



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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March 17, 2025

Charter School Board
Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Lawrence County, Indiana

We have reviewed the report prepared by Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy and opined upon by Donovan CPAs, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy as of June 30, 2024 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on page 22. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 23.

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

In addition to the report presented herein, a supplemental report for Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy, was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

**Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy**

Financial Statements
Together with Independent Auditor's Report

For the Years Ended June 30, 2024 and 2023



Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy

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Donovan CPAs

Independent Auditor's Report

The Board of Directors
Springville Community and Rural Foundation, Inc.
Springville, Indiana

Opinion

We audited the financial statements of Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy (the School) which comprise the statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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) 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 Auditor's 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 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, which 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.

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Auditor's 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 auditor's 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 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, 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 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, which 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 audits, significant audit findings, and certain internal control-related matters we identified during the audits.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we also issued our report dated December 18, 2024 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.

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a prominent loop on the 'D'.

Donovan CPAs
Indianapolis, Indiana
December 18, 2024

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Statements of Financial Positions
June 30, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash	\$ 280,207	\$ 177,222
Grants receivable	97,116	181,249
Accounts receivable	8,359	6,337
Other receivables	9,357	-
Prepaid expenses	-	43,083
Total current assets	395,039	407,891
Fixed Assets		
Land	181,365	181,365
Building and improvements	1,206,637	916,546
Furniture and fixtures	468,539	389,947
Less: accumulated depreciation	(217,171)	(99,343)
Fixed assets, net	1,639,370	1,388,515
Other Asset		
Security deposit	7,715	7,860
Total Assets	\$ 2,042,124	\$ 1,804,266
LIABILITIES AND NET ASSETS		
Current Liabilities		
Current portion of notes payable	\$ 10,878	\$ 9,483
Note payable to Board member	-	25,000
Line of credit	-	64,259
Accounts payable and accrued expenses	241,109	392,177
Refundable advance	57,931	-
Total current liabilities	309,918	490,919
Long-Term Liabilities		
Notes payable, net of current portion	223,619	243,691
Less: unamortized debt issuance costs	(8,607)	(11,066)
Total long-term liabilities, net of unamortized debt issuance costs	215,012	232,625
Total Liabilities	524,930	723,544
Net Assets, Without Donor Restrictions	1,517,194	1,080,722
Total Liabilities and Net Assets	\$ 2,042,124	\$ 1,804,266

See independent auditor's report and notes to the financial statements

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue and Support		
State education support	\$ 1,532,672	\$ 1,227,751
Grant revenue	1,599,257	596,685
Preschool, extended care, and student fees	86,189	85,086
Contributions	27,795	54,306
Medicaid reimbursements	20,338	16,468
Other income	11,702	2,195
Total revenue and support	<u>3,277,953</u>	<u>1,982,491</u>
Expenses		
Program services	2,293,621	1,649,147
Management and general	547,860	546,420
Total expenses	<u>2,841,481</u>	<u>2,195,567</u>
Change in Net Assets	436,472	(213,076)
Net Assets, Beginning of Year	<u>1,080,722</u>	<u>1,293,798</u>
Net Assets, End of Year	<u><u>\$ 1,517,194</u></u>	<u><u>\$ 1,080,722</u></u>

See independent auditor's report and notes to the financial statements

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Statements of Functional Expenses
For the Years Ended June 30, 2024 and 2023

	<u>2024</u>			<u>2023</u>		
	<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	\$ 1,269,495	\$ 158,069	\$ 1,427,564	\$ 848,559	\$ 365,555	\$ 1,214,114
Classroom, kitchen, and office supplies	306,782	53,970	360,752	33,617	26,214	59,831
Employee benefits	283,619	12,195	295,814	198,252	22,983	221,235
Professional services	113,696	122,755	236,451	119,146	32,944	152,090
Depreciation	117,828	-	117,828	99,343	-	99,343
Repairs and maintenance	68	87,936	88,004	17,648	33,468	51,116
Occupancy	59,488	-	59,488	109,518	-	109,518
Food service	58,146	-	58,146	57,983	-	57,983
Information technology services	52,860	2,295	55,155	44,284	2,374	46,658
Insurance	-	42,332	42,332	-	41,204	41,204
Authorizer oversight fees	-	34,331	34,331	-	-	-
Interest	2,459	26,481	28,940	1,434	18,609	20,043
Equipment	25,575	317	25,892	95,692	-	95,692
Travel	1,200	437	1,637	1,575	1,951	3,526
Staff development and recruitment	-	-	-	7,817	-	7,817
Advertising	-	-	-	-	950	950
Other	2,405	6,742	9,147	14,279	168	14,447
Total functional expenses	<u>\$ 2,293,621</u>	<u>\$ 547,860</u>	<u>\$ 2,841,481</u>	<u>\$ 1,649,147</u>	<u>\$ 546,420</u>	<u>\$ 2,195,567</u>

See independent auditor's report and notes to the financial statements

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Statements of Cash Flows
For the Years Ended June 30, 2024 and 2023

	2024	2023
Operating Activities		
Change in net assets	\$ 436,472	\$ (213,076)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation	117,828	99,343
Amortization of debt issuance costs	2,459	1,434
Changes in certain assets and liabilities:		
Grants receivable	84,133	(181,249)
Accounts receivable	(2,022)	(6,337)
Other receivables	(9,357)	-
Prepaid expenses	43,083	(43,083)
Security deposit	145	(7,860)
Accounts payable and accrued expenses	(151,068)	392,041
Refundable advance	57,931	-
Net change in cash from operating activities	579,604	41,213
Investing Activities		
Purchases of fixed assets	(368,683)	(109,457)
Financing Activities		
Proceeds from (payments on) notes payable	(18,677)	240,674
Payments on note payable to Board member	(25,000)	-
Proceeds from (payments on) line of credit	(64,259)	1,320
Payment on balance due to affiliate	-	(6,610)
Net change in cash from financing activities	(107,936)	235,384
Net Change in Cash	102,985	167,140
Cash, Beginning of Year	177,222	10,082
Cash, End of Year	\$ 280,207	\$ 177,222
Supplemental Information		
Cash paid for interest	\$ 26,481	\$ 18,609
Debt issuance costs financed with note payable	-	12,500

See independent auditor's report and notes to the financial statements

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 1 – Nature of Activities

Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy (the School) is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana and operates a public charter school established under Indiana Code 20-24. The School is sponsored by the University of Southern Indiana (USI). The charter is effective through June 30, 2029 and is renewable thereafter by mutual consent. The School served approximately 200 students in grades kindergarten through eighth during the 2023-2024 school year (165 students during the 2022-2023 school year, its inaugural year).

Note 2 – Summary of Significant Accounting Policies

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 include resources restricted by donors for specific time or purpose.

As of June 30, 2024 and 2023, 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 consist of short-term, highly liquid investments with original maturities of three months or less. During the year ended June 30, 2024, the School opened a money market account, which equates to cash equivalents. As of June 30, 2023, there were no cash equivalents.

Grants Receivable

The School adopted Accounting Standards Update 2016-13, *Financial Instruments – Credit Losses (Topic 36): Measurement of Credit Losses on Financial Instruments* during the year ended June 30, 2024 which introduced a forward-looking approach, based on expected losses, to estimate credit losses on certain types of financial instruments, including grants receivable, accounts receivable, and other receivables. The adoption of this accounting standards update did not have a material impact on the School's financial position or the results of its operations and cash flows.

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 credit losses is deemed necessary.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 2 – Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable relate primarily to balances owed by students attending the School. Management believes the entire balance is collectible and as such no allowance for credit losses is deemed necessary.

Fixed Assets

Purchases of assets and expenditures which 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 and equipment purchases 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	40 years
Furniture and fixtures	5 years

Debt Issuance Costs

The School incurred debt issuance costs totaling \$12,500 associated with securing notes payable. Amortization of these debt issuance costs is provided on a straight-line basis over the term of the agreement (61 months). Amortization expense for the years ended June 30, 2024 and 2023 was \$2,459 and \$1,434, respectively, which is included in interest expense. 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 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, 2024 and 2023, 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 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. Since the School incorporated in August 2021, all periods are open to audit for both federal and state purposes.

Subsequent Events

The School evaluated subsequent events through December 18, 2024, 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.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 3 – Revenue Recognition

Revenue Recognition Policy

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 is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year 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 grant is considered satisfaction of the performance obligations.

Preschool, extended care, and student fees are recognized in the year in which the services are rendered.

The School receives contributions and other income from other agencies and individuals, which are recorded in accordance with the terms of the underlying agreements.

The School pays for speech and occupational therapy, which is reimbursed through Medicaid. Medicaid reimbursements revenue is recognized in an amount equal to expenses at the time they are incurred.

Disaggregation of Revenue

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

Note 4 – Refundable Advance

The School was awarded a Charter School Facility Grant to provide for facility costs. The grant is considered an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. The amount of the grant was \$136,163, and the School spent \$78,232 during the year ended June 30, 2024. The refundable grant advance totaled \$57,931 and \$-0- as of June 30, 2024 and 2023, respectively. The School intends to expend the remaining balance during the year ending June 30, 2025.

Note 5 – Line of Credit

The School had a \$60,000 revolving line of credit with Old National Bank which matured in March 2024. IN March 2024, the line of credit was lowered to \$40,000 and matures in April 2025. Borrowings bore interest at the bank's prime rate plus 1% (a total of 8.75% at June 30, 2024) and were secured by substantially all assets of the School. As of June 30, 2023, the School had borrowings on the line of credit of \$64,259. There were no borrowings on the line of credit as of June 30, 2024.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 6 – Notes Payable

Notes payable consisted of the following as of June 30:

	2024	2023
Note payable to Old National Bank, payable in monthly installments of \$413, including interest at 6.5% per annum, secured by substantially all assets of the School, repaid in full.	\$ -	\$ 13,458
Note payable to IFF, payable in monthly installments of \$1,959 beginning January 2024, including interest at 5.5% per annum, secured by substantially all assets of the School. Upon maturity in January 2029, all remaining principal and interest is due.	234,497	239,716
	234,497	253,174
Less: current portion	(10,878)	(9,483)
Long-term portion	\$ 223,619	\$ 243,691

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

2025	\$ 10,878
2026	11,492
2027	12,825
2028	12,825
2029	186,477
	\$ 234,497

The School also borrowed \$25,000 from a founding Board member at no interest with no defined repayment terms, which was paid in full during the year ended June 30, 2024.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 7 – 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. The School contributed 6.0% and 11.2% of compensation for eligible teaching personnel and other employees to TRF and PERF, respectfully, during both years ended June 30, 2024 and 2023. 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, 2023 (the latest year reported), TRF and PERF were approximately 88% and 81% funded, respectively.

Total contributions to INPRS for TRF and PERF were \$34,663 and \$47,709 for the years ended June 30, 2024 and 2023, respectively.

Note 8 – Commitments

As the sponsoring organization, USI exercises certain oversight responsibilities. Beginning with the 2023-2024 school year, USI began assessing authorizer oversight fees equal to 3% of basic tuition support received by the School. The fees were \$34,331 for the year ended June 30, 2024.

The charter agreement requires the School to establish an escrow account of no less than \$30,000 should a dissolution occur. The School established this escrow account, which is included in the balance of cash and cash equivalents on the statements of financial position.

Note 9 – Risks and Uncertainties

The School provides educational instruction to students residing in Lawrence County, 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 potentially subjecting the School to concentrations of credit risk consist principally of receivables from the State of Indiana. In addition, deposits maintained at Old National Bank and are insured up to the FDIC insurance limit of \$250,000. As of June 30, 2024, approximately \$64,000 in cash was uninsured.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Financial Statements
For the Years Ended June 30, 2024 and 2023

Note 10 – Liquidity

Financial assets include cash and receivables and totaled \$395,039 and \$364,808 as of June 30, 2024 and 2023, respectively, all of which are available to meet the cash needs for general expenditures within one year, with the exception of the \$30,000 cash escrow account (Note 8).

The School also has a line of credit with a bank with \$40,000 in available borrowings which can be used for general expenditures.

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 11 – 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.

Supplementary Information

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 21,277
National School Lunch Program	10.555		55,707
Total U.S. Department of Agriculture			<u>76,984</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-through Indiana Department of Education			
Title I, Part A; Grants to Local Educational Agencies	84.010	S010A230014	54,937
Title II, Part A; Supporting Effective Instruction State Grants	84.367	S367A230013	7,093
Title IV, Part A; Student Support and Academic Enrichment	84.424A	S424A230015	10,000
Charter School Programs	84.282A	KSN4S21G61M9	649,477
Charter School Programs - Innovation	84.282A	U282A220017	109,966
Charter School Facilities Incentive Program	84.282D	S282D190002-23	90,212
Special Education - Grants to States		24611-654-PN01	49,155
Total U.S. Department of Education			<u>970,840</u>
Total federal awards expended			<u>\$ 1,047,824</u>

See independent auditor's report and notes to this schedule

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy (the School) under programs of the federal government for the year ended June 30, 2024. 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 represent the financial position, results of its operations, functional expenses, 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 – Indirect Cost Rate

The School elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



Donovan CPAs

Independent Auditor's 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

The Board of Directors
Springville Community and Rural Foundation, Inc.
Springville, Indiana

We 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 Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy (the School), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and issued our report thereon dated December 18, 2024.

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) to determine the audit procedures 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 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 which 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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses may exist which have not been identified.

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 determination of financial statement amounts. 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 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 School'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 School's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a prominent loop at the end of the word.

Donovan CPAs
Indianapolis, Indiana
December 18, 2024



Donovan CPAs

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance

The Board of Directors
Springville Community and Rural Foundation, Inc.
Springville, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We audited Springville Community and Rural Foundation, Inc. d/b/a Springville Community Academy's (the School) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* which could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2024. The School's major federal programs are identified in the summary of auditor's 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 which could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Other Matter

The results of our auditing procedures disclosed one 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 Finding No. 2024-001. Our opinion on the major federal programs is not modified with respect to these matters.

The School's response to the noncompliance finding identified in our audit is described in the Corrective Action Plan on page 23. The School's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 (*Government Auditing Standards*); and the audit requirements of the Uniform Guidance. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's 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 the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program.

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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.

Auditor's 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 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, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility 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 which 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding No. 2024-001 to be a significant deficiency.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance which 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 we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist which were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in dark ink that reads "DONOVAN". The letters are slightly slanted and connected, with a prominent loop on the 'D'.

Donovan CPAs
Indianapolis, Indiana
December 18, 2024

**Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified?	No
Significant deficiency identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
84.282A	Charter School Programs

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

II. Financial Statement Findings

No matters are reportable.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

III. Federal Award Findings and Questioned Costs

Finding 2024-001 Procurement
Significant Deficiency

Federal Program: Charter Schools Program
Assistance Listing Numbers: 84.282A

Criteria

Per 2 CFR 200.318, “The non-Federal entity must have and use documented procurement procedures, consistent with State, local, and tribal laws and regulations and the standards of this section, for the acquisition of property or services required under a Federal award or subaward. The non-Federal entity's documented procurement procedures must conform to the procurement standards identified in §200.317 through 200.327.”

Condition

The School’s procurement policies do not include wording or procedures to ensure the School is complying with the above standard.

Cause

A responsible individual is not monitoring Federal regulations to ensure the School’s procurement procedures are properly documented and in line with the regulations.

Effect

Not documenting these procedures could result in the School completing procurement transactions that are not in compliance with Federal regulations.

Recommendation

We recommend the School develop a written procurement policy that incorporates the Federal regulations identified above.

Views of Responsible Officials

The School’s Corrective Action Plan is included on page 23.

Springville
Community
Academy

126 Brick Street
Springville, IN 47462
(812) 508-6078



December 18, 2024

Donovan CPAs
9292 N. Meridian Street, Suite 150
Indianapolis, IN 46260

Subject: Response to Uniform Guidance Audit Finding for FY23-24

Finding 2024-001 Procurement Significant Deficiency Federal Program: Charter Schools
Program Assistance Listing Numbers: 84.282A

Springville Community Academy (SCA) plans to develop a written procurement policy that incorporates the Federal regulations and procurement standards identified in §200.317 through 200.327.

I, Corbin Dietrich, will work with the Board of Directors of SCA and our consultants with Indiana Charters to develop the appropriate procurement policies and procedures. We plan to draft and approve the required policies at the board meeting in January 2025.

Sincerely,

A handwritten signature in black ink that reads "Corbin Dietrich". The signature is written in a cursive style.

Corbin Dietrich, Treasurer

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Other Report
For the Year Ended June 30, 2024

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

Supplemental Audit Report of Springville Community and Rural Foundation, Inc.
d/b/a Springville 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*.

Springville Community and Rural Foundation, Inc.
d/b/a Springville Community Academy
Schedule of Lead Auditor
For the Years Ended June 30, 2024 and 2023

Auditor Information:	Donovan CPAs 9292 N Meridian Street, Suite 150 Indianapolis, IN 46260
Phone Number:	(317) 844-8300
Fax Number:	(317) 745-6545
Auditor Contract Title:	Benjamin A. Lippert, CPA
Auditor Contact Title:	Partner
Auditor Contact Email:	blippert@cpadonovan.com