with the applicable financial reporting framework. Additionally, the associated interest expense incurred was not accrued for during the fiscal year. This resulted in a \$101,240 understatement of liabilities, \$24,800 overstatement of opening net assets, and \$76,440 understatement of the change in value of the interest rate swap. Proper procedures around recording the fair value of derivatives and accruing interest expenses are an important element of internal controls.

Indiana Code 20-24-7-1 provides that “...The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)...”

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management’s objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

**MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed with Jamie Rahmany, Interim Executive Director and Stephanie Edwards, Operations Manager, on January 13, 2026.

January 29, 2026



Geist Montessori Academy is dedicated to continuously strengthening our internal systems and procedures to better our organization and our school community as a whole. Upon review, we understand there was an audit finding for this past year, and we have placed our response to this finding below:

Preparation of Financial Statement

Re: Financial Recording of Interest Rate SWAP

In order to rectify the improper recording of our Interest Rate SWAP, Geist Montessori Academy will work diligently with our School Board of Directors, as well as our outsourced bookkeeping and accounting company to review all financial statements to ensure that the Interest Rate Swap is recorded correctly moving forward.

Jamie Rahmany, Executive Director, jrahmany@gma.k12.in.us

Stephanie Edwards, Director of Operations, sedwards@gma.k12.in.us



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

Hoosier College and Career Academy

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULES OF FINANCIAL POSITION BY SCHOOL	15
SCHEDULES OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL	17
OTHER REPORT	19



INDEPENDENT AUDITORS' REPORT

Board of Directors
Hoosier Academy, Inc.
dba: Hoosier College and Career Academy
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Hoosier Academy, Inc. dba: Hoosier College and Career Academy (Hoosier Academy), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Hoosier Academy, as of June 30, 2025 and 2024, 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). 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 Hoosier Academy 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 the 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 Hoosier Academy's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

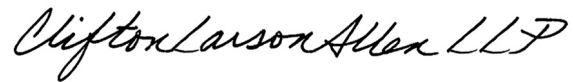
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 Hoosier Academy'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 Hoosier Academy'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
Hoosier Academy, Inc.
dba: Hoosier College and Career Academy

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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. Our audit was conducted for the purpose of forming opinion on the financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 22, 2025

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 2,169,135	\$ 1,170,054
Accounts Receivable:		
Grants	38,016	586,370
Prepaid Expenses	22,719	9,135
Total Current Assets	2,229,870	1,765,559
PROPERTY AND EQUIPMENT		
Furniture and Equipment	29,051	29,051
Less: Accumulated Depreciation	(29,051)	(29,051)
Property and Equipment, Net	-	-
Right-of-Use Asset - Operating, Net	53,779	22,392
Total Assets	\$ 2,283,649	\$ 1,787,951
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses:		
K12 Classroom, LLC	\$ 1,558,566	\$ 1,006,603
Other	669,065	757,445
Right-of-Use Liability - Operating, Current Portion	39,071	12,994
Total Current Liabilities	2,266,702	1,777,042
Right-of-Use Liability - Operating, Noncurrent Portion	11,459	9,398
Total Liabilities	2,278,161	1,786,440
NET ASSETS WITHOUT DONOR RESTRICTIONS	5,488	1,511
Total Liabilities and Net Assets	\$ 2,283,649	\$ 1,787,951

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUE AND SUPPORT		
State Education Support	\$ 12,659,624	\$ 7,503,235
Grant Revenue	1,015,861	1,344,570
Contributions and Donations	703	117
Other	-	1,489
Total Revenue and Support	13,676,188	8,849,411
EXPENSES		
Program Services	13,008,676	8,407,559
Management and General	663,535	440,733
Total Expenses	13,672,211	8,848,292
CHANGE IN NET ASSETS	3,977	1,119
Net Assets - Beginning of Year	1,511	392
NET ASSETS - END OF YEAR	\$ 5,488	\$ 1,511

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 3,345,629	\$ -	\$ 3,345,629	\$ 2,726,762	\$ -	\$ 2,726,762
Employee Benefits	937,663	-	937,663	756,121	-	756,121
Staff Development and Recruitment	17,152	-	17,152	7,941	-	7,941
Professional Services	3,180,549	200,459	3,381,008	1,360,676	132,202	1,492,878
Advertising	-	-	-	19,842	-	19,842
Authorizer Oversight Fees	-	298,612	298,612	-	189,426	189,426
Equipment Rental and Maintenance	7,348	-	7,348	5,743	-	5,743
Classroom and Office Supplies and Fees	5,233,016	10,635	5,243,651	3,288,021	9,764	3,297,785
Travel	16,716	-	16,716	17,024	-	17,024
Occupancy	84,783	-	84,783	78,019	-	78,019
Other	185,820	153,829	339,649	147,410	109,341	256,751
	<u>\$ 13,008,676</u>	<u>\$ 663,535</u>	<u>\$ 13,672,211</u>	<u>\$ 8,407,559</u>	<u>\$ 440,733</u>	<u>\$ 8,848,292</u>
Total Functional Expenses						

See accompanying Notes to Financial Statements.

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 3,977	\$ 1,119
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
NonCash Lease Activities	(3,249)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	548,354	21,183
Prepaid Expenses	(13,584)	275
Accounts Payable and Accrued Expenses	463,583	394,713
Net Cash Provided by Operating Activities	999,081	417,290
Cash - Beginning of Year	1,170,054	752,764
CASH - END OF YEAR	\$ 2,169,135	\$ 1,170,054
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Right-of-Use Assets Obtained in Exchange for New Operating		
Lease Liabilities	\$ 69,393	\$ -

See accompanying Notes to Financial Statements.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Hoosier Academy, Inc. dba: Hoosier College and Career Academy (Hoosier Academy) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana, and is the organizer and governing body of charter schools located in Indianapolis, Indiana as follows:

- *Hoosier Academies Indianapolis* is a blended learning program serving students in K-12, which ceased operations as a charter school effective August 1, 2021.
- *Hoosier College and Career Academy* is a fully virtual or online program serving students in grades 7-12 who have struggled in their education.

Enrollment during the 2024-2025 school year ranged between approximately 1,480 and 1,700 students in for the fall and spring semesters, respectively. Hoosier Academy is a public charter school established under Indiana Code 20-24 and is authorized by Ball State University.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, Hoosier Academy receives an amount per student similar to the funding received by other public schools in Indiana. 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 educational services are rendered.

A portion of Hoosier Academy's revenue is the product of cost reimbursement grants. Therefore, Hoosier Academy recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statements of financial position. As of June 30, 2025 and 2024 and 2023, Hoosier Academy did not have any conditional grants that have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Grants Revenue

Hoosier 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, 2025 and 2024.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

Accounts Receivable

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

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:

Furniture and Equipment	2 to 5 Years
-------------------------	--------------

Impairment of Long-Lived Assets

On an ongoing basis, Hoosier Academy reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. Hoosier 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.

Taxes on Income

Hoosier Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

The U.S. federal and state income tax returns of Hoosier Academy are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation. Net assets and changes in net assets are unchanged as a result of the reclassifications.

Leases

Hoosier Academy determines if an arrangement is a lease at inception. Operating leases are included in Operating Right-of-Use Asset and Operating Lease Liability and finance leases are included in right-of-use assets – financing and lease liability – financing in the statements of financial position.

Right-of-Use (ROU) assets represent Hoosier Academy's right to use an underlying asset for the lease term and lease liabilities represent Hoosier Academy's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Hoosier Academy will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Hoosier Academy has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Hoosier Academy has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Hoosier Academy has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

Hoosier Academy evaluated subsequent events through December 22, 2025, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 LEASES

Hoosier Academy leases office equipment and operating facilities under from third parties under long-term, noncancelable lease agreements. The leases expire at various dates from 2024 through 2028. In the normal course of business, it is expected that these leases will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$43,018 and \$40,876 for the years ended June 30, 2025 and 2024, respectively.

Lease Cost:	<u>2025</u>	<u>2024</u>
Operating Lease Cost	\$ 43,447	\$ 40,876
Other Information:		
Operating Cash Flows from Operating Leases	\$ 43,447	\$ 43,447
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 69,393	\$ -
Weighted-Average Remaining Lease Term - Operating Leases	1.4 Years	2.2 Years
Weighted-Average Discount Rate - Operating Leases	3.80 %	3.49 %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2026	\$ 40,159
2027	8,515
2028	3,144
Undiscounted Cash Flows	51,818
Less: Imputed Interest	(1,288)
Total Present Value	<u>\$ 50,530</u>
Short-Term Lease Liabilities	\$ 39,071
Long-Term Lease Liabilities	11,459
Total	<u>\$ 50,530</u>

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 COMMITMENTS

Hoosier Academy operates under charters granted by Ball State University. As the authorizing organization, Ball State University exercises certain oversight responsibilities. Under the charters, Hoosier Academy has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Payments under the charter agreements were \$319,486 and \$189,426 for the years ended June 30, 2025 and 2024, respectively. The charter remains in effect for Hoosier Academy until June 30, 2027 and is renewable thereafter by mutual consent.

Hoosier Academy has contracted with K12 Classroom, LLC to provide administrative and technology services. Under the terms of the agreement, Hoosier Academy has agreed to pay an amount equal to 22% of revenues, as defined, for such services. Such services purchased aggregated \$3,010,437 and \$1,259,230 for the years ended June 30, 2025 and 2024, respectively. This agreement remains in effect until June 30, 2027.

K12 Classroom, LLC has agreed to issue credits against the amounts billed for services and products provided, if needed, to ensure that Hoosier Academy does not end a fiscal year with a financial deficit.

For the years ended June 30, 2025 and 2024, service fees were reduced as follows:

	Other Service Fees
Year Ending June 30, 2025:	
Charges per Contract	\$ 3,010,437
Credit Issued by K12 Classroom LLC	-
Net Charges (Credits)	\$ 3,010,437
Year Ending June 30, 2024:	
Charges per Contract	\$ 1,946,502
Credit Issued by K12 Classroom LLC	(687,272)
Net Charges (Credits)	\$ 1,259,230

The deficit credits provided by K12 Classroom, LLC are subject to repayment if Hoosier Academy experiences a surplus in subsequent fiscal years. The amount of the repayment is based on a percentage of the surplus experienced during such fiscal year ranging from 25% to 75% dependent upon the amount of the surplus. Any unpaid credits remaining upon termination of the agreement are not subject to repayment. Hoosier Academy is not able to estimate the amount of the repayment, if any, expected to be made in future years.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 RETIREMENT PLANS

Hoosier Academy 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 multiemployer 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, 2025 and 2024, Hoosier Academy contributed 6.0% of compensation for eligible teaching personnel to TRF. Should Hoosier Academy elect to withdraw from TRF, it could be subject to a withdrawal fee. Hoosier Academy's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2024 (the latest year reported), TRF was approximately 86% funded.

In lieu of TRF, employees can opt to participate in a Section 403(b) plan sponsored by Hoosier Academy. Under this plan, Hoosier Academy contributes 6.0% of compensation, as defined. Additional contributions may be made at the discretion of the board of directors. No discretionary contributions were made in 2025 or 2024. Retirement plan expense under both plans was \$189,083 and \$166,129 for the years ended June 30, 2025 and 2024, respectively.

NOTE 5 RISKS AND UNCERTAINTIES

Hoosier Academy provides educational instruction services to families residing in Marion and surrounding counties in Indiana, and to students throughout the state of Indiana through its virtual curriculum and is subject to the risks of economic and competitive forces at work within this geographic area.

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

Financial instruments that potentially subject Hoosier Academy to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 and 2024, substantially all of the receivable balance was due from the state of Indiana.

Hoosier Academy primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. As of June 30, 2025 and 2024, Hoosier Academy had approximately \$1,900,000 and \$920,000, respectively, in excess of FDIC insurance limits. To date, Hoosier Academy has not experienced losses in any of these accounts.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 LIQUIDITY

Under ASU 2016-14, Hoosier Academy is required to disclose the assets it has available at June 30, 2025 and 2024 to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The Hoosier Academy's financial assets include cash and grants receivable. Financial assets at June 30, 2025 total \$2,207,151, all of which are available to meet cash needs for general expenditures within one year. Financial assets at June 30, 2024 total \$1,756,424, all of which are available to meet cash needs for general expenditures within one year.

From time to time, Hoosier Academy receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Hoosier Academy 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 Hoosier Academy's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 7 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and changes in net assets. Management of Hoosier Academy 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.

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academy Indianapolis	Hoosier College and Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,159	\$ 2,167,976	\$ 2,169,135
Accounts Receivable:			
Grants	-	38,016	38,016
Prepaid Expenses	-	22,719	22,719
Total Current Assets	1,159	2,228,711	2,229,870
PROPERTY AND EQUIPMENT			
Furniture and Equipment	-	29,051	29,051
Less: Accumulated Depreciation	-	(29,051)	(29,051)
Property and Equipment, Net	-	-	-
Right-of-Use Asset - Operating, Net	-	53,779	53,779
Total Assets	\$ 1,159	\$ 2,282,490	\$ 2,283,649
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses:			
K12 Classroom, LLC	\$ -	1,558,566	\$ 1,558,566
Other	65	669,000	669,065
Right-of-Use Liability - Operating, Current Portion	-	39,071	39,071
Total Current Liabilities	65	2,266,637	2,266,702
Right-of-Use Liability - Operating, Noncurrent Portion	-	11,459	11,459
Total Liabilities	65	2,278,096	2,278,161
NET ASSETS WITHOUT DONOR RESTRICTIONS	1,094	4,394	5,488
Total Liabilities and Net Assets	\$ 1,159	\$ 2,282,490	\$ 2,283,649

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Hoosier Academy Indianapolis</u>	<u>Hoosier College and Career Academy</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 1,511	\$ 1,168,543	\$ 1,170,054
Accounts Receivable:			
Grants	-	586,370	586,370
Prepaid Expenses	-	9,135	9,135
Total Current Assets	<u>1,511</u>	<u>1,764,048</u>	<u>1,765,559</u>
PROPERTY AND EQUIPMENT			
Furniture and Equipment	-	29,051	29,051
Less: Accumulated Depreciation	-	(29,051)	(29,051)
Property and Equipment, Net	<u>-</u>	<u>-</u>	<u>-</u>
Right-of-Use Asset - Operating, Net	<u>-</u>	<u>22,392</u>	<u>22,392</u>
Total Assets	<u>\$ 1,511</u>	<u>\$ 1,786,440</u>	<u>\$ 1,787,951</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses:			
K12 Classroom, LLC	\$ -	\$ 1,006,603	\$ 1,006,603
Other	-	757,445	757,445
Right-of-Use Liability - Operating, Current Portion	-	12,994	12,994
Total Current Liabilities	<u>-</u>	<u>1,777,042</u>	<u>1,777,042</u>
Right-of-Use Liability - Operating, Noncurrent Portion	<u>-</u>	<u>9,398</u>	<u>9,398</u>
Total Liabilities	<u>-</u>	<u>1,786,440</u>	<u>1,786,440</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
	<u>1,511</u>	<u>-</u>	<u>1,511</u>
Total Liabilities and Net Assets	<u>\$ 1,511</u>	<u>\$ 1,786,440</u>	<u>\$ 1,787,951</u>

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier College and Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	\$ -	\$ 12,659,624	\$ 12,659,624
Grant Revenue	-	1,015,861	1,015,861
Contributions and Donations	-	703	703
Total Revenue and Support	<u>-</u>	<u>13,676,188</u>	<u>13,676,188</u>
EXPENSES			
Program Services	-	13,008,676	13,008,676
Management and General	417	663,118	663,535
Total Expenses	<u>417</u>	<u>13,671,794</u>	<u>13,672,211</u>
CHANGE IN NET ASSETS	(417)	4,394	3,977
Net Assets - Beginning of Year	<u>1,511</u>	<u>-</u>	<u>1,511</u>
NET ASSETS - END OF YEAR	<u>\$ 1,094</u>	<u>\$ 4,394</u>	<u>\$ 5,488</u>

HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Hoosier Academies Indianapolis	Hoosier College and Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	\$ -	\$ 7,503,235	\$ 7,503,235
Grant Revenue	-	1,344,570	1,344,570
Contributions and Donations	-	117	117
Other	1,489	-	1,489
Total Revenue and Support	1,489	8,847,922	8,849,411
EXPENSES			
Program Services	-	8,407,559	8,407,559
Management and General	370	440,363	440,733
Total Expenses	370	8,847,922	8,848,292
CHANGE IN NET ASSETS	1,119	-	1,119
Net Assets - Beginning of Year	392	-	392
NET ASSETS - END OF YEAR	\$ 1,511	\$ -	\$ 1,511

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of Hoosier Academy, Inc. dba: Hoosier College and Career 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*.



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

SUPPLEMENTAL AUDIT REPORT

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA**

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Jayme Short-DeLeon	07/01/2024 – 06/30/2025
Head of School	David Rarick	07/01/2024 – 06/30/2025
Board Treasurer	Gary Meyer	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

Board of Directors
Hoosier Academy, Inc.
dba: Hoosier College and Career Academy
Indianapolis, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statement of Hoosier Academy, Inc. (Hoosier Academy), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon date December 22, 2025.

In connection with our audit, we noted Hoosier Academy failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether Hoosier Academy failed to comply with the terms, covenants, provisions, or conditions of the guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

Hoosier Academy official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of Board of Directors and management of Hoosier Academy and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 22, 2025

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

AVERAGE DAILY MAINTENANCE (ADM) TESTING

A similar comment also appeared in prior Reports 25620S entitled "Average Daily Membership (ADM) Testing", 85021S, entitled "Average Daily Membership (ADM) Testing", B61873 entitled "Average Daily Membership (ADM) Testing" B59499 entitled "Average Daily Membership (ADM) Testing", and B56422 entitled "Average Daily Membership (ADM) Testing".

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE). Hoosier Academy, Inc. dba: Hoosier College and Career Academy (Hoosier Academy) has adopted a policy requiring birth certificates, immunization records, and proof of residency. The process used did not result in maintaining consistent and complete enrollment records. Hoosier Academy had six (6) of 90 students (5 fall, 1 spring) missing documentation as required by the policy. Students were missing proof of residence and/or virtual enrollment forms.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residence, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

**HOOSIER ACADEMY, INC.
DBA: HOOSIER COLLEGE AND CAREER ACADEMY
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on December 16, 2025, with Jayme Short-Deleon (Board President), Gary Meyer (Board Treasurer), and representatives from K12, Inc. The Official Response has been made a part of this report and may be found on page 5.



Hoosier College and Career Academy Corrective Action Plan

December 22, 2025

Objective

Ensure timely collection and verification of all required enrollment documents for current, withdrawn, and pre-registered students.

Action Steps & Timelines

- 1. Initial Review at Orientation**
Verify required enrollment documents during each orientation session as student records are created. This process is ongoing for every orientation cohort.
- 2. Weekly Data Audit**
School management will conduct weekly audits of enrollment data to identify any missing documents.
- 3. Document Retrieval Assignment**
Assign outreach responsibilities to operations staff for follow-up with families regarding missing documents.
- 4. Collaboration with National Team**
Maintain ongoing communication with the national team to ensure accurate student status updates (current, withdrawn, pre-registered).
- 5. Family Communication**
Utilize multiple communication channels (phone, email, text) to connect with families and request outstanding documents.
- 6. Process Improvement**
Implement strategies to simplify document submission for families, such as enabling digital uploads and providing clear, step-by-step instructions.

7. **Platform Training**

Provide staff training on new platforms and tools to enhance efficiency in document collection and tracking.

David Rarick

Executive Director

Hoosier College and Career Academy



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

Indiana Online Learning Options

INDIANA ONLINE LEARNING OPTIONS, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**INDIANA ONLINE LEARNING OPTIONS, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
OTHER REPORT	13
SUPPLEMENTARY INFORMATION	
SCHEDULES OF FINANCIAL POSITION BY SCHOOL	14
SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL	16
SINGLE AUDIT REPORTS	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	18
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	20
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	23
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	24
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	25



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the School, as of June 30, 2025 and 2024, 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 the 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 within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Schools' ability to continue as a going concern for a reasonable period of time.


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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information and 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2026, 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 12, 2026

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 16,783,672	\$ 12,785,558
Grants Receivable	1,313,535	3,463,965
Prepaid Expenses	12,675	-
Total Current Assets	18,109,882	16,249,523
PROPERTY AND EQUIPMENT		
Leasehold Improvements	95,900	95,900
Furniture and Equipment	94,944	94,944
Less: Accumulated Depreciation	(174,640)	(156,963)
Property and Equipment, Net	16,204	33,881
Total Assets	\$ 18,126,086	\$ 16,283,404
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Due to Connections Education LLC dba Pearson Virtual Schools USA	\$ 4,790,366	\$ 5,677,812
Accounts Payable and Accrued Expenses	1,448,897	1,245,602
Deferred Revenue	75,533	31,900
Total Current Liabilities	6,314,796	6,955,314
NET ASSETS WITHOUT DONOR RESTRICTIONS	11,811,290	9,328,090
Total Liabilities and Net Assets	\$ 18,126,086	\$ 16,283,404

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUE AND SUPPORT		
State Education Support	\$ 49,373,589	\$ 44,085,558
Grant Revenue	3,809,823	9,671,187
Interest Income	315,526	-
Other	3,693	41,542
Total Revenue and Support	53,502,631	53,798,287
EXPENSES		
Program Services	44,559,172	41,959,752
Management and General	6,460,259	6,679,372
Total Expenses	51,019,431	48,639,124
CHANGES IN NET ASSETS	2,483,200	5,159,163
Net Assets - Beginning of Year	9,328,090	4,168,927
NET ASSETS - END OF YEAR	\$ 11,811,290	\$ 9,328,090

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 13,045,349	\$ -	\$ 13,045,349	\$ 12,701,818	\$ -	\$ 12,701,818
Employee Benefits	4,282,417	-	4,282,417	3,952,964	-	3,952,964
Staff Development and Recruitment	213,236	12,535	225,771	224,135	45,453	269,588
Authorizer Fees	-	1,200,806	1,200,806	-	1,157,293	1,157,293
Professional Services	2,008,743	258,912	2,267,655	2,179,945	341,028	2,520,973
School Administration and Support Services	7,296,700	4,313,814	11,610,514	6,686,469	3,872,716	10,559,185
Classroom and Office Supplies	8,889,318	-	8,889,318	9,023,501	-	9,023,501
Technology	6,716,261	-	6,716,261	5,691,822	-	5,691,822
Testing	653,782	-	653,782	560,241	-	560,241
Occupancy	31,286	-	31,286	29,799	-	29,799
Travel	3,355	-	3,355	32,112	-	32,112
Depreciation	17,677	-	17,677	19,805	-	19,805
Equipment	6,133	-	6,133	6,973	-	6,973
Repairs and Maintenance	86,432	-	86,432	2,302	-	2,302
Insurance	-	5,767	5,767	-	5,154	5,154
Other	1,308,483	668,425	1,976,908	847,866	1,257,728	2,105,594
Total Expenses by Function	<u>\$ 44,559,172</u>	<u>\$ 6,460,259</u>	<u>\$ 51,019,431</u>	<u>\$ 41,959,752</u>	<u>\$ 6,679,372</u>	<u>\$ 48,639,124</u>

See accompanying Notes to Financial Statements.

**INDIANA ONLINE LEARNING OPTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 2,483,200	\$ 5,159,163
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	17,677	19,805
Changes in Operating Assets and Liabilities:		
Grants Receivable	2,150,430	(89,856)
Prepaid Expenses	(12,675)	-
Due to Connections Education LLC dba Pearson Virtual Schools USA	(887,446)	(3,944,049)
Accounts Payable and Accrued Expenses	203,295	(41,483)
Deferred Revenue	43,633	9,012
Net Cash Provided by Operating Activities	3,998,114	1,112,592
Cash - Beginning of Year	12,785,558	11,672,966
CASH - END OF YEAR	\$ 16,783,672	\$ 12,785,558

See accompanying Notes to Financial Statements.

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Indiana Online Learning Options, Inc. (IOL) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana and is the governing body of two virtual public charter schools, Indiana Connections Academy (INCA) and Indiana Connections Career Academy (INCC). The 2017-2018 school year was the first year of operations for INCC. Both INCA and INCC (together referred to as the Schools) operate under Indiana Code 20-24 and are sponsored by Ball State University. The Schools are available to students residing in the state of Indiana and provide educational instruction to approximately 6,300 students in grades kindergarten through 12.

Accounting Estimates

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

Revenue Recognition

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

A portion of IOL's revenue is the product of cost reimbursement grants. Therefore, IOL recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2025, 2024, and, 2023, IOL had \$75,533, \$31,900, and \$22,888, respectively, of conditional grants that have not been recognized as revenue in the statements of activities because conditions have not been met and are included as deferred revenue in the statements of financial position.

Grants Revenue

IOL receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. There were no such restricted revenues during the years ended June 30, 2025 and 2024.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. As of June 30, 2025, 2024, and 2023, IOL had \$1,313,535, \$3,463,965, and \$3,374,109, respectively. IOL believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. IOL believes that all balances will be collected.

Property and Equipment

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

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

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

Impairment of Long-Lived Assets

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

Taxes on Income

IOL has received a determination from the Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code (IRC) as a tax-exempt organization; however, IOL would be subject to tax on income unrelated to its tax-exempt purpose. For the periods ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

IOL determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent IOL's right to use an underlying asset for the lease term and lease liabilities represent IOL's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that IOL will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. IOL has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, IOL has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

IOL has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

IOL's facility costs for the years ended June 30, 2025 and 2024 was \$31,286 and \$29,799, respectively.

Subsequent Events

The School evaluated subsequent events through March 12, 2026, 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.

Following the conclusion of the fiscal year, the IOL Board initiated and approved a reorganization plan for INCA and INCC, effective for the 2025-2026 school year. The reorganization involved realigning grade levels between the two schools, consolidating administrative functions to enhance operational efficiency, and renaming the institutions as Indiana Connections Academy K-6 and Indiana Connections Academy 7-12. As part of this initiative, the IOL Board also authorized the redistribution of fund balances to support the revised organizational structure.

**INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 2 RETIREMENT PLANS

IOL's personnel are eligible to participate in a 401(k) retirement plan sponsored by Pearson Online & Blended Learning, LLC. Under the plan, IOL matches 100% of employee contributions up to 3% of compensation and 50% of employee contributions for the next 3% of compensation. IOL may also make additional discretionary contributions. No discretionary contributions were made in 2025 and 2024. Retirement plan expense for the years ended June 30, 2025 and 2024 was \$327,185 and \$299,740, respectively.

NOTE 3 COMMITMENTS

INCA and INCC operate under a single charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charter, IOL agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$1,200,806 and \$1,157,293 for the years ended June 30, 2025 and 2024, respectively. The charters remain in effect until June 30, 2026 and are renewable thereafter by mutual consent.

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

Connections Educations LLC dba Pearson Virtual Schools USA has agreed to make a contribution and/or issue credits against the amounts billed for services and products provided, if needed, to ensure that IOL does not end a fiscal year with a financial deficit. The total contribution was \$-0- for the years ended June 30, 2025 and 2024, respectively, and the credits issued to IOL were \$-0- for the years ended June 30, 2025 and 2024.

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

	<u>2025</u>	<u>2024</u>
Enrollment/Unit-Based Fees	\$ 18,399,001	\$ 16,915,826
Revenue-Based Fees	<u>12,573,672</u>	<u>12,095,094</u>
Total	30,972,673	29,010,920
Less: Total Contribution and Credits Issues	<u>-</u>	<u>-</u>
Net Fees	<u><u>\$ 30,972,673</u></u>	<u><u>\$ 29,010,920</u></u>

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject IOL to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 and 2024, substantially all of the receivable balance was due from the state of Indiana.

IOL primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. As of June 30, 2025 and 2024, IOL had approximately \$16,500,000 and \$13,100,000, respectively, in excess of FDIC insurance limits. To date, IOL has not experienced losses in any of these accounts.

NOTE 5 LIQUIDITY

Under Accounting Standards Update (ASU) 2016-14, IOL is required to disclose the assets it has available at June 30, 2025 and 2024, to meet its cash needs for general expenditures within one year of the date of the statements of financial position. IOL's financial assets include cash and receivables. Financial assets at June 30, 2025 and 2024 totaling \$18,097,207 and \$16,249,523, respectively, all of which are available to meet cash needs for general expenditures within the next year.

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

NOTE 6 FUNCTIONAL EXPENSE REPORTING

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

**INDIANA ONLINE LEARNING OPTIONS, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of Indiana Online Learning Options, Inc.

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

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Indiana Connections Academy</u>	<u>Indiana Connections Career Academy</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash	\$ 14,284,564	\$ 2,499,108	\$ 16,783,672
Grants Receivable	1,170,843	142,692	1,313,535
Due from (to) Intercompany	533,642	(533,642)	-
Prepays	<u>11,076</u>	<u>1,599</u>	<u>12,675</u>
Total Current Assets	<u>16,000,125</u>	<u>2,109,757</u>	<u>18,109,882</u>
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	<u>(174,640)</u>	<u>-</u>	<u>(174,640)</u>
Property and Equipment, Net	<u>16,204</u>	<u>-</u>	<u>16,204</u>
 Total Assets	 <u>\$ 16,016,329</u>	 <u>\$ 2,109,757</u>	 <u>\$ 18,126,086</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Education LLC dba Pearson Virtual Schools USA	\$ 3,492,193	\$ 1,298,173	\$ 4,790,366
Accounts Payable and Accrued Expenses	1,277,754	171,143	1,448,897
Deferred Revenue	<u>70,438</u>	<u>5,095</u>	<u>75,533</u>
Total Current Liabilities	<u>4,840,385</u>	<u>1,474,411</u>	<u>6,314,796</u>
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 <u>11,175,944</u>	 <u>635,346</u>	 <u>11,811,290</u>
 Total Liabilities and Net Assets	 <u>\$ 16,016,329</u>	 <u>\$ 2,109,757</u>	 <u>\$ 18,126,086</u>

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 10,402,577	\$ 2,382,981	\$ 12,785,558
Grants Receivable	2,867,220	596,745	3,463,965
Due from (to) Intercompany	424,032	(424,032)	-
Total Current Assets	13,693,829	2,555,694	16,249,523
PROPERTY AND EQUIPMENT, NET			
Leasehold Improvements	95,900	-	95,900
Furniture and Equipment	94,944	-	94,944
Less: Accumulated Depreciation	(156,963)	-	(156,963)
Property and Equipment, Net	33,881	-	33,881
 Total Assets	 \$ 13,727,710	 \$ 2,555,694	 \$ 16,283,404
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Due to Connections Education LLC dba Pearson Virtual Schools USA	\$ 3,436,261	\$ 2,241,551	\$ 5,677,812
Accounts Payable and Accrued Expenses	1,066,832	178,770	1,245,602
Deferred Revenue	21,959	9,941	31,900
Total Current Liabilities	4,525,052	2,430,262	6,955,314
 NET ASSETS WITHOUT DONOR RESTRICTIONS	 9,202,658	 125,432	 9,328,090
 Total Liabilities and Net Assets	 \$ 13,727,710	 \$ 2,555,694	 \$ 16,283,404

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	\$ 42,099,731	\$ 7,273,858	\$ 49,373,589
Grant Revenue	3,454,960	354,863	3,809,823
Interest Income	278,546	36,980	315,526
Other Income	3,309	384	3,693
Total Revenue and Support	<u>45,836,546</u>	<u>7,666,085</u>	<u>53,502,631</u>
EXPENSES			
Program Services	38,261,767	6,297,405	44,559,172
Management and General	5,601,493	858,766	6,460,259
Total Expenses	<u>43,863,260</u>	<u>7,156,171</u>	<u>51,019,431</u>
CHANGES IN NET ASSETS	1,973,286	509,914	2,483,200
Net Assets - Beginning of Year	<u>9,202,658</u>	<u>125,432</u>	<u>9,328,090</u>
NET ASSETS - END OF YEAR	<u>\$ 11,175,944</u>	<u>\$ 635,346</u>	<u>\$ 11,811,290</u>

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINANCIAL ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	Indiana Connections Academy	Indiana Connections Career Academy	Total
REVENUE AND SUPPORT			
State Education Support	\$ 39,138,355	\$ 4,947,203	\$ 44,085,558
Grant Revenue	8,466,807	1,204,380	9,671,187
Other Income	1,562	39,980	41,542
Total Revenue and Support	<u>47,606,724</u>	<u>6,191,563</u>	<u>53,798,287</u>
EXPENSES			
Program Services	36,632,139	5,327,613	41,959,752
Management and General	5,930,716	748,656	6,679,372
Total Expenses	<u>42,562,855</u>	<u>6,076,269</u>	<u>48,639,124</u>
CHANGES IN NET ASSETS	5,043,869	115,294	5,159,163
Net Assets - Beginning of Year	<u>4,158,789</u>	<u>10,138</u>	<u>4,168,927</u>
NET ASSETS - END OF YEAR	<u>\$ 9,202,658</u>	<u>\$ 125,432</u>	<u>\$ 9,328,090</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Online Learning Options, Inc. (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 12, 2026



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Indiana Online Learning Options, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2025. 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, 2025.

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 compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Board of Directors
Indiana Online Learning Options, Inc.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 12, 2026

INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. Department of Education			
Passed Through from Indiana Department of Education:			
Title I Grants to Local Educational Agencies	84.010	S010A240014	\$ 1,139,194
Title I Grants to Local Educational Agencies	84.010	S010A230014	<u>92,127</u>
Total Assistance Listing Number 84.010			<u>1,231,321</u>
Special Education Cluster (IDEA):			
Passed Through from Indiana Department of Education:			
Special Education Grants to States	84.027A	H027A230084	147,023
Special Education Grants to States	84.027A	H027A240084	977,420
Special Education Preschool Grants	84.173A	H173A240104	<u>20,749</u>
Total Special Education Cluster (IDEA)			<u>1,145,192</u>
Passed Through from Indiana Department of Education:			
Education for Homeless Children and Youth	84.196A	S196A220015	3,147
Total Assistance Listing Number 84.196			<u>3,147</u>
Passed Through from Indiana Department of Education:			
English Language Acquisition State Grants	84.365A	S365A240014	4,380
Total Assistance Listing Number 84.365			<u>4,380</u>
Passed Through from Indiana Department of Education:			
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A230013	11,069
Supporting Effective Instruction State Grants (Formerly Improving Teacher Quality State Grants)	84.367	S367A240014	<u>146,437</u>
Total Assistance Listing Number 84.367			<u>157,506</u>
Passed Through from Indiana Department of Education:			
Student Support and Academic Enrichment Program	84.424A	S424A240015	65,989
Student Support and Academic Enrichment Program	84.424A	S424A230015	<u>9,774</u>
Total Assistance Listing Number 84.424			<u>75,763</u>
Passed Through from Indiana Department of Education:			
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U200013	58,449
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425U	S425U210013	10,399
COVID 19: Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425U	7000S425U2100	<u>62,058</u>
Total Assistance Listing Number 84.425			<u>130,906</u>
Total U.S. Department of Education			<u>2,748,215</u>
Total Expenditures of Federal Awards			<u>\$ 2,748,215</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

INDIANA ONLINE LEARNING OPTIONS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Indiana Online Learning Options, Inc. (the School) under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

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

NOTE 4 SUBRECIPIENTS

The School did not make any federal awards to subrecipients during the year ended June 30, 2025.

**INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025**

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.IDEA	Special Education Cluster (IDEA)
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u> x </u> yes _____ no

**INDIANA ONLINE LEARNING OPTIONS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025**

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).



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

**SUPPLEMENTAL AUDIT REPORT OF
INDIANA ONLINE LEARNING OPTIONS, INC.**

MARION COUNTY, INDIANA

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4

**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Stacy Taylor	07/01/2024 – 06/30/2025
Executive Director	Kelly Simone	07/01/2024 – 06/30/2025
Board Treasurer	Andrew Norris	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United State of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Indiana Online Learning Options, Inc. (IOL) as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 12, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that IOL failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether IOL failed to comply with the terms, covenants, provisions, or conditions of the guidelines of the SBOA, insofar as they related to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-references provisions of the Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of IOL and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 12, 2026

**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

No findings noted for the period of July 1, 2024 to June 30, 2025.

**INDIANA ONLINE LEARNING OPTIONS, INC.
MARION COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on February 11, 2026, with the School's Executive Director Kelly Simone and representatives from Pearson Education.



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

Neighbors Educational Opportunities

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF FINANCIAL POSITION	16
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS	17
OTHER REPORT	18



INDEPENDENT AUDITORS' REPORT

Board of Directors
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Neighbors' Educational Opportunities, Inc. (the Corporation), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Corporation, as of June 30, 2025 and 2024, 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). 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 Corporation 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 Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

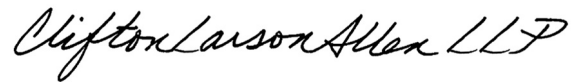
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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
Neighbors' Educational Opportunities, Inc.

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.

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

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 13, 2026

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 135,841	\$ 235,380
Grants Receivable	54,580	162,600
Other Receivables	3,570	297
Total Current Assets	193,991	398,277
PROPERTY AND EQUIPMENT		
Land	835,000	835,000
Buildings and Improvements	4,338,467	3,995,998
Furniture and Equipment	547,244	547,244
Construction in Progress	2,362,131	1,001,728
Less: Accumulated Depreciation	(1,546,381)	(1,429,395)
Property and Equipment, Net	6,536,461	4,950,575
OTHER ASSETS		
Operating Right-of-Use Asset	8,617	-
Total Assets	\$ 6,739,069	\$ 5,348,852
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 2,915,919	\$ 162,508
Current Lease Liability	2,664	-
Accounts Payable and Accrued Expenses	69,415	157,609
Security Deposit	11,857	2,882
Total Current Liabilities	2,999,855	322,999
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	418,240	2,798,626
Long-Term Lease Liability	5,953	-
Total Long-Term Liabilities	424,193	2,798,626
Total Liabilities	3,424,048	3,121,625
NET ASSETS		
Without Donor Restrictions	3,315,021	2,227,227
Total Liabilities and Net Assets	\$ 6,739,069	\$ 5,348,852

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
REVENUE AND SUPPORT		
State Education Support	\$ 1,233,179	\$ 1,176,600
Grant Revenue	1,185,642	1,441,899
Student Fees	9,479	9,542
Rental Income	107,144	45,642
Contributions	1,011,160	585,068
Fundraising and Other Income	-	1,728
Total Revenue and Support	3,546,604	3,260,479
EXPENSES		
Program Services	1,692,447	1,788,630
Management and General	766,363	739,734
Total Expenses	2,458,810	2,528,364
CHANGE IN NET ASSETS	1,087,794	732,115
Net Assets - Beginning of Year	2,227,227	1,495,112
NET ASSETS - END OF YEAR	\$ 3,315,021	\$ 2,227,227

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 943,866	\$ 458,225	\$ 1,402,091	\$ 1,026,962	\$ 404,380	\$ 1,431,342
Employee Benefits	167,268	30,505	197,773	144,785	85,374	230,159
Staff Development	2,432	-	2,432	14,531	-	14,531
Authorizer Oversight Fees	-	31,453	31,453	-	30,791	30,791
Educational Content	116	-	116	59,872	-	59,872
Food Costs	28,736	-	28,736	28,898	-	28,898
Equipment	116,261	-	116,261	132,075	-	132,075
Classroom Office Supplies	28,344	10,605	38,949	64,976	10,501	75,477
Professional Services	58,410	42,416	100,826	42,132	64,107	106,239
Occupancy	120,647	-	120,647	81,132	-	81,132
Contracted IT Services	92,211	-	92,211	67,382	-	67,382
Travel	240	2,784	3,024	529	2,728	3,257
Insurance	-	45,798	45,798	-	19,716	19,716
Advertising	-	6,533	6,533	-	7,390	7,390
Depreciation	116,986	-	116,986	106,560	-	106,560
Interest	16,760	114,111	130,871	10,337	105,900	116,237
Other	170	23,933	24,103	8,459	8,847	17,306
Total Functional Expenses	\$ 1,692,447	\$ 766,363	\$ 2,458,810	\$ 1,788,630	\$ 739,734	\$ 2,528,364

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,087,794	\$ 732,115
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	116,986	106,560
Changes in Operating Assets and Liabilities:		
Grants Receivable	108,020	43,248
Other Receivables	(3,273)	17,180
Accounts Payable and Accrued Expenses	(88,194)	31,392
Security Deposits	8,975	-
Net Cash Provided by Operating Activities	1,224,355	930,495
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(1,173,101)	(715,761)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(150,793)	(225,444)
 NET CHANGE IN CASH	(99,539)	(10,710)
Cash - Beginning of Year	235,380	246,090
 CASH - END OF YEAR	\$ 135,841	\$ 235,380
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 130,871	\$ 116,237
Assets Acquired Under Notes Payable	\$ 529,771	\$ -
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 10,954	\$ -

See accompanying Notes to Financial Statements.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Neighbors' Educational Opportunities, Inc. (the Corporation) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The Corporation operates a public alternative charter high school established under Indiana Code 20-24 that served approximately 146 students during 2024-2025. The Corporation also operates a comprehensive adult education program and an official testing site for the State of Indiana's High School Equivalency diploma.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, the Corporation 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 Corporation's revenue is the product of cost reimbursement grants. Therefore, the Corporation 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, 2025 and 2024, the Corporation does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant, Contribution, and Fundraising Revenue

The Corporation receives income from grants, contributions, and fundraising 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 changes in net assets as net assets released from restrictions.

Rental Income

Rental income is recognized when the rental event takes place and/or time period occurs.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash equivalents include money market funds and time deposits with maturities of three months or less at the date of purchase.

Receivables

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The Corporation believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable, included in other receivables, relate to unpaid student fees from the 2024-2025 school year. The Corporation believes that all balances will be collected.

The School uses a combination of historical loss experience, current economic conditions, and forward-looking information to estimate credit losses for financial assets. Receivables that are expected to be collected in future years are recorded at the present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their full value with no allowance for credit losses.

Security Deposits

Security deposits consist of required deposits made with future renters of the facilities.

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	37.5 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

On an ongoing basis, the Corporation reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The Corporation 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.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The Corporation 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 Corporation would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Leases

The Corporation determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the balance sheet.

ROU assets represent the Corporation's right to use an underlying asset for the lease term and lease liabilities represent the Corporation's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Corporation will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The Corporation has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Corporation has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The Corporation has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Corporation evaluated subsequent events through March 13, 2026, 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, effective July 1, 2025, the Corporation reorganized and partnered with Options Schools and Affiliates (OCS). As part of this transition, the public alternative charter school underwent a change in authorizers to Trine University and became a school operated under OCS. See Note 8 for further details.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Note payable to Indiana State Board of Education, payable of \$57,633 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, due July 2026.	\$ 466,005	\$ 466,005
Note payable to 1st Source Bank, payable in monthly installments of \$21,230 including interest at 4.25% per annum, with a balloon payment due March 2026, secured by mortgage on Corporation facilities.	2,188,483	2,345,229
Note Payable to 1st Source Bank, payable in monthly installments of \$5,200 including interest at 7.51% per annum, due June 2026.	529,771	-
EIDL note payable to 1st Source Bank, payable in monthly installments, beginning in September 2022, of \$641 including interest at 2.75% per annum, due September 2051, secured by property owned by Corporation.	<u>149,900</u>	<u>149,900</u>
Total	3,334,159	2,961,134
Less: Current Portion	<u>(2,915,919)</u>	<u>(162,508)</u>
Long-Term Portion	<u>\$ 418,240</u>	<u>\$ 2,798,626</u>

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 NOTES PAYABLE (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 2,915,919
2027	185,173
2028	94,597
2029	4,024
2030	4,136
Thereafter	130,310
Total	<u><u>\$ 3,334,159</u></u>

NOTE 3 LINE OF CREDIT

The Corporation maintains a revolving bank line of credit that expired on April 5, 2024 and was renewed through April 5, 2025. The line of credit was renewed again on February 20, 2025 through April 5, 2026. There were no such balances borrowed against this line of credit as of June 30, 2025 and 2024. Interest, which varies with the bank's prime rate with a floor of 4.25% and 0.00% on June 30, 2025 and 2024, respectively, and is payable monthly.

NOTE 4 LEASES

The School leases a copier from a third party under a long-term, noncancelable lease agreement that expires in July 2028. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$2,750 for the year ended June 30, 2025.

The following tables provide quantitative information concerning the Corporation's leases for the year ended June 30, 2025:

Lease Cost:	
Operating Lease Cost:	\$ 2,750
Total Lease Cost	<u><u>\$ 2,750</u></u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 2,750
Right-of-Use Assets Obtained in Exchange for New	
Operating Lease Liabilities:	\$ 10,954
Weighted-Average Remaining Lease Term -	
Operating Leases:	3.1 Years
Weighted-Average Discount Rate - Operating Leases	4.54%

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 LEASES (CONTINUED)

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 3,000
2027	3,000
2028	3,000
2029	<u>250</u>
Undiscounted Cash Flows	9,250
(Less) Imputed Interest	<u>(633)</u>
Total Present Value	<u><u>\$ 8,617</u></u>
Short-Term Lease Liabilities	\$ 2,664
Long-Term Lease Liabilities	<u>5,953</u>
Total	<u><u>\$ 8,617</u></u>

The School leases a copier from a third party under a long-term, noncancelable lease agreement. The lease expired in September 2023. The school chose to renew this lease month by month through June 30, 2024. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third party leases was \$12,967 for the year ended June 30, 2024.

NOTE 5 RETIREMENT PLAN

The Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 18 years of age and have at least 60 days of employment. Under the Plan, the Corporation matches up to 3% of each participant's contributions for the plan year.

Retirement plan expenses totaled \$11,445 and \$13,481 during the years ended June 30, 2025 and 2024, respectively.

NOTE 6 COMMITMENTS

The Corporation operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the Corporation 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 \$31,45 and \$30,791 for the years ended June 30, 2025 and 2024, respectively.

The Corporation has outstanding agreements with Chester, Inc for two building projects, the Cavern Project and the Creekside Early Learning Project. The total cost of these agreements is not to exceed \$1,709,834. As of June 30, 2025, the Corporation has paid \$1,628,250 towards the total agreement cost.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 RISKS AND UNCERTAINTIES

The Corporation provides educational instruction services to families residing in Porter 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 Corporation. Additionally, the Corporation is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the Corporation.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 and 2024, 94% and 99% of the receivable balance was due from the state of Indiana, respectively.

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

NOTE 8 LIQUIDITY

Under ASU 2016-14, the Corporation is required to disclose the assets it has available at June 30, 2025 and 2024, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the Corporation include cash, grants, and student fees receivable. Financial assets available at June 30, 2025 and 2024 were \$193,991 and \$398,277, respectively.

From time to time, the Corporation receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Corporation 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 Corporation'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.

As described in Note 1 to the financial statements, subsequent to year end the Corporation reorganized under a memo of understanding with OCS to assist with ongoing liquidity issues, strategic programming in the future, and its current debt portfolio requirements. The planned actions subsequent to year end include OCS purchasing the real property owned by the Corporation, addressing the current payments due on the Corporation's loan portfolio, and the Corporation entering into a management agreement with OCS to support the current and future programming of the Corporation.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and changes in net assets. Management of the Corporation 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.

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	<u>Charter School</u>	<u>Adult Education Program</u>	<u>Neighbors' Educational Opportunities, Inc.</u>	<u>Total</u>
CURRENT ASSETS				
Cash	\$ 129,812	\$ 5,029	\$ 1,000	\$ 135,841
Grants Receivable	2,339	52,241	-	54,580
Other Receivables	3,570	-	-	3,570
Total Current Assets	<u>135,721</u>	<u>57,270</u>	<u>1,000</u>	<u>193,991</u>
PROPERTY AND EQUIPMENT				
Land	-	-	835,000	835,000
Buildings and Improvements	-	38,600	4,299,867	4,338,467
Furniture and Equipment	525,902	21,342	-	547,244
Construction in Progress	-	-	2,362,131	2,362,131
Less: Accumulated Depreciation	(525,902)	(59,942)	(960,537)	(1,546,381)
Property and Equipment, Net	<u>-</u>	<u>-</u>	<u>6,536,461</u>	<u>6,536,461</u>
Total Assets	<u>\$ 144,338</u>	<u>\$ 57,270</u>	<u>\$ 6,537,461</u>	<u>\$ 6,739,069</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	\$ 193,959	\$ -	\$ 2,721,960	\$ 2,915,919
Current Lease Liability	2,664	-	-	2,664
Accounts Payable and Accrued Expenses	58,154	-	11,261	69,415
Interfund Activity	(607,080)	(142,986)	750,066	-
Security Deposit	-	-	11,857	11,857
Total Current Liabilities	<u>(352,303)</u>	<u>(142,986)</u>	<u>3,495,144</u>	<u>2,999,855</u>
LONG-TERM LIABILITIES				
Notes Payable, Net of Current Portion	272,046	-	146,194	418,240
Long-Term Lease Liability	5,953	-	-	5,953
Total Long-Term Liabilities	<u>277,999</u>	<u>-</u>	<u>146,194</u>	<u>424,193</u>
Total Liabilities	<u>(74,304)</u>	<u>(142,986)</u>	<u>3,641,338</u>	<u>3,424,048</u>
NET ASSETS (DEFICIT)				
Without Donor Restrictions	<u>218,642</u>	<u>200,256</u>	<u>2,896,123</u>	<u>3,315,021</u>
Total Liabilities and Net (Deficit)	<u>\$ 144,338</u>	<u>\$ 57,270</u>	<u>\$ 6,537,461</u>	<u>\$ 6,739,069</u>

NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Neighbors' Educational Opportunities, Inc.	Eliminations	Total
REVENUE AND SUPPORT					
State Education Support	\$ 1,233,179	\$ -	\$ -	\$ -	\$ 1,233,179
Grant Revenue	536,338	561,246	88,058	-	1,185,642
Student Fees	2,224	43	7,212	-	9,479
Rental Income	-	-	107,144	-	107,144
Contributions	-	-	1,011,160	-	1,011,160
Fundraising and Other Income	91,374	-	-	(91,374)	-
Total Revenue and Support	1,863,115	561,289	1,213,574	(91,374)	3,546,604
EXPENSES					
Program Services	1,004,863	456,217	322,741	(91,374)	1,692,447
Management and General	516,270	105,093	145,000	-	766,363
Total Expenses	1,521,133	561,310	467,741	(91,374)	2,458,810
TRANSFERS	(12,654)	12,654	-	-	-
CHANGES IN NET ASSETS	329,328	12,633	745,833	-	1,087,794
Net Assets (Deficit) - Beginning of Year	(110,686)	187,623	2,150,290	-	2,227,227
NET ASSETS (DEFICIT) - END OF YEAR	<u>\$ 218,642</u>	<u>\$ 200,256</u>	<u>\$ 2,896,123</u>	<u>\$ -</u>	<u>\$ 3,315,021</u>

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of Neighbors' Educational Opportunities, 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*.



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

SUPPLEMENTAL AUDIT REPORT
NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President, Board of Directors	Francis Vega	07/01/24 - 06/30/25
Executive Director	Rebeca Reiner	07/01/24 - 06/30/25
Business Manager	Jennifer Jennings	07/01/24 - 06/30/25



INDEPENDENT AUDITORS' REPORT

School Officials
Neighbors' Educational Opportunities, Inc.
Portage, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Neighbors' Educational Opportunities, Inc. (the School) which comprise the statement of financial positions as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated March 13, 2026.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the guidelines of the SBOA insofar as they related to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 13, 2026

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT DOCUMENTS

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for five (5) students (2 fall, 3 spring) of the 29 tested for enrollment. The student birth certificate, parent/guardian's identification documentation, or proof of residence was unable to be located due to change in personnel at the School.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil". An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.
PORTER COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed with Jennifer Jennings, Business Manager, Jack Colwell, CFO, and Travis Carmean, Board Member) on December 10, 2025. The Official response has been made part of this report and can be found on page 5.

NEIGHBORS' NEW VISTAS HIGH SCHOOL

5201 US Highway 6 Portage, IN 46368
Phone: 219-850-4448

Issue One: ADM Testing – Enrollment Documents

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. The school has adopted a policy requiring additional documents to be obtained at enrollment. During ADM testing, the process did not result in maintaining consistent and complete enrollment records for five (5) students of the 29 tested for enrollment.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc. as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an “eligible pupil”. An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines “Enrolled” as registered with a school corporation to attend educational programs offered by or through the school corporation and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines “Attending” as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

Issue One: Response

On July 1, 2025 Neighbors' New Vistas High School (NVHS), formerly under corporation number 9730 through June 30, 2025, became a school authorized under Options Schools, Inc. corporation number 9325. Henceforth, NVHS, will align with Options Schools procedures to standardize student file management, documentation requirements, and record retention to ensure consistency and compliance, including student records to verify ADM count. All NVHS administrative staff responsible for student records will receive training on Options Schools documentation expectations and procedures. Staff will work with the Options Schools central office enrollment team to make sure timely and accurate completion of all required student documentation is maintained. Regular internal sampling of student files will be conducted to help ensure completeness and accuracy of student records per the SBOA's guidelines.



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

**Northwest Indiana
Lighthouse
Charter Schools**

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
OTHER REPORT	19
SUPPLEMENTARY INFORMATION	
SCHEDULES OF FINANCIAL POSITION BY SCHOOL	20
SCHEDULES OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL	22
SINGLE AUDIT REPORTS	
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 <i>GOVERNMENT AUDITING STANDARDS</i>	24
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	29
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	30
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	31



INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of NWILCS, as of June 30, 2025 and 2024, 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 generally accepted auditing standards 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 NWILCS 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.

Emphasis-of-a-Matter Regarding Correction of an Error

As discussed in Note 11 to the financial statements, certain errors resulting in understatement of amounts previously reported for an accrued expense and a net asset opening balance as of June 30, 2024 were discovered by management of NWILCS during the current year. Accordingly, amounts reported for accrued expenses, related expenses, and net assets have been restated in the 2025 financial statements now presented. Our opinion is not modified with respect to this matter.

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 NWILCS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of NWILCS'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 NWILCS's ability to continue as a going concern for a reasonable period of time.

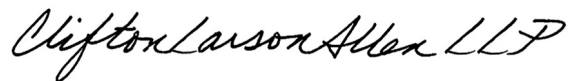
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of NWILCS'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 NWILCS'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 NWILCS's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2026

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	(As Restated) 2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 8,149,615	\$ 8,246,339
Cash - Restricted for Bond Interest	426,958	400,120
Accounts Receivable:		
Grants	6,956,946	8,790,049
Other	403,795	66,150
Prepaid Expenses	155,365	52,101
Total Current Assets	16,092,679	17,554,759
PROPERTY AND EQUIPMENT, NET	18,599,529	15,948,198
OTHER ASSETS		
Cash - Restricted for Debt Service	1,682,430	1,682,430
Cash - Restricted for Property Repairs and Replacement	711,932	533,103
Right-of-Use Asset, Net	292,356	464,726
Total Other Assets	2,686,718	2,680,259
 Total Assets	 \$ 37,378,926	 \$ 36,183,216
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Bonds Payable	\$ 589,250	\$ 335,000
Accounts Payable and Accrued Expenses	3,195,913	1,440,831
Right-of-Use Liability, Current	145,143	175,001
Total Current Liabilities	3,930,306	1,950,832
LONG-TERM LIABILITIES		
Right-of-Use Liability, Noncurrent	144,582	289,725
Bonds Payable	16,994,082	17,648,332
Less: Unamortized Debt Issuance Costs	(179,710)	(188,925)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	16,814,372	17,459,407
 Total Liabilities	 20,889,260	 19,699,964
NET ASSETS, WITHOUT DONOR RESTRICTIONS	16,489,666	16,483,252
 Total Liabilities and Net Assets	 \$ 37,378,926	 \$ 36,183,216

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	(As Restated) 2024
REVENUE AND SUPPORT		
State Education Support	\$ 15,189,640	\$ 15,147,860
Grant Revenue	11,513,268	15,791,749
Student Fees	62,880	82,001
Contributions	12,592	754
Local Property Tax	748,279	-
Interest	-	149,459
Other	111,777	90,834
Total Revenue and Support	27,638,436	31,262,657
EXPENSES		
Program Services	20,136,543	22,312,015
Management and General	7,495,479	3,630,001
Total Expenses	27,632,022	25,942,016
CHANGES IN NET ASSETS	6,414	5,320,641
Net Assets - Beginning of Year	16,483,252	11,162,611
NET ASSETS - END OF YEAR	\$ 16,489,666	\$ 16,483,252

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 6,826,509	\$ 4,824,310	\$ 11,650,819
Employee Benefits	2,120,982	774,115	2,895,097
Staff Development and Recruitment	409,238	102,310	511,548
Academic Services	747,063	-	747,063
Authorizer Oversight Fee	-	292,624	292,624
Food Service	1,042,557	175,416	1,217,973
Transportation Service	2,859,116	-	2,859,116
Information Technology	1,269,399	317,350	1,586,749
Other Professional Services	825,924	-	825,924
Equipment Rental and Expenses	327,497	81,874	409,371
Classroom, Kitchen, and Office Supplies	828,592	207,105	1,035,697
Occupancy	797,285	199,321	996,606
Rent	108,992	17,719	126,711
Depreciation and Amortization	673,181	168,296	841,477
Interest	1,300,208	325,052	1,625,260
Provision for Credit Losses	-	9,987	9,987
	<u> </u>	<u> </u>	<u> </u>
Total Expenses by Function	<u>\$ 20,136,543</u>	<u>\$ 7,495,479</u>	<u>\$ 27,632,022</u>

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024**

	(As Restated)		
	Program Services	Management and General	Total
Salaries and Wages	\$ 11,203,601	\$ 1,414,879	\$ 12,618,480
Employee Benefits	2,666,701	284,859	2,951,560
Staff Development and Recruitment	401,406	169,378	570,784
Academic Services	361,958	-	361,958
Authorizer Oversight Fee	-	244,036	244,036
Food Service	1,040,949	35,942	1,076,891
Transportation Service	1,391,518	-	1,391,518
Information Technology	614,171	506,598	1,120,769
Other Professional Services	184,974	619,066	804,040
Equipment Rental and Expenses	22,293	4,646	26,939
Classroom, Kitchen, and Office Supplies	1,388,923	51,544	1,440,467
Occupancy	977,669	218,576	1,196,245
Rent	14,880	71,261	86,141
Depreciation and Amortization	732,687	-	732,687
Interest	1,310,285	9,216	1,319,501
	<u>\$ 22,312,015</u>	<u>\$ 3,630,001</u>	<u>\$ 25,942,016</u>
Total Expenses by Function			

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	(As Restated) 2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in Net Assets	\$ 6,414	\$ 5,320,641
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	832,262	732,687
Amortization	9,215	9,216
Provision for Credit Losses	9,987	-
Noncash Leasing Activities	(2,631)	-
Changes in Certain Assets and Liabilities:		
Grants Receivable	1,823,116	(2,810,350)
Other Receivables	(337,645)	(16,924)
Prepaid Expenses	(103,264)	237,512
Accounts Payable and Accrued Expenses	2,021,787	(441,016)
Net Cash Provided by Operating Activities	4,259,241	3,031,766
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(3,750,298)	(1,267,837)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Bonds Payable	(400,000)	(375,000)
NET CHANGE IN CASH AND RESTRICTED CASH	108,943	1,388,929
Cash and Restricted Cash - Beginning of Year	10,861,992	9,473,063
CASH AND RESTRICTED CASH - END OF YEAR	\$ 10,970,935	\$ 10,861,992
RECONCILIATION OF CASH AND RESTRICTED CASH		
Cash - Unrestricted	\$ 8,149,615	\$ 8,246,339
Cash - Restricted for Bond Interest	426,958	400,120
Cash - Restricted for Debt Service	1,682,430	1,682,430
Cash - Restricted for Property Repairs and Replacement	711,932	533,103
Cash and Restricted Cash - End of Year	\$ 10,970,935	\$ 10,861,992
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,273,437	\$ 1,310,287
Property and Equipment Additions Financed Through Accounts Payable and Accrued Expenses	\$ 266,705	\$ -

See accompanying Notes to Financial Statements.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Northwest Indiana Lighthouse Charter Schools (NWILCS), a public benefit nonprofit organization incorporated under the laws of the state of Indiana, is the organizer and governing body of two charter schools located in Indiana. Both schools are public charter schools established under Indiana Code 20-24 and are sponsored by Ball State University. Gary Lighthouse Charter School served approximately 1,130 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 485 students in grades kindergarten through eight during the 2024 – 2025 school year.

Accounting Estimates

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

Revenue Recognition

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

A portion of NWILCS's revenue is the product of cost reimbursement grants. Accordingly, NWILCS recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

NWILCS 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. When restricted support is received and the restriction is satisfied in the current year, the activity is reported in net assets without donor restrictions. NWILCS did not have any conditional grants or contributions as of June 30, 2025 and 2024.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Restricted Cash

Cash and restricted cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

Restricted for bond interest is reserved for the payment of interest on the bond semi-annually. Funds are placed in the account monthly to cover one-sixth of the semi-annual interest payment.

Restricted for debt service is reserved for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements.

Restricted for property repairs and replacement was established with the bond proceeds and represents resources available for repairing and replacing facilities.

Grants Receivable

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 are charged to expense as incurred.

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

Building and Improvements	30 Years
Furniture and Equipment	3 to 5 Years

Impairment of Long-Lived Assets

On an ongoing basis, NWILCS reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. NWILCS 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.

Debt Issuance Costs

NWILCS incurred debt issuance costs totaling \$258,046 associated with securing financing under Indiana Finance Authority Education Facilities Revenue Bonds. Amortization of the debt issuance costs is provided on a straight-line basis over the term of the bonds (27 years). Accumulated amortization was \$78,336 and \$69,121 as of June 30, 2025 and 2024, respectively. Amortization expense was \$9,216 for the years ended June 30, 2025 and 2024, respectively.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Local Income Taxes

During the year ended June 30, 2025, the Indiana legislature pass IC 20-46-8-11.2, which requires county auditors in Lake County, Marion County, St. Joseph's County, and Vanderburgh County, Indiana to remit a portion of tax levy revenues collected to eligible charter schools. The School qualifies as eligible to receive a share of these revenues. Property tax levy revenues are treated as conditional grants as the value and benefit is delivered to the students throughout the school year, are satisfied.

Taxes on Income

NWILCS has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, NWILCS would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Leases

NWILCS determines if an arrangement is a least at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent NWILCS' right to use an underlying asset for the lease term and lease liabilities represent the NWILCS obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that NWILCS will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. NWILCS has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or ROU assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, NWILCS has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

NWILCS has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NWILCS lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, NWILCS considers factors such as if NWILCS has obtained substantially all of the rights to the underlying asset through exclusivity, if NWILCS can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

Subsequent Events

NWILCS evaluated subsequent events through March 31, 2026, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment were comprised of the following as of June 30:

	<u>2025</u>	<u>2024</u>
Land and Improvements	\$ 1,254,035	\$ 1,245,200
Buildings and Improvements	19,170,606	18,712,042
Furniture and Equipment	714,131	703,832
Construction in Progress	<u>3,354,673</u>	<u>342,115</u>
Subtotal	24,493,445	21,003,189
Less: Accumulated Depreciation	<u>(5,893,916)</u>	<u>(5,054,991)</u>
Total	<u><u>\$ 18,599,529</u></u>	<u><u>\$ 15,948,198</u></u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 3 BONDS PAYABLE

NWILCS purchased its facilities with Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2016 with original amounts totaling \$19,950,000. Principal is payable in annual installments that increase from \$280,000 to \$1,575,000, beginning in December 2018 and maturing in December 2044. Interest payments are made semi-annually at rates ranging from 6.25% to 7.25% in accordance with the bond agreements. The bonds are secured by land, buildings, and improvements.

The Indiana Finance Authority Educational Facilities Revenue Bond agreements contain certain covenants requiring:

- submission of audited financial statements within 150 days after the end of the fiscal year or, if audited, financial statements are not available at that time, unaudited financial statements, and audited financial statements within 10 business days after availability;
- a minimum 45-day cash on hand as of June 30, 2019 and each annual reporting period thereafter (35 days cash on hand as of June 30, 2018); and
- meeting a minimum debt service coverage ratio of 1.15 to 1.00, measured annually.

NWILCS was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2024.

Subsequent to year end, in September 2025 NWILCS refinanced their Indiana Finance Authority Educational Facilities Revenue Bonds Series 2016 to Series 2025 bond with original amount of \$18,899,000. The Series 2025 bond matures on October 1, 2045 with principal monthly payments ranging from \$45,000 to \$123,000, bearing interest at a fixed rate of 5%. No financial covenants were noted with the refinance as of June 30, 2025.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 589,250
2027	585,000
2028	612,000
2029	647,000
2030	677,000
Thereafter	14,473,082
Total	<u><u>\$ 17,583,332</u></u>

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 LEASES

NWILCS leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2029. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. ROU assets obtained in exchange for new operating lease liabilities was \$-0- and \$307,367 for the years ended June 30, 2025 and 2024, respectively. Lease expense associated with all third-party leases was \$190,794 and \$224,314 for the years ended June 30, 2025 and 2024, respectively.

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	<u>\$ 190,794</u>	<u>\$ 224,314</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 188,163	\$ 221,683
Weighted-Average Remaining Lease Term - Operating Leases	3.2 Years	3.5 Years
Weighted-Average Discount Rate - Operating Leases	4.12 %	4.19 %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2026	\$ 152,423
2027	51,293
2028	51,293
2029	<u>51,293</u>
Undiscounted Cash Flows	306,302
(Less) Imputed Interest	<u>(16,578)</u>
Total Present Value	<u>\$ 289,725</u>
Short-Term Lease Liabilities	\$ 145,143
Long-Term Lease Liabilities	144,582
Total Lease Liabilities	<u>\$ 289,725</u>

NOTE 5 RETIREMENT PLAN

For the year ended June 30, 2024, the Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 21 years of age and have at least 30 days of employment. Under the Plan, the Corporation matches up to 4% of each participant's contributions for the year.

Retirement plan expense was \$183,858 and \$198,225 for the year ended June 30, 2025 and 2024, respectively.

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 COMMITMENTS

NWILCS' two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, the School has agreed to pay Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Total expense under the charter agreements was \$292,624 and \$244,036 for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 RISKS AND UNCERTAINTIES

NWILCS provides education services to families residing in Lake and surrounding counties of Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

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

Financial instruments that potentially subject NWILCS to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 and 2024, substantially all receivable balances were due from the state of Indiana.

NWILCS primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. As of June 30, 2025 and 2024, NWILCS had approximately \$8,086,000 and \$8,069,000, respectively, in excess of FDIC insurance limits. To date, NWILCS has not experienced losses in any of these accounts.

NOTE 8 LIQUIDITY

Under FASB ASU 2016-14, the NWILCS is required to disclose the assets it has available at June 30, 2025 and 2024 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The NWILCS's financial assets include cash, restricted cash, grants receivable, and other receivables.

	<u>2025</u>	<u>2024</u>
Financial Assets	\$ 18,331,676	\$ 19,718,191
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Payment of Bond Interest, Debt Service, and Property Repairs and Replacement	<u>(2,821,320)</u>	<u>(2,615,653)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 15,510,356</u>	<u>\$ 17,102,538</u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 8 LIQUIDITY (CONTINUED)

From time to time, NWILCS receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, NWILCS 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 NWILCS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 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 NWILCS has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

NOTE 10 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2025, NWILCS determined that the report for the year ended June 30, 2024 did not correctly include an accrued expense and had incorrect opening net assets for the comparative year ended June 30, 2023.

The following statement of financial position line items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	As Reported	Restatement	As Restated
Accounts Payable and Accrued Expenses	\$ 1,345,043	\$ 95,788	\$ 1,440,831
Total Current Liabilities	1,855,044	95,788	1,950,832
Total Liabilities	19,604,176	95,788	19,699,964
Net Assets Without Donor Restrictions	16,579,040	(95,788)	16,483,252

The following statement of activities and change in net assets line items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	As Reported	Restatement	As Restated
Expenses:			
Management and General	\$ 3,534,213	\$ 95,788	\$ 3,630,001
Total Expenses	25,846,228	95,788	25,942,016
Change in Net Assets	5,416,429	(95,788)	5,320,641
Net Assets, Beginning of Year	9,177,138	1,985,473	11,162,611
Net Assets, End of Year	14,593,567	1,889,685	16,483,252

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR (CONTINUED)

The following statement of functional expense line items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Program Services Expenses:			
Employee Benefits	\$ 2,855,772	\$ 95,788	\$ 2,951,560
Total Management and General Expenses	3,534,213	95,788	3,630,001
Total Expenses	25,846,228	95,788	25,942,016

The following statement of cash flow items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Cash Flows from Operating Activities:			
Change in Net Assets	\$ 5,416,429	\$ (95,788)	\$ 5,320,641
Changes in Operating Assets and Liabilities			
Accounts Payable and Accrued Expenses	(536,804)	95,788	(441,016)

The following supplementary information schedule of financial position by school items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
SCHEDULE OF FINANCIAL POSITION BY SCHOOL - GARY			
Accounts Payable & Accrued Expenses	\$ 1,097,210	\$ 79,123	\$ 1,176,333
Total Current Liabilities	1,510,614	79,123	1,589,737
Total Liabilities	15,835,137	79,123	15,914,260
Net Assets Without Donor Restrictions	9,830,948	(79,123)	9,751,825
SCHEDULE OF FINANCIAL POSITION BY SCHOOL - EAST CHICAGO			
Accounts Payable & Accrued Expenses	247,833	16,665	264,498
Total Current Liabilities	1,862,875	16,665	1,879,540
Total Liabilities	5,287,484	16,665	5,304,149
Net Assets Without Donor Restrictions	6,748,092	(16,665)	6,731,427

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024**

NOTE 11 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR (CONTINUED)

The following supplementary information schedule of activities and changes in net assets by school items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL - GARY			
Management and General	\$ 2,751,747	\$ 79,123	\$ 2,830,870
Total Expenses	18,999,208	79,123	19,078,331
Change in Net Assets	3,567,590	(79,123)	3,488,467
Net Assets, End of Year	9,830,949	(79,123)	9,751,826
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL - EAST CHICAGO			
Management and General	782,466	16,665	799,131
Total Expenses	6,847,020	16,665	6,863,685
Change in Net Assets	1,848,839	(16,665)	1,832,174
Net Assets, End of Year	6,748,091	(16,665)	6,731,426

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
OTHER REPORT
JUNE 30, 2025**

The reports presented herein were prepared in addition to another official report prepared for Northwest Indiana Lighthouse Charter Schools as listed below:

Supplemental Audit Report of Northwest Indiana Lighthouse Charter Schools

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

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Gary	East Chicago	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 1,111,957	\$ 7,037,658	\$ -	\$ 8,149,615
Cash - Restricted for Bond Interest	322,571	104,387	-	426,958
Accounts Receivable:				
Grants	6,121,706	835,240	-	6,956,946
Related Party Accounts Receivable	1,977,137	-	(1,977,137)	-
Other Receivables	365,033	38,762	-	403,795
Prepaid Expenses	108,891	46,474	-	155,365
Total Current Assets	<u>10,007,295</u>	<u>8,062,521</u>	<u>(1,977,137)</u>	<u>16,092,679</u>
PROPERTY AND EQUIPMENT, NET	15,264,299	3,335,230	-	18,599,529
OTHER ASSETS				
Cash - Restricted for Debt Service	1,345,944	336,486	-	1,682,430
Cash - Restricted for Property Repairs and Replacement	547,077	164,855	-	711,932
Right-of-Use Asset, Net	217,059	75,297	-	292,356
Total Other Assets	<u>2,110,080</u>	<u>576,638</u>	<u>-</u>	<u>2,686,718</u>
 Total Assets	 <u>\$ 27,381,674</u>	 <u>\$ 11,974,389</u>	 <u>\$ (1,977,137)</u>	 <u>\$ 37,378,926</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	\$ 471,400	\$ 117,850	\$ -	\$ 589,250
Accounts Payable and Accrued Expenses	2,508,164	687,749	-	3,195,913
Accounts Payable Related Party	-	1,977,137	(1,977,137)	-
Right-of-Use Liability, Current	109,594	35,549	-	145,143
Total Current Liabilities	<u>3,089,158</u>	<u>2,818,285</u>	<u>(1,977,137)</u>	<u>3,930,306</u>
LONG-TERM LIABILITIES				
Right of Use Liability, Noncurrent	105,545	39,037	-	144,582
Bonds Payable	13,685,265	3,308,817	-	16,994,082
Less: Unamortized Debt Issuance Costs	<u>(144,582)</u>	<u>(35,128)</u>	<u>-</u>	<u>(179,710)</u>
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>13,540,683</u>	<u>3,273,689</u>	<u>-</u>	<u>16,814,372</u>
 Total Liabilities	 16,735,386	 6,131,011	 (1,977,137)	 20,889,260
NET ASSETS, WITHOUT DONOR RESTRICTIONS	<u>10,646,288</u>	<u>5,843,378</u>	<u>-</u>	<u>16,489,666</u>
 Total Liabilities and Net Assets	 <u>\$ 27,381,674</u>	 <u>\$ 11,974,389</u>	 <u>\$ (1,977,137)</u>	 <u>\$ 37,378,926</u>

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	(As Restated)			
ASSETS	Gary	East Chicago	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 2,327,561	\$ 5,918,778	\$ -	\$ 8,246,339
Cash - Restricted for Bond Interest	320,096	80,024	-	400,120
Accounts Receivable:				
Grants	6,675,326	2,114,723	-	8,790,049
Related Party Accounts Receivable	1,518,445	-	(1,518,445)	-
Other Receivables	46,224	19,926	-	66,150
Prepaid Expenses	48,051	4,050	-	52,101
Total Current Assets	<u>10,935,703</u>	<u>8,137,501</u>	<u>(1,518,445)</u>	<u>17,554,759</u>
PROPERTY AND EQUIPMENT, NET	12,565,362	3,382,836	-	15,948,198
OTHER ASSETS				
Cash - Restricted for Debt Service	1,345,944	336,486	-	1,682,430
Cash - Restricted for Property Repairs and Replacement	405,819	127,284	-	533,103
Right-of-Use Asset, Net	413,257	51,469	-	464,726
Total Other Assets	<u>2,165,020</u>	<u>515,239</u>	<u>-</u>	<u>2,680,259</u>
 Total Assets	 <u>\$ 25,666,085</u>	 <u>\$ 12,035,576</u>	 <u>\$ (1,518,445)</u>	 <u>\$ 36,183,216</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Bonds Payable	\$ 268,000	\$ 67,000	\$ -	\$ 335,000
Accounts Payable and Accrued Expenses	1,176,333	264,498	-	1,440,831
Accounts Payable Related Party	-	1,518,445	(1,518,445)	-
Right-of-Use Liability, Current	145,404	29,597	-	175,001
Total Current Liabilities	<u>1,589,737</u>	<u>1,879,540</u>	<u>(1,518,445)</u>	<u>1,950,832</u>
LONG-TERM LIABILITIES				
Right-of-Use Liability, Noncurrent	267,853	21,872	-	289,725
Bonds Payable	14,208,665	3,439,667	-	17,648,332
Less: Unamortized Debt Issuance Costs	(151,995)	(36,930)	-	(188,925)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>14,056,670</u>	<u>3,402,737</u>	<u>-</u>	<u>17,749,132</u>
Total Liabilities	15,914,260	5,304,149	(1,518,445)	19,699,964
NET ASSETS, WITHOUT DONOR RESTIRCTIONS	<u>9,751,825</u>	<u>6,731,427</u>	<u>-</u>	<u>16,483,252</u>
 Total Liabilities and Net Assets	 <u>\$ 25,666,085</u>	 <u>\$ 12,035,576</u>	 <u>\$ (1,518,445)</u>	 <u>\$ 36,183,216</u>

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	\$ 10,790,071	\$ 4,399,569	\$ -	\$ 15,189,640
Grant Revenue	9,364,501	2,148,767	-	11,513,268
Student Fees	53,519	9,361	-	62,880
Contributions	11,497	1,095	-	12,592
Local Property Tax	729,442	18,837	-	748,279
Interest	-	-	-	-
Other	27,312	84,465	-	111,777
Total Revenue and Support	<u>20,976,342</u>	<u>6,662,094</u>	-	<u>27,638,436</u>
EXPENSES				
Program Services	14,519,626	5,616,917	-	20,136,543
Management and General	5,562,254	1,933,225	-	7,495,479
Total Expenses	<u>20,081,880</u>	<u>7,550,142</u>	-	<u>27,632,022</u>
CHANGES IN NET ASSETS	894,462	(888,048)	-	6,414
Net Assets - Beginning of Year	<u>9,751,826</u>	<u>6,731,426</u>	-	<u>16,483,252</u>
NET ASSETS - END OF YEAR	<u>\$ 10,646,288</u>	<u>\$ 5,843,378</u>	<u>\$ -</u>	<u>\$ 16,489,666</u>

NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	(As Restated)			
	Gary	East Chicago	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	\$ 10,687,412	\$ 4,460,448	\$ -	\$ 15,147,860
Grant Revenue	11,667,738	4,124,011	-	15,791,749
Student Fees	42,829	39,172	-	82,001
Contributions	504	250	-	754
Interest	113,126	36,333	-	149,459
Other	55,189	35,645	-	90,834
Total Revenue and Support	<u>22,566,798</u>	<u>8,695,859</u>	-	<u>31,262,657</u>
EXPENSES				
Program Services	16,247,461	6,064,554	-	22,312,015
Management and General	<u>2,830,870</u>	<u>799,131</u>	-	<u>3,630,001</u>
Total Expenses	<u>19,078,331</u>	<u>6,863,685</u>	-	<u>25,942,016</u>
CHANGES IN NET ASSETS	3,488,467	1,832,174	-	5,320,641
Net Assets - Beginning of Year	<u>6,263,359</u>	<u>4,899,252</u>	-	<u>11,162,611</u>
NET ASSETS - END OF YEAR	<u>\$ 9,751,826</u>	<u>\$ 6,731,426</u>	<u>\$ -</u>	<u>\$ 16,483,252</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
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

We have audited, in accordance with the auditing principles 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 Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2026.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001, 2025-002, and 2025-003 that we consider to be material weaknesses.

Report on Compliance and Other Matters

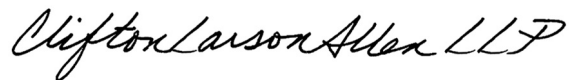
As part of obtaining reasonable assurance about whether NWILCS’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

NWILCS’s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the NWILCS’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. NWILCS’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 31, 2026



**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
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwest Indiana Lighthouse Charter Schools March 31, 2026' (NWILCS) 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 NWILCS's major federal programs for the year ended June 30, 2025. NWILCS'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, NWILCS 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, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with generally accepted auditing standards 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 NWILCS 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 NWILCS'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 NWILCS'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 NWILCS'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 NWILCS'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 NWILCS'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 NWILCS'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 NWILCS'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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2025-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on NWILCS' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NWILCS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-004 and 2025-005 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on NWILCS' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. NWILCS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2026

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education:				
Child Nutrition Cluster:				
School Breakfast Lunch Program	10.553	N/A	\$ -	\$ 388,901
National School Lunch Program	10.555	N/A	-	932,667
Total Child Nutrition Cluster			<u>-</u>	<u>1,321,568</u>
Total U.S. Department of Agriculture			-	1,321,568
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A240014, S141A230014	-	2,564,719
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A220084, H027A230084	-	258,062
Special Education ARP	84.173	H0173A230104, H173A220104	-	5,346
Total for Special Education Cluster			<u>-</u>	<u>263,408</u>
English Language Acquisition State Grants - Title III	84.365	S365A220014	-	11,211
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) - Title II	84.367	S367A230013	-	135,856
Student Support and Academic Enrichment Program - Title IV	84.424	S424A230015	-	192,458
Education Stabilization Fund Program:				
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	S425U210013	-	2,607,728
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	S425W210015	-	44,466
Total Education Stabilization Fund Program			<u>-</u>	<u>2,652,194</u>
Total U.S. Department of Education			<u>-</u>	<u>5,819,846</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Indiana Department of Education:				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	92.243	479S3085313, 379SM085313	-	227,733
Total Federal Awards Expended			<u>\$ -</u>	<u>\$ 7,369,147</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Indiana Lighthouse Charter Schools (NWILCS) under programs of the federal government for the year ended June 30, 2025. 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 NWILCS, it is not intended to and does not present the financial position, changes in net assets or cash flows of NWILCS.

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

NWILCS has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes 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? x yes 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)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
84.425 10.CNC	Education Stabilization Fund Program Child Nutrition Cluster
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	<u> </u> yes <u> x </u> no

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

Section II – Financial Statement Findings

2025 – 001: Financial Statement Preparation and Audit Adjustments

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. Various significant audit adjustments were proposed and posted through the audit process. The adjustments were a necessary step in ensuring the financial statements were fairly stated in accordance with U.S. GAAP.

Criteria or specific requirement: In an ideal control setting, NWILCS would have a comprehensive control procedure to ensure that the financial statements, including disclosures are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable U.S. GAAP.

Context: While performing audit procedures, it was noted that management did not have appropriate procedures in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

Effect: It is possible that a misstatement of the NWILCS' financial statements could occur and not be prevented or detected by the NWILCS' internal control.

Cause: NWILCS' controls were not able to detect the adjustments made as part of the audit. NWILCS does not have a comprehensive review process to ensure that the financial statements, including disclosures, are complete and accurate.

Repeat finding: Yes – 2024-001.

Recommendation: We recommend that management review controls related to financial statement preparation review at the end of each period. Financial statement preparation should include a review of reconciliations and balances to ensure that financial statement line items are properly stated and classified. Internally prepared financial statements should also be reviewed by members of management outside the finance department on a periodic (monthly or quarterly).

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

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

Section II – Financial Statement Findings (Continued)

2025 – 002: Interfund Activity

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. Interfund activity for Gary and East Chicago had not been reviewed on a stand-alone basis to ensure the activity was properly reflected in each school.

Criteria or specific requirement: In an ideal control setting, NWILCS would have a comprehensive control procedure to ensure that the financial statements are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable U.S. GAAP and NWILCS' operations.

Context: While performing audit procedures, it was noted that management did not have appropriate procedures in place to provide reasonable assurance that interfund activity is reasonable based upon operations of NWILCS.

Effect: It is possible that a misstatement of the NWILCS' financial statements could occur and not be prevented or detected by the NWILCS' internal control.

Cause: NWILCS' controls were not able to detect the adjustments made as part of the audit. NWILCS does not have a comprehensive review process to ensure that the stand alone financial statements for both Gary and East Chicago are complete and accurate.

Repeat finding: Yes –2024-002.

Recommendation: We recommend that management review controls related to interfund activity on a regular basis (monthly or quarterly) to ensure that total activity accurately reflects both Gary and East Chicago on a standalone basis and is reasonable.

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

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

Section II – Financial Statement Findings (Continued)

2025 – 003: Schedule of Expenditure of Federal (SEFA) Awards Preparation

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

Condition: The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. During testing, it was noted that NWILCS's prepared SEFA that was provided was on the cash basis and not in accordance with the accrual basis of accounting.

Criteria or specific requirement: 2 CFR 200.510(b) states: Schedule of expenditures of federal awards. The auditee must also prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining federal awards expended. While not required, the auditee may choose to provide information requested by federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a federal program has multiple federal award years, the auditee may list the amount of federal awards expended for each federal award year separately. At a minimum, the schedule must:

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

Context: Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

Effect: Without a proper system of internal controls in place that operated effectively, material misstatements of the SEFA went undetected.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

Section II – Financial Statement Findings (Continued)

2025 – 003: Schedule of Expenditure of Federal (SEFA) Awards Preparation (Continued)

Cause: Management had not established an effective system of internal controls that would have ensured proper reporting of the SEFA.

Repeat finding: No.

Recommendation: We recommend the school implement internal controls over the SEFA including a reconciliation and review process before submission.

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

Section III – Findings and Questioned Costs – Major Federal Programs

2025 – 004: Allowable Costs

Federal Agency: U.S. Department Education
Federal Program Name: Education Stabilization Fund
Assistance Listing Number: 84.425
Pass-Through Agency: Indiana Department of Education
Pass-Through Numbers: S425D210013, S425W210015
Award Period: July 1, 2024 – June 30, 2025
Type of Finding:

- Significant Deficiency in Internal Control Over Compliance
- Other Matters

Criteria or specific requirement: The Compliance Supplement requires that compensation for personal services be charged to the federal grant based upon approved actual time worked on the program and not based on an allocation or budget (2 CFR 200.430(i)).

Condition: While performing audit procedures, it was noted that payroll expenses were charged to the grant program but were not supported with time and effort documentation. Additionally, it was noted during cash disbursement testing that the school did not receive the appropriate approvals for expenditures.

Questioned costs: \$5,460

Context: During the process of obtaining an understanding of internal controls and processing of payroll expenditures, we noted payroll charge to the grant did not have time and effort documentation for amounts charged to the grant. Additionally during cash disbursement testing, it was noted that an expenditure was charged to the grant without the proper approvals.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

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

2025 – 004: Allowable Costs (Continued)

Cause: Salary figures for salaried employees were charged to the federal grant based on unsupported work actually performed for the program and cash disbursements were charged without appropriate approvals.

Effect: NWILCS has not fully followed compliance attributes with the allowable costs principles set forth by the Compliance Supplement related to allocation of salaries being charged based on approved time worked for a program. Personnel need to reinforce policies to ensure control procedures are in place to ensure salaries charged to a grant are appropriately based on actual approved time worked in a program.

Repeat finding: Yes – 2024-003.

Recommendation: We recommend NWILCS ensure policies and procedures for payroll expenditures for grant programs be charged to the federal grant based on approved hours worked in the program.

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

2025 – 005: Reporting

Federal Agency: U.S. Department of Agriculture
Federal Program Name: Child Nutrition Cluster
Assistance Listing Number: 10.CNC
Pass-Through Agency: Indiana Department of Education
Award Period: July 1, 2024 – June 30, 2025
Type of Finding:

- Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement: Grantees must submit an annual performance report with data on expenditures, planned expenditures, subrecipients, and uses of funds, including for mandatory reservations. Amounts reports must be supported by the unit's records. Per 2 CFR 200.303, The non-Federal entity must: (a) Establish and maintain effective internal control over the federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States of the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: While performing audit procedures, it was noted that NWILCS did not have documentation of the proper review and approvals of reimbursement requests documented.

Questioned costs: None.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)**

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

2025 – 005: Reporting (Continued)

Context: During audit testing, the key controls provided by NWILCS were unable to be reperformed due to the school lacking the written documentation of the control being completed.

Cause: The reporting requirement did not have written documentation of the appropriate review and approvals.

Effect: NWILCS has not fully followed compliance attributes with the reporting requirements set forth by the Compliance Supplement. Personnel need to reinforce policies to ensure control procedures are in place to ensure all required grant compliance items are reviewed, approved, and completed in accordance with grant requirements.

Repeat finding: No.

Recommendation: We recommend that NWILCS implement procedures and controls to ensure the required reports are accurate and completed timely.

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



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

**SUPPLEMENTAL AUDIT REPORT OF
NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	6
OFFICIAL RESPONSE	7

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Alyse Nicholson	07/01/2024 – 06/30/2025
Superintendent	Jessica Beasley	07/01/2024 – 06/30/2025
Finance Director	David Sevier	07/01/2024 – 06/30/2025
Deputy Director of People and School Administrations	Latrice Franklin	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

Board of Directors
Northwest Indiana Lighthouse Charter Schools
Gary, Indiana and East Chicago, 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 Northwest Indiana Lighthouse Charter Schools (the School), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 31, 2026.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, as we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-reference provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than those specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 31, 2026

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

AVERAGE DAILY MEMBERSHIP (ADM) TESTING

A similar comment also appears in prior Report 20800S entitled “Average Daily Membership (ADM) Testing”.

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for four students (three fall, one spring) of the 60 tested for enrollment at East Chicago Lighthouse Charter School (ECLCS) and 12 students (seven fall, five spring) of the 60 tested for enrollment at Gary Lighthouse Charter School (GLCS). The students at ECLCS and GLCS were missing the proof of residency documentation, enrollment packet documentation, and/or birth certificate as required by the School’s policy. In addition, attendance records did not support two students (two fall) included in the GLCS certified count. One (1) student was absent the entire fall semester and one student was absent from the start of school through mid-semester and transferred out.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.), which substantiate the number of students claimed for ADM. A student claimed for ADM must be an “eligible pupil”. An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: “Eligible pupil” refers to an individual who qualifies as an eligible pupil under IC 20-43-4-1”. IC 20-43-1-11.5 defines “Enrolled” as registered with a school corporation to attend educational programs offered by or through the School corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines “Attending” as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered. The process used to determine eligible pupil status resulted in two students (fall) of the 60 tested for Gary Lighthouse Charter School being included in the ADM count that did not meet the qualifications of an eligible pupil due to students being absent the entirety of the semester but were included in the count date reporting and certification.

The organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/ Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

The School officials shall contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment to the School (specifically GLCS) because of incorrect reporting.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

TRAVEL – MILEAGE REIMBURSEMENT

A similar comment also appeared in prior Reports 20800S entitled “Travel—Mileage Reimbursement”.

During our testing of the travel vouchers, we discovered two of the two mileage reimbursement tested for ECLCS and one of the one mileage reimbursements tested for GLCS had incorrect mileage rates being used in the calculation for reimbursement. The 2022 rate was used to calculate reimbursements from 2024 and 2025. The School’s policy is to follow the federal mileage rate. The amount of \$11.39 for ECLCS and \$2.65 for GLCS should have been reimbursed to employees for those tested.

The charter school must establish a travel policy that details the procedures for an employee to get approval to attend meetings and conferences; must detail when an employee is in travel status; must detail the procedures for employees to get reimbursement for travel expenses; and the policy must establish a reasonable mileage reimbursement rate. (Guidelines for the Audits of Charter Schools Performed by Private Examiners)

REQUIRED REPORTS TESTING—FORM 9

The School is required to compile and submit financial information to the Indiana Department of Education using the Form 9 report for December 31 and June 30 each year. These reports are due on January 31 and July 31 of each year. While comparing the Form 9 information for the June 30, 2025 report to the School’s records, the information stated did not match.

	<u>Form 9</u>	<u>School Records</u>	<u>Difference</u>
GLCS	\$ 7,517,122.39	\$ 3,318,264.00	\$ 4,198,858.39
ECLCS	\$ 9,004,823.84	\$ 7,640,911.00	\$ 1,363,912.84

Charter schools are required to submit a Form 9 Biannual Financial Report two times per year during the months of January and July. The financial information in the Form 9 shall reflect cash basis information and shall be reported utilizing the State Board of Accounts prescribed chart of accounts. The January report must include previous calendar year financial and other required information for the period of July 1 to December 31 financial data. The July report must include current calendar year financial and other required information for the period of January 1 to June 30. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools Manual, Part 9).

GENERAL RECEIPTS

The School is required to deposit all school money in the designated depository no later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administrations with current information necessary for all financial decisions.

During our testing of general receipts, we noted that 16 of the 25 receipts tested for ECLCS and 19 of the 25 receipts tested for GLCS did not have supporting documentation available and provided to determine the timeliness of the deposit.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

GENERAL RECEIPTS (CONTINUED)

All charter school money must be deposited in the designated depository not later than the business day following the receipt of funds on business days of the depository in the same form in which the funds were received. Timely receipts and deposits are required to provide the organizer and charter school administration with current information necessary for all financial decisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 8).

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS
LAKE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed on March 25, 2026 with Latrice Franklin (Deputy Director of People and School Administration), David Sevier (Director of Finance), Shana Caruthers (Board Vice Chair), Jason Parks (Board Treasurer), and representatives from the charter authorizer. Official response has been made part of this report and may be found starting on page seven.



The mission of Northwest Indiana Lighthouse Charter Schools is to promote educational equity by preparing our scholars for college, career and life in a rigorous and nurturing environment.

March 27, 2026

RE: Response to Northwest Indiana Lighthouse Charter School Audit Report

Average Daily Attendance (ADM) Testing

Response: Northwest Indiana Lighthouse Charter Schools, requires the following documents to be in full compliance with both state and organizational criteria:

- Northwest Indiana Lighthouse Charter Schools has amended its required criteria to be in alignment with state requirements for enrollment.
 - Birth Certificate
 - Proof of Residency
 - Copy of a State Issued ID
- We regularly audit all student files with developed action items as a result of any internal findings.
- We have an identified attendance coordinator at every school to actively monitor daily attendance
- We have a family engagement team who regularly reaches out to families to secure documentation
- There is ample outreach to families to secure all documentation; however, we follow all IDOE requirements which allows students to be registered without the documentation and no penalty for not having all documentation on file



The mission of Northwest Indiana Lighthouse Charter Schools is to promote educational equity by preparing our scholars for college, career and life in a rigorous and nurturing environment.

March 27, 2026

RE: Response to Northwest Indiana Lighthouse Charter School Supplemental Audit Report

Required Reports Testing – Form 9

During this audit period, the Form 9 included the expenditures from the 3rd LEA that was created by a third-party without authorization from the school. Our school records only reflected the activity between the 2 remaining LEAs, as the 3rd LEA had expenditures that were not properly segregated between the remaining to LEAs at the time of the audit and therefore the difference occurred. It is NWILCS's goal to have Form 9's completed that reflect all activity by NWILCS and properly allocated between the 2 LEA on a cash basis. We are currently in the process of having our Form 9 linked to our current Sage Intacct System to ensure that all activity is properly recorded between only two LEAs and our cash basis financials going forward and timely filed for periods of January 31st and June 30th of each year. Scheduled time will be added to the calendar of the Director of Finance monthly to review these integrations as well as progress on record keeping to ensure opportunities for shifts to be made in a timely manner.

RE: Response to Northwest Indiana Lighthouse Charter School Supplemental Audit Report

General Receipts

During this audit season, we replaced two school operations managers (SOMS). During the period of interviews and hiring, some deposits were held and not deposited timely. We have developed a plan of succession and support when employment transitions are occurring, that the Director of Operations will assume the responsibility of ensuring timely deposit of receipts are being done. The district staff accountant will monitor all deposits going forward and will document any untimely deposits. This information will formally be shared with the principal of the campus and the Finance Director. Immediate steps will be taken if necessary. Deposit verifications will also be added to the weekly SOM and principal meeting to ensure they are documented and submitted timely. This will allow for any immediate mitigation should any issues be identified.



The mission of Northwest Indiana Lighthouse Charter Schools is to promote educational equity by preparing our scholars for college, career and life in a rigorous and nurturing environment.

March 27, 2026

RE: Response to Northwest Indiana Lighthouse Charter School Audit Report

Travel/Mileage Reimbursement

Response: Northwest Indiana Lighthouse Charter Schools has already updated our standard travel/mileage reimbursement form. This information was pushed out to all school teams, Operations Managers, and Regional Director of Operations to ensure that when forms are submitted, we are checking that staff is using the corrected form. The team has also scheduled times each semester to review and update any federally/state mandated regulatory changes to ensure we are in line with up to date guidelines.



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

Premier Arts Academy

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INDEPENDENT AUDITORS' REPORT	1
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
OTHER REPORT	16
SUPPLEMENTARY INFORMATION	
SCHEDULE OF FINANCIAL POSITION	17
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)	18
SCHEDULE OF FUNCTIONAL EXPENSES	19



INDEPENDENT AUDITORS' REPORT

Board of Directors
Premier Arts Incorporated dba Premier Arts Academy
Elkhart, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Premier Arts Incorporated dba Premier Arts Academy (Premier Arts), which comprise the statement of financial position as of June 30, 2025 and the related statement of activities and changes in net (deficit), functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Premier Arts as of June 30, 2025 and the changes in its net assets (deficit) and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Premier Arts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Premier Arts' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Premier Arts' 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 Premier Arts' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The 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 supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 14, 2026

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025

ASSETS

CURRENT ASSETS

Cash	\$ 195,912
Investments	12,034
Accounts Receivable, Net of Allowance for Credit Losses of \$1,170	15,424
Grants Receivable	33,630
Prepaid Expenses and Other Current Assets	4,500
Total Current Assets	<u>261,500</u>

PROPERTY AND EQUIPMENT

Buildings and Improvements	315,048
Furniture and Fixtures	121,507
Leasehold Improvements	1,033,701
Land Improvements	1,997
Less: Accumulated Depreciation	<u>(550,314)</u>
Property and Equipment, Net	921,939

OTHER ASSETS

Right-of-Use Assets Operating, Net	164,496
Right-of-Use Assets Financing, Net	<u>248,652</u>
Total Other Assets	<u>413,148</u>

Total Assets	<u><u>\$ 1,596,587</u></u>
--------------	----------------------------

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES

Accounts Payable	\$ 306,586
Accrued Liabilities	103,645
Deferred Revenue	32,250
Lines of Credit	425,859
Notes Payable and Long-Term Debt, Current Portion	40,563
Right-of-Use Liability - Operating, Current Portion	121,297
Right-of-Use Liability - Financing, Current Portion	68,893
Total Current Liabilities	<u>1,099,093</u>

LONG-TERM LIABILITIES

Notes Payable and Long-term Debt, Net of Current Portion	411,938
Right-of-Use Liability - Operating, Net of Current Portion	43,199
Right-of-Use Liability - Financing, Net of Current Portion	179,759
Total Long-Term Liabilities	<u>634,896</u>

Total Liabilities	1,733,989
-------------------	-----------

NET DEFICIT WITHOUT DONOR RESTRICTIONS	<u>(137,402)</u>
---	------------------

Total Liabilities and Net Deficit	<u><u>\$ 1,596,587</u></u>
-----------------------------------	----------------------------

See accompanying Notes to Financial Statements.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2025**

REVENUE AND SUPPORT

State Education Support	\$ 2,290,747
Grant Revenue	890,949
Contributions	501,566
Student Fees	132,491
Program Services	304,721
Investment Income, Net	63,606
Gain on Sale of Property and Equipment	29,398
Total Revenue and Support	<u>4,213,478</u>

EXPENSES

Program Services	4,061,580
Management and General	839,685
Fundraising	34,545
Total Expenses	<u>4,935,810</u>

CHANGES IN NET ASSETS

(722,332)

Net Assets - Beginning of Year

584,930

NET (DEFICIT) - END OF YEAR

\$ (137,402)

See accompanying Notes to Financial Statements.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salary and Wages	\$ 2,043,617	\$ 283,797	\$ 18,488	\$ 2,345,902
Benefits and Taxes	537,567	92,400	4,831	634,798
Staff Development	35,577	12,129	-	47,706
Professional Services	164,716	78,845	-	243,561
Interest Expense	24,768	64,706	-	89,474
Curricular Materials	107,676	-	-	107,676
Authorizer	-	70,605	11,226	81,831
Supplies	58,159	80,558	-	138,717
Technology	126,786	33,555	-	160,341
Occupancy	129,156	32,239	-	161,395
Repair and Maintenance	15,174	29,320	-	44,494
Depreciation and Amortization	354,073	22,206	-	376,279
Insurance	-	19,906	-	19,906
Other	93,590	19,419	-	113,009
Food Service	370,721	-	-	370,721
	<u>\$ 4,061,580</u>	<u>\$ 839,685</u>	<u>\$ 34,545</u>	<u>\$ 4,935,810</u>
Total Functional Expenses	<u>\$ 4,061,580</u>	<u>\$ 839,685</u>	<u>\$ 34,545</u>	<u>\$ 4,935,810</u>

See accompanying Notes to Financial Statements.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES	
Changes in Net Deficit	\$ (722,332)
Adjustments to Reconcile Changes in Net Deficit to	
Net Cash Used by Operating Activities:	
Depreciation	232,277
Recoveries from Credit Losses	(3,020)
Unrealized and Realized Gain on Investments	(646)
Gain on Sale of Equipment	(29,398)
Changes in Operating Assets and Liabilities:	
Accounts Receivable	18,626
Grants Receivable	27,167
Accounts Payable and Accrued Expenses	28,110
Deferred Revenue	32,250
Net Cash Used by Operating Activities	<u>(416,966)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sale of Equipment	160,000
Purchases of Property and Equipment	<u>(156,467)</u>
Net Cash Provided by Investing Activities	3,533
CASH FLOWS FROM FINANCING ACTIVITIES	
Borrowings under Line of Credit Agreements	150,000
Proceeds from Notes Payable	422,500
Principal Paid on Note Payable	<u>(39,324)</u>
Net Cash Provided by Financing Activities	<u>533,176</u>
NET INCREASE IN CASH	119,743
Cash - Beginning of Year	<u>76,169</u>
CASH - END OF YEAR	<u>\$ 195,912</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash Paid for Interest	<u>\$ 35,483</u>
Assets Acquired through Lease Agreements	<u>\$ 65,043</u>

See accompanying Notes to Financial Statements.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Premier Arts Incorporated dba Premier Arts Academy (Premier Arts) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. Premier Arts operates as a public charter school established under Indiana Code 20-24 serving approximately 290 students in grades kindergarten through sixth and is authorized by Ball State University.

Accounting Estimates

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

Revenue Recognition

Revenues primarily come from conditional resources provided under the Indiana Charter Schools Act. Under the Act, Premier Arts 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 Premier Arts' revenue is the product of cost reimbursement grants. Therefore, Premier Arts 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. For the year ended June 30, 2025 Premier Arts did not have any conditional grants that have not been recognized as revenue in the statements of activities and changes in net assets.

Premier Arts receives income from grants 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 changes in net assets as net assets released from restrictions. There were no such restricted revenues for the year ended June 30, 2025.

Premier Arts receives income from contributions and grants that support certain School activities. Such revenue received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. Premier Arts reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purposes' restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restriction. Premier Arts did not have any net assets with donor restrictions for the year ended June 30, 2025.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Revenue from student fees and program services is recognized when the control of the promised good or service is transferred to the student and/or program participant, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. For the year ended June 30, 2025, Premier Arts had \$132,491 in student fees, and \$304,721 for program services. Amounts received prior to the service being performed are reported as deferred revenue in the statement of financial position. For the year ended June 30, 2025 and 2024, Premier Arts had \$32,250 and -\$0- in deferred revenue, respectively.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. Cash equivalents consist of a checking account and short-term investments.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Unrealized gains and losses are included in the statement of activities and changes in net assets. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Premier Arts' investments consist of a cash equivalent bank account held for investment and assets held by the Community Foundation of Elkhart County.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable relates primarily to student and program fees collected annually from Premier Arts' students. Gross accounts receivable was \$16,594 and \$35,220 as of June 30, 2025 and 2024, respectively. These accounts receivable are reviewed for collectability annually. Premier Arts provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, current economic conditions and certain forward-looking information. As of June 30, 2025 and 2024 an allowance of \$1,170 and \$4,190, respectively, was deemed necessary for student and program fees.

Grants Receivable

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 are charged to expense as incurred.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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	7 to 40 Years
Furniture and Fixtures	5 to 7 Years
Leasehold Improvements	3 to 7 Years
Land Improvements	15 Years

Impairment of Long-Lived Assets

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

Taxes on Income

Premier Arts has received a determination from the Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, Premier Arts would be subject to tax on income unrelated to its tax-exempt purpose. For the tax period ended June 30, 2025 no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Leases

Premier Arts determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent Premier Arts' right to use an underlying asset for the lease term and lease liabilities represent Premier Arts' obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that Premier Arts will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. Premier Arts has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the Statement of Financial Position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, Premier Arts has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

Premier Arts has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

Premier Arts evaluated subsequent events through March 14, 2026, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 LINES OF CREDIT

On June 14, 2023, Premier Arts entered into a credit agreement with a bank for a line of credit which permits borrowing up to \$400,000. Principal and interest payments are due monthly beginning in July 2023. Borrowings under the line bear interest at the bank's prime rate plus 1%, or a floor of 5% (8.77% at June 30, 2025). The line of credit is secured by any and all property owed at the time of the agreement and acquired after. As of June 30, 2025 the line of credit balance was \$390,859.

On December 31, 2024, Premier Arts entered into a credit agreement with a bank for a line of credit which permits borrowing up to \$50,000. Principal and interest payments are due monthly beginning and has a maturity date of January 10, 2026. Borrowings under the line bear interest at the bank's prime (7.75% at June 30, 2025). The line of credit is secured by any and all property owed at the time of the agreement and acquired after. As of June 30, 2025 the line of credit balance was \$35,000.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 NOTES PAYABLE

On September 8, 2023, Premier Arts entered into a promissory note agreement with a bank for \$100,000. Principal and interest payments are due monthly beginning in October 2023 with a variable interest rate 5.25% at June 30, 2025 until August 2025. As of June 30, 2025 note payable balance was \$30,000.

On September 18, 2024, Premier Arts entered into loan agreement with the Indiana Common School Fund for \$422,500. Principal and interest payments are due semi-annually beginning in January 1, 2026 with an interest rate of 4%. As of June 30, 2025 note payable balance was \$422,500.

Future maturity schedule for notes payable and the lines of credit as described in Note 2 are as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2026	\$ 466,422
2027	21,125
2028	21,125
2029	21,125
2030	21,125
Thereafter	327,438
Total	<u><u>\$ 878,360</u></u>

NOTE 4 LEASES

Premier Arts leases equipment and facilities under a long-term, noncancelable lease agreements. The leases expire at various times through 2029. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 LEASES (CONTINUED)

The following tables provide quantitative information concerning Premier Arts' leases for the year ended June 30, 2025:

Lease Cost:

Finance Lease Cost	\$ 71,401
Interest on Lease Liabilities	24,339
Operating Lease Cost	134,000
Total Lease Cost	<u>\$ 229,740</u>

Other Information:

Operating Cash Flows from Finance Leases	\$ 24,339
Operating Cash Flows from Operating Leases	\$ 133,800
Financing Cash Flows from Finance Leases	\$ 63,944
Right-of-Use Assets Obtained in Exchange for New Operating Leases	\$ 65,043
Weighted-Average Remaining Lease Term - Finance Leases	3.3 Years
Weighted-Average Remaining Lease Term - Operating Leases	1.4 Years
Weighted-Average Discount Rate - Finance Leases	8.74%
Weighted-Average Discount Rate - Operating Leases	8.57%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>	<u>Finance</u>	<u>Totals</u>
2026	\$ 128,800	\$ 88,162	\$ 216,962
2027	45,000	88,162	133,162
2028	-	88,162	88,162
2029	-	22,040	22,040
Undiscounted Cash Flows	<u>173,800</u>	<u>286,526</u>	<u>460,326</u>
Less: Imputed Interest	<u>(9,304)</u>	<u>(37,874)</u>	<u>(47,178)</u>
Total Present Value	<u>\$ 164,496</u>	<u>\$ 248,652</u>	<u>\$ 413,148</u>
Short-Term Lease Liabilities	\$ 121,297	\$ 68,893	\$ 190,190
Long-Term Lease Liabilities	<u>43,199</u>	<u>179,759</u>	<u>222,958</u>
Total	<u>\$ 164,496</u>	<u>\$ 248,652</u>	<u>\$ 413,148</u>

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 RETIREMENT PLANS

Premier Arts provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the year ended June 30, 2025 Premier Arts contributed 6% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should Premier Arts elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. Premier Arts' contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2024 (the latest year reported), TRF and PERF were approximately 86% and 82% funded, respectively.

Retirement plan expense was \$134,685 for the year ended June 30, 2025.

NOTE 6 COMMITMENTS

Premier Arts operates under a charter granted by Ball State University. As the authorizing organization, Ball State University exercises certain oversight responsibilities. Under the charter, Premier Arts agrees to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$81,831 for the year ended June 30, 2025. The charter remains in effect until June 30, 2028 and is renewable thereafter by mutual consent.

NOTE 7 RISKS AND UNCERTAINTIES

Premier Arts provides education instruction services to families residing in Elkhart and surrounding counties in Indiana and is subject to the risks of economic and competitive forces at work within this geographic area.

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

Financial instruments that potentially subject Premier Arts to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 substantially all of the grants receivable balance was due from the State of Indiana.

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

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 LIQUIDITY

Under ASU 2016-14, Premier Arts is required to disclose the assets it has available at June 30, 2025, to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Premier Arts' financial assets include cash, investments, accounts receivable, and grants receivable. Financial assets at June 30, 2025 totaled \$257,000, all of which are available to meet cash needs for general expenditures within the next year. Premier Arts also has lines of credit available to assist with the cash needs of Premier Arts (see Note 2).

From time to time, Premier Arts receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, Premier Arts 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 Premier Arts' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 9 FUNCTIONAL EXPENSE REPORTING

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and changes in net assets. Management of Premier Arts has categorized expenses as program services or management and general according to the underlying nature of the expense.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

The reports presented herein were prepared in addition to another official report prepared for Premier Arts Incorporated dba Premier Arts Academy as listed below:

Supplemental Audit Report of Premier Arts Incorporated dba Premier Arts Academy

The Supplemental Audit Report contains the results of 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*.

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
SCHEDULE OF FINANCIAL POSITION
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Premier Arts Academy	Premier Arts, Inc.	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 83,684	\$ 112,228	\$ -	\$ 195,912
Investments	-	12,034	-	12,034
Accounts Receivable, Net of Allowance for Credit Losses	13,615	7,346	(5,537)	15,424
Grants Receivable	33,630	-	-	33,630
Prepaid Expenses and Other Current Assets	4,500	-	-	4,500
Total Current Assets	<u>135,429</u>	<u>131,608</u>	<u>(5,537)</u>	<u>261,500</u>
PROPERTY AND EQUIPMENT				
Building and Improvements	-	315,048	-	315,048
Furniture and Fixtures	-	121,507	-	121,507
Leasehold Improvements	1,008,710	24,991	-	1,033,701
Land Improvements	-	1,997	-	1,997
Less: Accumulated Depreciation	(346,409)	(203,905)	-	(550,314)
Property and Equipment, Net	<u>662,301</u>	<u>259,638</u>	<u>-</u>	<u>921,939</u>
OTHER ASSETS				
Right-of-Use Assets Operating, Net	164,496	-	-	164,496
Right-of-Use Financing, Net	248,652	-	-	248,652
Total Other Assets	<u>413,148</u>	<u>-</u>	<u>-</u>	<u>413,148</u>
Total Assets	<u>\$ 1,210,878</u>	<u>\$ 391,246</u>	<u>\$ (5,537)</u>	<u>\$ 1,596,587</u>
LIABILITIES AND NET ASSETS (DEFICIT)				
CURRENT LIABILITIES				
Accounts Payable	\$ 178,364	133,759	\$ (5,537)	\$ 306,586
Accrued Liabilities	92,968	10,677	-	103,645
Deferred Revenue	-	32,250	-	32,250
Lines of Credit	390,859	35,000	-	425,859
Notes Payable and Long-Term Debt, Current Portion	40,563	-	-	40,563
Right-of-Use Liability - Operating, Current Portion	121,297	-	-	121,297
Right-of-Use Liability - Financing, Current Portion	68,893	-	-	68,893
Total Current Liabilities	<u>892,944</u>	<u>211,686</u>	<u>(5,537)</u>	<u>1,099,093</u>
LONG-TERM LIABILITIES				
Notes Payable and Long-Term Debt, Net of Current Portion	411,938	-	-	411,938
Right-of-Use Liability - Operating, Net of Current Portion	43,199	-	-	43,199
Right-of-Use Liability - Financing, Net of Current Portion	179,759	-	-	179,759
Total Long-Term Liabilities	<u>634,896</u>	<u>-</u>	<u>-</u>	<u>634,896</u>
Total Liabilities	<u>1,527,840</u>	<u>211,686</u>	<u>(5,537)</u>	<u>1,733,989</u>
NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	<u>(316,962)</u>	<u>179,560</u>	<u>-</u>	<u>(137,402)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 1,210,878</u>	<u>\$ 391,246</u>	<u>\$ (5,537)</u>	<u>\$ 1,596,587</u>

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Premier Arts Academy	Premier Arts, Inc.	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	\$ 2,290,747	\$ -	\$ -	\$ 2,290,747
Grant Revenue	890,949	-	-	890,949
Contributions	221,904	279,662	-	501,566
Student Fees	132,491	-	-	132,491
Program Services	-	304,721	-	304,721
Investment Income	-	63,606	-	63,606
Gain on Sale of Property and Equipment	-	29,398	-	29,398
Total Revenue and Support	<u>3,536,091</u>	<u>677,387</u>	-	<u>4,213,478</u>
EXPENSES				
Program Services	3,347,465	714,115	-	4,061,580
Management and General	644,993	194,692	-	839,685
Fundraising	-	34,545	-	34,545
Total Expenses	<u>3,992,458</u>	<u>943,352</u>	-	<u>4,935,810</u>
CHANGES IN NET ASSETS	(456,367)	(265,965)	-	(722,332)
Net Assets - Beginning of Year	<u>139,405</u>	<u>445,525</u>	-	<u>584,930</u>
NET ASSETS (DEFICIT) - END OF YEAR	<u><u>\$ (316,962)</u></u>	<u><u>\$ 179,560</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (137,402)</u></u>

PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Premier Arts Academy Charter School			Premier Arts, Inc. Community Theatre				Total
	Program Services	Management and General	Total	Program Services	Management and General	Fundraising	Total	
Salary and Wages	\$ 1,850,875	\$ 224,775	\$ 2,075,650	\$ 192,742	\$ 59,022	\$ 18,488	\$ 77,510	\$ 2,153,160
Benefits and Taxes	490,564	76,979	567,543	47,003	15,421	4,831	20,252	587,795
Staff Development	35,577	-	35,577	-	12,129	-	12,129	47,706
Professional Services	164,716	49,220	213,936	-	29,625	-	29,625	243,561
Interest Expense	24,768	64,676	89,444	-	30	-	30	89,474
Curricular Materials	91,264	-	91,264	16,412	-	-	-	91,264
Authorizer	-	68,881	68,881	-	1,724	11,226	12,950	81,831
Supplies	49,041	71,440	120,481	9,118	9,118	-	9,118	129,599
Technology	82,568	22,501	105,069	44,218	11,054	-	11,054	116,123
Occupancy	129,156	2,828	131,984	-	29,411	-	29,411	161,395
Repair and Maintenance	-	25,528	25,528	15,174	3,792	-	3,792	29,320
Depreciation and Amortization	339,297	7,430	346,727	14,776	14,776	-	14,776	361,503
Insurance	-	11,316	11,316	-	8,590	-	8,590	19,906
Other	9,626	19,419	29,045	83,964	-	-	-	29,045
Food Service	80,013	-	80,013	290,708	-	-	-	80,013
Total Expenses	<u>\$ 3,347,465</u>	<u>\$ 644,993</u>	<u>\$ 3,992,458</u>	<u>\$ 714,115</u>	<u>\$ 194,692</u>	<u>\$ 34,545</u>	<u>\$ 943,352</u>	<u>\$ 4,935,810</u>



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

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA**

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
SUPPLEMENTAL AUDIT REPORT
TABLE OF CONTENTS**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 THROUGH JUNE 30, 2025**

Office	Official	Term
Board Chairman	Eric Shultz	07/01/2024 – 06/30/2025
Head of School	Ashley Molyneaux	07/01/2024 – 06/30/2025
Business Manager	Elizabeth Osowski	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

School Officials
Premier Arts Incorporated dba Premier Arts Academy
Elkhart, Indiana

We have audited in accordance with auditing standards generally accepted in the United States of America the financial statement of Premier Arts Incorporated dba Premier Arts Academy (Premier Arts), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that Premier Arts failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether Premier Arts failed to comply with the terms, covenants, provisions, or conditions of the guidelines of SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the Board of Directors and management of Premier Arts and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
March 14, 2026

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 to JUNE 30, 2025**

No findings noted for the period of July 1, 2024 to June 30, 2025.

**PREMIER ARTS INCORPORATED DBA PREMIER ARTS ACADEMY
ELKHART COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 to JUNE 30, 2025**

The contents of this report were discussed with Ashley Molyneaux, Head of School, and Kelli Smith, Outsourced Accountant, on December 22, 2025.



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

**Renaissance Academy
Charter
School**

RENAISSANCE ACADEMY, INC.
**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**
YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**RENAISSANCE ACADEMY, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENT OF FINANCIAL POSITION	15
COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS	16
OTHER REPORT	17



INDEPENDENT AUDITORS' REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Renaissance Academy, Inc. (the School), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2025 and 2024, and 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). 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 within 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 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, 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
Renaissance Academy, Inc.

Supplementary Information

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 14, 2026

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	\$ 922,975	\$ 1,365,437
Certificate of Deposit	250,000	250,000
Grants Receivable	59,400	10,900
Other Receivables, Net of Allowance for Credit Losses	42,175	36,265
Total Current Assets	1,274,550	1,662,602
PROPERTY AND EQUIPMENT		
Land	436,820	436,820
Buildings and Improvements	804,881	804,881
Leasehold Improvements	693,314	693,314
Furniture and Equipment	196,305	185,389
Vehicles	61,876	61,876
Textbooks	33,712	33,712
Less: Accumulated Depreciation	(1,107,886)	(1,049,990)
Property and Equipment, Net	1,119,022	1,166,002
RIGHT-OF-USE ASSET, NET		
	192,996	286,738
Total Assets	\$ 2,586,568	\$ 3,115,342
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ -	\$ 557,220
Accounts Payable and Accrued Expenses	129,717	121,627
Deferred Revenue	13,795	19,560
Right-of-Use Lease Liability, Current	95,568	93,742
Total Current Liabilities	239,080	792,149
LONG-TERM LIABILITIES		
Right-of-Use Lease Liability, Net of Current Portion	97,428	192,996
Total Long-Term Liabilities	97,428	192,996
Total Liabilities	336,508	985,145
NET ASSETS, WITHOUT DONOR RESTRICTIONS		
	2,250,060	2,130,197
Total Liabilities and Net Assets	\$ 2,586,568	\$ 3,115,342

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS		
State Education Support	\$ 1,891,872	\$ 1,981,757
Grant Revenue	555,107	796,258
Student Fees	191,272	248,621
Fundraising and Other Income	18,203	26,346
Other Income	43,911	17,748
Total Revenue and Support, Without Donor Restrictions	2,700,365	3,070,730
EXPENSES		
Program Services	1,741,256	1,719,058
Management and General	839,246	862,749
Total Expenses	2,580,502	2,581,807
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	119,863	488,923
Net Assets, Without Donor Restrictions - Beginning of Year	2,130,197	1,641,274
NET ASSETS, WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 2,250,060	\$ 2,130,197

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2025 AND 2024

	2025			2024		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 905,377	\$ 504,899	\$ 1,410,276	\$ 856,830	\$ 494,130	\$ 1,350,960
Employee Benefits	245,011	167,184	412,195	214,040	158,402	372,442
Professional Services	3,412	34,832	38,244	12,397	30,212	42,609
Staff Development and Recruitment	35,107	-	35,107	22,340	-	22,340
Authorizer Oversight Fees	-	35,406	35,406	-	38,043	38,043
Food Costs	26,481	-	26,481	27,205	-	27,205
Classroom, Kitchen, and Office Supplies	87,207	31,233	118,440	96,619	14,819	111,438
Field Trips and Events	47,877	-	47,877	49,439	-	49,439
Occupancy	252,533	-	252,533	287,761	-	287,761
Repairs and Maintenance	46,086	-	46,086	57,209	-	57,209
Information Technology	-	12,574	12,574	-	16,344	16,344
Depreciation	57,896	-	57,896	67,918	-	67,918
Insurance	-	21,139	21,139	-	36,574	36,574
Interest	-	6,218	6,218	-	24,611	24,611
Transportation	33,338	-	33,338	25,554	-	25,554
Bad Debt	-	3,462	3,462	-	19,000	19,000
Other	931	22,299	23,230	1,746	30,614	32,360
	<u>931</u>	<u>22,299</u>	<u>23,230</u>	<u>1,746</u>	<u>30,614</u>	<u>32,360</u>
Total Functional Expenses	<u>\$ 1,741,256</u>	<u>\$ 839,246</u>	<u>\$ 2,580,502</u>	<u>\$ 1,719,058</u>	<u>\$ 862,749</u>	<u>\$ 2,581,807</u>

See accompanying Notes to Financial Statements.

**RENAISSANCE ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 119,863	\$ 488,923
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	57,896	67,918
Provision for (Recovery from) Bad Debts	-	(3,029)
Changes in Operating Assets and Liabilities:		
Grants Receivable	(48,500)	156,350
Other Receivables	(5,910)	17,394
Prepaid Expenses and Other Assets	-	14,812
Accounts Payable and Accrued Expenses	8,090	11,996
Deferred Revenue	(5,765)	(84,660)
Net Cash Provided by Operating Activities	125,674	669,704
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(10,916)	(63,874)
Purchase of Certificate of Deposit	-	(250,000)
Net Cash Used by Investing Activities	(10,916)	(313,874)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(557,220)	(42,549)
NET CHANGE IN CASH	(442,462)	313,281
Cash - Beginning of Year	1,365,437	1,052,156
CASH - END OF YEAR	\$ 922,975	\$ 1,365,437
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 6,218	\$ 24,611

See accompanying Notes to Financial Statements.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Renaissance Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is authorized by Ball State University. The School served approximately 245 students in grades kindergarten to eight during the 2024-2025 school year. The School also provides an early childhood education program for children ages three and four on a fee basis.

Accounting Estimates

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

Revenue Recognition

Revenues generally come from resources provided under the Indiana Charter Schools Act (the 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 is paid in monthly installments in July through June coinciding with the academic School year. Revenue is recognized in the year in which the educational services are rendered.

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statements of financial position. As of June 30, 2025 and 2024, the School does not have any conditional grants that have not been recognized as revenue in the statements of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statements of financial position. As of June 30, 2025, 2024, and 2023, the School has \$42,175, \$32,265, and \$50,630, respectively, of accounts receivable from student fees, net of allowance for credit losses. Amounts received prior to service being performed are reported as deferred revenues in the statements of financial position. As of June 30, 2025, 2024, and 2023, the School has \$13,795, \$19,560, and \$104,220, respectively, of deferred revenue from student fees.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as Net Assets Released from Restrictions.

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

Grants and Other Receivables

Grants 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 credit losses is deemed necessary under Current Expected Credit Losses (CECL) with regard to such receivables. Other receivables include student and preschool fees and are reviewed for collectability on an annual basis. The accompanying statements of financial position reflect allowances for credit losses of \$23,934 and \$25,110 as of June 30, 2025 and 2024, respectively.

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 and minor replacement costs 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	39 Years
Leasehold Improvements	5 to 15 Years
Furniture and Equipment	3 to 7 Years
Vehicles	5 Years
Textbooks	3 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.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue

Deferred revenue consists of enrollment fees and materials and supplies fees received as part of the enrollment process for the subsequent academic School year.

Accounting Estimates

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

Taxes on Income

Renaissance Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code 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, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2022 are open to audit for both federal and state purposes.

Leases

The School has elected to adopt the package of practical expedients available in the year of adoption. The School has also elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the School's Right-of-Use (ROU) assets.

The School determines if an arrangement is a lease at inception. Operating leases are included in Operating Right-of-Use Asset, Net, and Operating Right-of-Use Lease Liability, Net, and finance leases are included in right-of-use assets – financing and lease liability – financing in the statements of financial position.

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities. Additional detail regarding leases is provided in Note 3, Related Party Lease.

Subsequent Events

The School evaluated subsequent events through January 14, 2026, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Mortgage note payable to 1st Source Bank, payable in monthly installments of \$4,532, including interest at 5.55% per annum through September 2019. The note was refinanced with 1st Source Bank in October 2019, monthly installments of \$5,597, including interest at 4.17% per annum through September 2024. The School drew additional proceeds of \$327,681 to be used for loan closing costs, facility and grounds improvements, and operations.	\$ -	\$ 557,220
Less: Current Portion	-	(557,220)
Long-Term Portion	\$ -	\$ -

During the year ended June 30, 2025, the School paid in full its outstanding note payable which had a maturity date of September 25, 2024. No balance remains outstanding as of year-end.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 RELATED PARTY LEASE

The School leases a portion of the School facilities from V&K, LLC, under a 10-year lease that ends June 30, 2027. The lease is accounted for as an operating lease. V&K, LLC is owned by Kieran McHugh and Vicki McHugh, both of whom are employees of the School. Under the lease agreement, monthly base rent is \$8,191 (adjusted annually by the rate of inflation, as defined) and the School is responsible for all utilities and insurance on the contents. Expense under this lease was \$124,496 and \$121,299 for the years ended June 30, 2025 and 2024, respectively.

Lease Cost:	2025	2024
Operating Lease Cost	\$ 98,292	\$ 98,292
Other Information:		
Operating Cash Flows from Operating Leases	\$ 98,292	\$ 98,292
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 468,886	\$ 468,886
Weighted-Average Remaining Lease Term - Operating Leases	2.0 Years	3.0 Years
Weighted-Average Discount Rate - Operating Leases	1.93 %	1.93 %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2025 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2026	\$ 98,292
2027	98,292
Undiscounted Cash Flows	196,584
Less: Imputed Interest	(3,588)
Total Present Value	<u>\$ 192,996</u>
Short-Term Lease Liabilities	\$ 95,568
Long-Term Lease Liabilities	97,428
Total	<u>\$ 192,996</u>

NOTE 4 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing 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 payments received. Expense under this charter agreement was \$35,406 and \$38,043 for the years ended June 30, 2025 and 2024, respectively. The charter remains in effect until June 30, 2029, and is renewable thereafter by mutual consent.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 RETIREMENT PLANS

Retirement benefits for School employees are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board.

Contribution requirements of plan members are determined by the INPRS Board. Under the plans, for both years ended June 30, 2025 and 2024, the School contributed 6.5% of compensation for eligible teaching faculty to TRF and 11.2% of compensation for other eligible employees to PERF. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2024 (the latest year reported), TRF and PERF were approximately 86% and 82% funded, respectively.

In addition, the School has a 401k program for eligible employees. Under the plan, the School matches 100% of employee contributions up to 4%.

Total retirement plan expense was \$143,188 and \$125,237 for the years ended June 30, 2025 and 2024, respectively.

NOTE 6 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025 and 2024, substantially all of the grants receivable balance was due from the state of Indiana. All cash deposits are maintained at 1st Source Bank and are insured up to the Federal Deposit Insurance Corporation (FDIC) insurance up to the legal limit.

Cash deposits are maintained at various financial institutions and normally exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Insured accounts are guaranteed by the FDIC up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the School had \$681,974 and \$1,130,548, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

RENAISSANCE ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2025 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The School's financial assets include cash, grants receivable, and other receivables, net of allowance for credit losses. Financial assets at June 30, 2025 and 2024 total \$1,274,550 and \$1,662,602, 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.

NOTE 8 FUNCTIONAL EXPENSE REPORTING

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

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
ASSETS			
CURRENT ASSETS			
Cash	\$ 770,496	\$ 152,479	\$ 922,975
Certificate of Deposit	250,000	-	250,000
Grants Receivable	59,400	-	59,400
Other Receivables, Net of Allowance for Credit Losses	30,967	11,208	42,175
Total Current Assets	1,110,863	163,687	1,274,550
PROPERTY AND EQUIPMENT			
Land	436,820	-	436,820
Buildings and Improvements	804,881	-	804,881
Leasehold Improvements	693,314	-	693,314
Furniture and Equipment	196,305	-	196,305
Vehicles	-	61,876	61,876
Textbooks	33,712	-	33,712
Less: Accumulated Depreciation	(1,064,083)	(43,803)	(1,107,886)
Property and Equipment, Net	1,100,949	18,073	1,119,022
RIGHT-OF-USE ASSET, NET	192,996	-	192,996
Total Assets	\$ 2,404,808	\$ 181,760	\$ 2,586,568
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable and Accrued Expenses	\$ 129,717	\$ -	\$ 129,717
Deferred Revenue	12,790	1,005	13,795
Right-of-Use Lease Liability, Current	95,568	-	95,568
Total Current Liabilities	238,075	1,005	239,080
LONG-TERM LIABILITIES			
Right-of-Use Lease Liability, Net of Current Portion	97,428	-	97,428
Total Long-Term Liabilities	97,428	-	97,428
Total Liabilities	335,503	1,005	336,508
NET ASSETS, WITHOUT DONOR RESTRICTIONS	2,069,305	180,755	2,250,060
Total Liabilities and Net Assets	\$ 2,404,808	\$ 181,760	\$ 2,586,568

RENAISSANCE ACADEMY, INC.
COMBINING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Renaissance Academy Charter	Renaissance Academy Pre-K	Total
REVENUE AND SUPPORT, WITHOUT DONOR RESTRICTIONS			
State Education Support	\$ 1,891,872	\$ -	\$ 1,891,872
Grant Revenue	555,107	-	555,107
Student Fees	98,826	92,446	191,272
Fundraising and Other Income	18,203	-	18,203
Other Income	43,911	-	43,911
Total Revenue and Support, Without Donor Restrictions	2,607,919	92,446	2,700,365
EXPENSES			
Program Services	1,636,580	104,676	1,741,256
Management and General	829,750	9,496	839,246
Total Expenses	2,466,330	114,172	2,580,502
CHANGE IN NET ASSETS, WITHOUT DONOR RESTRICTIONS	141,589	(21,726)	119,863
Net Assets - Beginning of Year	1,927,716	202,481	2,130,197
NET ASSETS, WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 2,069,305	\$ 180,755	\$ 2,250,060

**RENAISSANCE ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of Renaissance 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*.



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

**SUPPLEMENTAL AUDIT REPORT
RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
JULY 1, 2024 TO JUNE 30, 2025**



CPAs | CONSULTANTS | WEALTH ADVISORS

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

**RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
TABLE OF CONTENTS
JULY 1, 2024 TO JUNE 30, 2025**

SCHOOL OFFICIALS (UNAUDITED)	1
INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT	2
RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
SCHOOL OFFICIALS (UNAUDITED)
JULY 1, 2024 TO JUNE 30, 2025**

<u>Office</u>	<u>Official</u>	<u>Term</u>
President of Board of Directors	Ann Bates	07/01/2024 – 06/30/2025
Head of School	Kieran McHugh	07/01/2024 – 06/30/2025
Director of Students	Victoria McHugh	07/01/2024 – 06/30/2025
Accountant	Tina Bushue	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' SUPPLEMENTAL AUDIT REPORT

Board of Directors
Renaissance Academy, Inc.
La Porte, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America the financial statements of Renaissance Academy, Inc. (the School), which comprise the statement of financial positions as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 14, 2026.

In connection with our audit, we noted the School failed to comply with certain provisions established by the Guidelines for the Audits of Charter Schools Performed by Private Examiners (the Guidelines) issued by the Indiana State Board of Accounts (the SBOA), in so far as they relate to accounting matters as described in the Audit Results and Comments. Our audit was not directed primarily toward obtaining knowledge as to whether the School failed to comply with the terms, covenants, provisions, or conditions of the Guidelines of the SBOA insofar as they relate to accounting matters. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding noncompliance with the above-referenced provisions of the Guidelines, insofar as they relate to accounting matters.

The School's official response to the results and comments identified in our testing was not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors and management of the School and the SBOA and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
January 14, 2026

**RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
RESULTS AND COMMENTS
JULY 1, 2024 TO JUNE 30, 2025**

AVERAGE DAILY MEMBERSHIP (ADM) TESTING – ENROLLMENT DOCUMENTATION

Enrollment documents are required to be maintained by the Indiana Department of Education (IDOE) for each student. In addition, the School has adopted a policy requiring additional documents to be obtained at enrollment. The process used did not result in maintaining consistent and complete enrollment records for twenty-one (21) students (11 fall, 10 spring) of the 50 tested for enrollment. The students were missing the proof of residency documentation and/or medical forms (including immunization records) as required by the School's policy. The School's policy also includes process for three (3) attempts to obtain missing documentation and the School only completed one (1) attempt during the year.

Records such as paper or electronic enrollment applications, as well as copies of birth certificates and proof of residency, etc., as determined by policy or normal practice by the school should be maintained (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9).

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil." An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

TICKET SALES – PROCEDURES

The School held events during the year where admissions were charged and tickets sold. However, the School did not utilize prenumber tickets or utilize the ticket sale form (Form SA-4) to track sold tickets and reconcile cash received to amounts deposited for all events.

The designated charter school employee shall be responsible for the proper accounting for all tickets and must keep a record of the number of tickets purchased, the number issued for sale, and the number returned. The designee must see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical services for each price group. When cash for ticket sales is deposited with the charter school, the charter school's receipt issued therefore must show the number of tickets issued to the seller, the number of unsold and the balance remitted in cash. All tickets (including fee or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 10)

**RENAISSANCE ACADEMY, INC.
LAPORTE COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 TO JUNE 30, 2025**

The contents of this report were discussed with Kieran McHugh (Head of School), Tina Bushue (Accountant), Kate Gouge (Office Assistant), Vicki McHugh (Director of Students) and Jack Stewart (Board Member) on January 13, 2026. The Official Response has been made part of this report and can be found on page 5.



Registration Policy - Online

Renaissance requests a number of documents from families at the time of enrollment and/or on a yearly basis. Families submit these forms through the Online Registration portal at time of registration. Online Registration Summary (OLR) is printed and filed for each student yearly. Families are required to submit at least one of the documents on the Checklist of Forms Due. Due Diligence will be practiced in getting at least one of these forms for every student enrolled.

In the unlikely instance a family has not submitted the online registration for their student, a minimum of 3 attempts to submit the registration will be documented.



Ticket Sales Policy

Renaissance Academy occasionally sells tickets for sporting events. Ticket sales conducted by any activity should be accounted for as follows:

Seller should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. When cash for ticket sales is deposited, the receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.



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

Rock Creek Community Academy

ROCK CREEK COMMUNITY ACADEMY, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2025 AND 2024



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**ROCK CREEK COMMUNITY ACADEMY, INC.
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	3
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	5
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
OTHER REPORT	17



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Rock Creek Community Academy, Inc., which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Rock Creek Community Academy, Inc., as of June 30, 2025 and 2024, and its changes in 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). 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 Rock Creek Community 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 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 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 Rock Creek Community 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 Rock Creek Community 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.



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 19, 2025

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash	\$ 2,970,013	\$ 3,028,956
Cash - Restricted for Debt Service	2,153,947	2,061,943
Total Cash	5,123,960	5,090,899
Accounts Receivable	17,665	43,234
Grants Receivable	36,409	114,739
Prepaid Expenses and Other Assets	463,275	174,603
Total Current Assets	5,641,309	5,423,475
PROPERTY AND EQUIPMENT		
Land	1,196,153	1,196,153
Buildings and Improvements	13,389,595	13,389,595
Furniture and Equipment	1,118,234	1,023,184
Textbooks	437,573	437,573
Construction in Progress	1,090,000	-
Less: Accumulated Depreciation	(4,007,195)	(3,505,993)
Property and Equipment, Net	13,224,360	12,540,512
OTHER ASSETS		
Operating Right-of-Use (ROU) Asset	-	13,019
Finance Right-of-Use (ROU) Asset	-	36,607
Total Other Assets	-	49,626
Total Assets	\$ 18,865,669	\$ 18,013,613

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

	2025	2024
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 204,534	\$ 200,870
Current Portion of Bonds Payable	250,000	240,000
Current Portion of Operating Lease Liability	-	2,987
Current Portion of Finance Lease Liability	-	57,148
Accrued Bond Interest Payable	407,494	413,794
Deferred Revenue	9,407	11,380
Student Activity Funds	101,692	120,605
Total Current Liabilities	973,127	1,046,784
LONG-TERM LIABILITIES		
Bonds Payable, Net of Current Portion	13,450,000	13,700,000
Plus: Unamortized Premiums on Bonds Payable	98,437	102,670
Less: Unamortized Debt Insurance Costs	(355,759)	(371,061)
Notes Payable	1,157,200	-
Total Long-Term Liabilities	14,349,878	13,431,609
Total Liabilities	15,323,005	14,478,393
NET ASSETS		
Without Donor Restrictions	3,542,664	3,535,220
Total Liabilities and Net Assets	\$ 18,865,669	\$ 18,013,613

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUE AND SUPPORT		
State Education Support	\$ 5,439,238	\$ 5,606,895
Grant Revenue	1,602,752	1,645,499
Student Fees	186,320	175,701
Contributions	12,832	45,184
Fundraising Income	39,233	32,642
Interest Income	210,320	158,941
Gain on Early Payoff of Finance Lease	12,324	-
Gain on Disposal of Fixed Assets	3,041	-
Total Revenue and Support	7,506,060	7,664,862
 EXPENSES		
Program Services	5,850,896	5,476,508
Management and General	1,647,720	1,668,916
Total Expenses	7,498,616	7,145,424
 CHANGE IN NET ASSETS	7,444	519,438
 Net Assets Without Donor Restrictions - Beginning of Year	3,535,220	3,015,782
 NET ASSETS WITHOUT DONOR RESTRICTIONS - END OF YEAR	\$ 3,542,664	\$ 3,535,220

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 3,010,048	\$ 515,331	\$ 3,525,379
Employee Benefits	627,214	109,742	736,956
Professional Services	749,437	9,041	758,478
Occupancy	169,671	-	169,671
Classroom, Kitchen, and Office Supplies	247,967	43,302	291,269
Depreciation	501,202	-	501,202
Equipment	84,868	-	84,868
Food Costs	185,396	574	185,970
Field Trips	10,043	-	10,043
Insurance	-	57,571	57,571
Repairs and Maintenance	82,110	-	82,110
Advertising	-	16,828	16,828
Staff Development	23,888	-	23,888
Interest	-	889,331	889,331
Other	159,052	6,000	165,052
	<u>159,052</u>	<u>6,000</u>	<u>165,052</u>
 Total Functional Expenses	 <u>\$ 5,850,896</u>	 <u>\$ 1,647,720</u>	 <u>\$ 7,498,616</u>

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 2,756,980	\$ 507,984	\$ 3,264,964
Employee Benefits	587,662	109,636	697,298
Professional Services	772,336	6,865	779,201
Occupancy	159,732	-	159,732
Classroom, Kitchen, and Office Supplies	290,055	29,669	319,724
Depreciation	493,105	-	493,105
Equipment	60,661	-	60,661
Food Costs	164,874	1,700	166,574
Field Trips	12,088	-	12,088
Insurance	-	54,280	54,280
Repairs and Maintenance	57,721	347	58,068
Advertising	-	11,267	11,267
Staff Development	4,284	-	4,284
Interest	-	919,902	919,902
Other	117,010	27,266	144,276
	<u>117,010</u>	<u>27,266</u>	<u>144,276</u>
Total Functional Expenses	<u>\$ 5,476,508</u>	<u>\$ 1,668,916</u>	<u>\$ 7,145,424</u>

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 7,444	\$ 519,438
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	501,202	493,105
Amortization of Debt Issuance Costs	15,302	15,302
Amortization of Bond Premium	(4,233)	(4,234)
Noncash Lease Expense	49,626	72,696
(Increase) Decrease in Assets:		
Accounts Receivable	25,569	(25,116)
Grants Receivable	78,330	(69,705)
Prepaid Expenses	(288,672)	(89,126)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	3,664	39,004
Student Activity Funds	(18,913)	9,684
Accrued Bond Interest Payable	(6,300)	(5,906)
Deferred Revenue	(1,973)	(118,561)
Net Cash Provided by Operating Activities	348,722	836,581
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(95,050)	(15,900)
Payments for Construction in Progress	(1,090,000)	-
Net Cash Used by Investing Activities	(1,185,050)	(15,900)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Notes Payable	1,157,200	-
Payments on Bond Payable	(240,000)	(225,000)
Payments on Finance Leases	(47,811)	(75,924)
Net Cash Provided (Used) by Financing Activities	869,389	(300,924)
 NET CHANGE IN CASH AND RESTRICTED CASH	33,061	519,757
Cash and Restricted Cash - Beginning of Year	5,090,899	4,571,142
 CASH AND RESTRICTED CASH - END OF YEAR	\$ 5,123,960	\$ 5,090,899
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 895,631	\$ 925,808

See accompanying Notes to Financial Statements.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Rock Creek Community Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is authorized by Ball State University. The School, located in Sellersburg, Indiana, provided educational instruction to students in grades kindergarten to twelve, serving approximately 665 students during the 2024 – 2025 school year and approximately 640 students during the 2023 – 2024 school year.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2025 and 2024, the School had conditional grants it had received advances in excess of expenditures of \$-0- and \$11,380, respectively. Accordingly, these amounts have not been recognized as revenue in the statements of activities and change in net assets because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts unpaid after the service is performed are reported as accounts receivable in the statements of financial position. As of June 30, 2025, 2024, and 2023, the School did not have any accounts receivable from student fees. Amounts received prior to service being performed are reported as deferred revenues in the statement of financial position. As of June 30, 2025, 2024, and 2023, the School has \$9,407, \$-0-, and \$129,941, respectively, of deferred revenue from student fees.

Grants Receivable and Revenue

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

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, and Fees

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

Cash and Cash Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2025 and 2024.

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 are charged to expense as incurred.

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

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

Construction in Progress

Construction in progress represents expenditures incurred for construction and development of the new school facility expansion and are carried at cost. Cost includes related acquisition expenses, development/construction costs, and capitalized interest during the construction phase of the project, and other direct expenditures. There was construction in progress of \$1,090,000 and \$-0- at June 30, 2025 and 2024, respectively.

Impairment of Long-Lived Assets

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

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

During the year ended June 30, 2019, the School incurred costs totaling \$459,045 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bonds. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization and amortization expense were \$103,286 and \$15,302 for the year ended June 30, 2025. Accumulated amortization and amortization expense were \$87,984 and \$15,302 for the year ended June 30, 2024. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

Rock Creek Community Academy, Inc., has received a determination from the United States Department of Treasury stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2025 and 2024, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2022 are open to audit for both federal and state purposes.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in ROU assets – financing and lease liability – financing in the statements of financial position.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right-of-use assets on the statements of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

The School evaluated subsequent events through December 19, 2025, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 RESTRICTED CASH

Cash – Restricted for Debt Service is reserved solely for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements. As of June 30, 2025 and 2024, the School had \$2,153,947 and \$2,061,943, respectively, restricted for debt service.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 3 BONDS PAYABLE

Bonds payable consisted of the following as of June 30:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Indiana Finance Authority Education Facilities Revenue Bonds, Series 2018A with a face amount of \$14,450,000, plus premium of \$127,015. The principal is payable in annual installments that increase from \$140,000 to \$905,000 from July 2021 to July 2048, with a lump-sum payment of \$2,060,000 due in July 2048. Interest payments are made semi-annually on January 1 and July 1 at rates ranging from 5.250% to 6.125% from July 2021 to July 2039 in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	\$ 13,700,000	\$ 13,940,000
Total	13,700,000	13,940,000
Less: Current Portion	<u>(250,000)</u>	<u>(240,000)</u>
Long-Term Portion	<u>\$ 13,450,000</u>	<u>\$ 13,700,000</u>

The premium on the Series A bonds above totaled \$127,015 and is being amortized over the 30-year life of the bonds. Amortization of the premium for the years ended June 30, 2025 and 2024 was \$4,233 and \$4,234, respectively, and is included as part of interest expense.

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain covenants requiring minimum unrestricted cash reserves sufficient to meet 45 days of operating expenses and establishes a minimum debt service coverage ratio of 1.10 to 1. The School believes it was in compliance with covenants for 2025 and 2024.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 250,000
2027	265,000
2028	280,000
2029	295,000
2030	330,000
Thereafter	12,280,000
Total	<u>\$ 13,700,000</u>

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 LEASES

The School leases equipment under a long-term, noncancelable lease agreements. The lease expires in July 2025. In the normal course of business, it is expected that the lease will be renewed or replaced by similar leases. The School paid off the leases early during the year ended June 30, 2025.

The following tables provide quantitative information concerning the School's leases for the year ended June 30:

	2025	2024
Lease Cost:		
Finance Lease Cost	\$ 46,640	\$ 55,329
Interest on Lease Liabilities	4,268	12,689
Operating Lease Cost	3,003	5,148
Total Lease Cost	\$ 53,911	\$ 73,166
Other Information:		
Operating Cash Flows from Finance Leases	\$ 4,268	\$ 12,689
Operating Cash Flows from Operating Leases	\$ 3,003	\$ 5,148
Financing Cash Flows from Finance Leases	\$ 57,148	\$ 70,325
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ -
Weighted-Average Remaining Lease Term - Finance Leases	0 Years	1.0 Years
Weighted-Average Remaining Lease Term - Operating Leases	0 Years	0.6 Years
Weighted-Average Discount Rate - Finance Leases	0.00%	16.05%
Weighted-Average Discount Rate - Operating Leases	0.00%	1.60%

NOTE 5 RETIREMENT PLAN

The School maintains a Section 403(b) defined contribution retirement plan with Mass Mutual Financial Group for the benefit of its employees. Substantially all full-time employees are eligible to participate. Under the plan, the School contributes 7.5% of each participant's compensation for the plan year. Retirement plan expense for the years ended June 30, 2025 and 2024, was \$225,667 and \$216,095, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the authorizing organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent. Payments under this charter agreement were \$92,903 and \$87,989 for the years ended June 30, 2025 and 2024, respectively.

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2025 and 2024, the School paid \$72,8667 and \$56,900, respectively, to companies of a related party for cleaning and landscaping needs of the School. Amounts due to this company from the School at June 30, 2025 and 2024 was \$2,780 and -\$0-, respectively.

NOTE 8 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2025, substantially all of the grants receivable balance was due from the state of Indiana.

Cash deposits are maintained at New Washington State Bank and U.S. Bank and normally exceed the Federal Deposit Insurance Corporation (FDIC) insurance limit. Insured accounts are guaranteed by the FDIC up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2025 and 2024, the School had approximately \$2,756,000 and \$2,836,000, respectively, in excess of FDIC insurance limits. To date, we have not experienced losses in any of these accounts.

NOTE 9 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2025 and 2024, to meet its cash needs for general expenditures within one year of the date of the statements of financial position. The School's financial assets include cash and grants receivable.

	<u>2025</u>	<u>2024</u>
Financial Assets	\$ 5,178,034	\$ 5,248,872
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Deb Service	<u>(2,153,947)</u>	<u>(2,061,943)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 3,024,087</u>	<u>\$ 3,186,929</u>

ROCK CREEK COMMUNITY ACADEMY, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 LIQUIDITY (CONTINUED)

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

NOTE 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 was required.

**ROCK CREEK COMMUNITY ACADEMY, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2025**

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

Supplemental Audit Report of Rock Creek Community Academy, Inc.

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



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

**ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA**

SUPPLEMENTAL AUDIT REPORT

JULY 1, 2024 TO JUNE 30, 2025



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SUPPLEMENTAL AUDIT REPORT
TABLE OF CONTENTS**

SCHOOL OFFICIALS	1
INDEPENDENT AUDITORS' REPORT	2
AUDIT RESULTS AND COMMENTS	3
EXIT CONFERENCE	4
OFFICIAL RESPONSE	5

**ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2024 to JUNE 30, 2025**

Office	Official	Term
Board Chairman	Jason Hall	07/01/2024 – 06/30/2025
School Treasurer	Karen Floyd	07/01/2024 – 06/30/2025
Business Manager	Karen Rogers	07/01/2024 – 06/30/2025



INDEPENDENT AUDITORS' REPORT

School Officials
Rock Creek Community Academy, Inc.
Sellersburg, Indiana

We have audited the financial statements of Rock Creek Community Academy, Inc. (the School) as of and for the year ended June 30, 2025, and have issued our report thereon dated December 19, 2025. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. The School did not have any findings related to the Indiana State Board of Accounts compliance guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
December 19, 2025

**ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2024 to JUNE 30, 2025**

No findings noted for the period of July 1, 2024 to June 30, 2025.

**ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2024 to JUNE 30, 2025**

The contents of this report were discussed with Karen Floyd, School Treasurer, and Karen Rogers, Business Manager, on November 13, 2025.

**ROCK CREEK COMMUNITY ACADEMY, INC.
CLARK COUNTY, INDIANA
OFFICIAL RESPONSE
JULY 1, 2024 to JUNE 30, 2025**

No findings noted for the period of July 1, 2024 to June 30, 2025 that required an official response.



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