Donovan CPAs

To the Board of Directors
Springville Community and Rural Foundation, Inc.

We audited the financial statements of Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy (the "School") as of and for the year ended June 30, 2023 and issued our report thereon dated February 28, 2024. Professional standards require us to provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. Professional standards require us to communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the School are described in Notes 1 and 2 to the financial statements. Effective July 1, 2022, the School adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*. ASU 2016-02 replaced previous lease guidance under accounting principles generally accepted in the United States of America and aims to increase transparency and comparability among organizations by disclosing both qualitative and quantitative information regarding the amount, timing, and uncertainty of cash flows arising from leases. There were no material leases during the year ended June 30, 2023, therefore, the new standard had no effect on the School's financial statements.

We noted no transactions entered into by the School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility future events affecting them may differ significantly from those expected. We identified no particularly sensitive accounting estimates during the audit.

Significant Disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. We identified no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit. We were contacted by the School late in 2023, which resulted in a late start and late completion of the audit. We anticipate more timely delivery of the audit results in subsequent audits.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those which are clearly trivial, and communicate them to the appropriate level of management. Management corrected all such misstatements. A listing of all the corrected misstatements identified as a result of our audit is included on page 4.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, which could be significant to the financial statements or the auditors' report. We are pleased to report no such disagreements arose during the course of our audit.

Management Representations

We requested certain representations from management which were provided in the management representation letter dated February 28, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School's financial statements or a determination of the type of auditors' opinion which may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the School's auditors. These discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention. We call your attention to the following matters:

Escrow Account

The charter agreement requires the School to establish an escrow account of no less than $30,000 should a dissolution occur. As of June 30, 2023, this account had not been established.

Line of Credit Borrowings

The School has a $60,000 line of credit with Old National Bank, which was overdrawn by $4,259 as of June 30, 2023.

Other Matters

This information is intended solely for the use of Board of Directors, management of the School, the School's authorizer, and the Indiana State Board of Accounts and is not intended to be, and should not be, used by anyone other than these specified parties.

DONOVAN

Indianapolis, Indiana
February 28, 2024

Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy
Corrected Misstatements
Audit of the Year Ended June 30, 2023

Adjusting Journal Entries JE # 101			
PAJE <101> To adjust principal balance and fees on IFF note payable to actual.			
52200.832	52200 52200.832 Interest Expense	3,050.00	
NEW ACCT	IFF Loan Origination Fee	12,500.00	
5100.003	5110 IFF Note Payable		15,550.00
Total		**15,550.00**	**15,550.00**
Adjusting Journal Entries JE # 102			
PAJE <102> To adjust payroll accrual and FICA accrual to actual.			
11100.11030	11100.110.30 Elementary:Certified Salaries - FT	15,678.93	
24100.11040	24100.110.40 Office of the Principal:Certified Salaries - School Admin	3,919.73	
5200	Payroll Liabilities:Accrued Payroll and FICA		19,598.66
Total		**19,598.66**	**19,598.66**
Adjusting Journal Entries JE # 103			
PAJE <103> To amortize note payable debt issuance costs.			
NEW ACCT	Amortization Expense	1,434.00	
NEW ACCT	Accumulated Amortization - Debt Issuance		1,434.00
Total		**1,434.00**	**1,434.00**
Adjusting Journal Entries JE # 104			
PAJE <104> To eliminate food and kitchen inventory, which is not capitalizable.			
31400.614	31400.614 Food Purchases:Food Purchases	20,593.00	
12100	12100 Inventory Asset		20,593.00
Total		**20,593.00**	**20,593.00**