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January 10, 2024

Charter School Board  
The Nature School of Central Indiana, Inc.  
Marion County, Indiana

We have reviewed the audit report of The Nature School of Central Indiana, Inc., which was opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2022 to June 30, 2023. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of The Nature School of Central Indiana, Inc. as of June 30, 2023 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Donovan CPAs prepared the audit report in accordance with guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for The Nature School of Central Indiana, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022



## TABLE OF CONTENTS

	<b>Page</b>
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1 - 2
 <b>FINANCIAL STATEMENTS</b>	
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 the Financial Statements .....	7 - 9
 <b>OTHER REPORT</b> .....	 10



# Donovan CPAs

## *Independent Auditors' Report*

The Board of Directors  
The Nature School of Central Indiana, Inc.

### **Opinion**

We audited the accompanying financial statements of The Nature School of Central Indiana, Inc. (the "School"), which comprise the statements of financial position as of June 30, 2023 and 2022 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, 2023 and 2022 and the results of its operations, functional expenses, and 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 audit. We believe the audit evidence we 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 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 issued.

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## **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 including our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee 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, 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 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 we identified during the audits.

DONOVAN



Indianapolis, Indiana  
December 20, 2023

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 322,843	\$ 166,844
Grants receivable	2,899	8,496
Other receivables	<u>52,659</u>	<u>30,426</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 378,401</u></u>	<u><u>\$ 205,766</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 13,836	\$ -
Accrued expenses	<u>15,093</u>	<u>12,565</u>
<i>Total current liabilities</i>	28,929	12,565
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	<u>349,472</u>	<u>193,201</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 378,401</u></u>	<u><u>\$ 205,766</u></u>

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

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>REVENUE AND SUPPORT</b>		
State education support	\$ 1,040,701	\$ 811,941
Grant revenue	269,756	239,665
Student fees	39,050	23,984
Other income	22,386	-
	<u>1,371,893</u>	<u>1,075,590</u>
 <i>Total revenue and support</i>		
<b>EXPENSES</b>		
Program services	904,996	653,826
Management and general	310,626	228,563
	<u>1,215,622</u>	<u>882,389</u>
 <i>Total expenses</i>		
<b>CHANGE IN NET ASSETS</b>	156,271	193,201
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>193,201</u>	<u>-</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 349,472</u>	<u>\$ 193,201</u>

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

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Years Ended June 30, 2023 and 2022**

	2023			2022		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 596,616	\$ 146,242	\$ 742,858	\$ 385,661	\$ 115,500	\$ 501,161
Professional services	64,543	86,282	150,825	32,072	58,190	90,262
Employee benefits	39,336	38,713	78,049	28,415	28,182	56,597
Occupancy	76,560	-	76,560	80,800	-	80,800
Classroom and office supplies	64,159	478	64,637	100,812	493	101,305
Authorizer fees	-	28,611	28,611	-	22,243	22,243
Insurance	21,135	-	21,135	16,564	-	16,564
Repairs and maintenance	13,738	-	13,738	8,214	-	8,214
Fees	-	10,096	10,096	-	3,055	3,055
Staff development	9,180	-	9,180	-	-	-
Equipment	5,400	-	5,400	1,126	-	1,126
After school care	4,198	-	4,198	-	-	-
Information technology	2,700	-	2,700	-	-	-
Other	7,431	204	7,635	162	900	1,062
<i>Total functional expenses</i>	<u>\$ 904,996</u>	<u>\$ 310,626</u>	<u>\$ 1,215,622</u>	<u>\$ 653,826</u>	<u>\$ 228,563</u>	<u>\$ 882,389</u>

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

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ 156,271	\$ 193,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in certain assets and liabilities:		
Grants receivable	5,597	(8,496)
Other receivables	(22,233)	(30,426)
Accounts payable	13,836	-
Accrued expenses	2,528	12,565
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	155,999	166,844
 <b>CASH, BEGINNING OF YEAR</b>	 <hr/>	 <hr/>
	166,844	-
 <b>CASH, END OF YEAR</b>	 <hr/>	 <hr/>
	\$ 322,843	\$ 166,844

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

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General – The Nature School of Central Indiana, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School commenced operations as a public charter school on July 1, 2021 under Indiana Code 20-24 and is sponsored by Education One, LLC through Trine University ("Education One"). This charter agreement remains in effect until August 2026 and is renewable thereafter by mutual consent. The School served approximately 150 students in grades kindergarten through eighth during the 2022-2023 school year (120 students during the 2021-2022 school year).

Financial Statement Presentation – The School reports its financial position and activities according to two classes of net assets:

- net assets without donor restrictions, which include unrestricted resources available for the operating objectives of the School; and
- net assets with donor restrictions, which represent resources restricted by donors for specific time or purpose.

As of June 30, 2023 and 2022, the School had only net assets without donor restrictions.

Basis of Accounting and Use of Estimates – The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions affecting certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents – Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. As of June 30, 2023 and 2022, there were no cash equivalents.

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.

Other Receivables – Other receivables consist primarily of funds due from the School's pre-kindergarten program, which is operated under a separate legal entity.

Taxes on Income – The School received a determination from the U.S. Treasury Department stating 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, 2023 and 2022, 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 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. The School examined this issue and determined there are no material contingent tax liabilities or questionable tax positions. Tax years ended after June 30, 2019 are open to audit for both federal and state purposes.

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Subsequent Events – The School evaluated subsequent events through December 20, 2023, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

**NOTE 2 - REVENUE RECOGNITION**

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 significant 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. Incurring approved costs under the grants is considered satisfaction of the performance obligation.

Contributions and grants from other agencies and individuals are recorded in accordance with the terms of the underlying agreements.

Student fees are recognized in the year in which the services are rendered.

Disaggregation of Revenue – Revenue is disaggregated on the statements of activities and change in net assets.

**NOTE 3 - LEASE**

The School leases facilities and equipment from Camp Belzer on a year-to-year basis. During the years ended June 30, 2023 and 2022, rent expense was \$76,560 and \$80,800, respectively. Since the lease term is twelve months or fewer, it is excluded from the requirements of Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. Total minimum lease payments for facilities and equipment for fiscal year ending June 30, 2024 is \$120,000.

**NOTE 4 - RETIREMENT PLAN**

The School provides employees the option to participate in a 401(k) plan. An employee must be at least 18 years old to participate. The plan has automatic enrollment of 1% of compensation. The School matches 100% of an employee’s deferral up to 3% of compensation. Total employer contributions were \$14,774 and \$7,564 during the years ended June 30, 2023 and 2022, respectively.

**THE NATURE SCHOOL OF CENTRAL INDIANA, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Years Ended June 30, 2023 and 2022**

**NOTE 5 - COMMITMENT**

As the sponsoring organization, Education One exercises certain oversight responsibilities. Education One assesses an authorizer oversight fee of no more than 3% of the basic tuition amount received by the School. The fees were \$28,611 and \$22,243 for the years ended June 30, 2023 and 2022, respectively. In addition, the charter agreement requires the School to establish an escrow account of \$50,000 should a dissolution occur. The escrow was established as of June 30, 2023 and is included in the balance of cash on the statements of financial position.

**NOTE 6 - RISKS AND UNCERTAINTIES**

The School provides educational instruction services to families residing in Marion County 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.

Bank deposits are maintained at BMO Harris Bank N.A. and are insured up to the FDIC insurance limit. The cash balance as of June 30, 2023 and at times during the year exceeded the FDIC insurance limit.

**NOTE 7 - LIQUIDITY**

Financial assets held by the School include cash, grants receivable, and others receivables totaling \$378,401 and \$205,766 as of June 30, 2023 and 2022, respectively. Financial assets are entirely available to meet cash needs for general expenditures within one year, with the exception of the \$50,000 cash escrow account (Note 5).

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 educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of the School 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 NATURE SCHOOL OF CENTRAL INDIANA, INC.**  
**OTHER REPORT**  
**For the Year Ended June 30, 2023**

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

Supplemental Audit Report of The Nature School of Central Indiana, 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*.