



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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May 9, 2023

Charter School Board
The Nature School of Central Indiana, Inc.
6102 Boy Scout Rd
Indianapolis, IN 46226

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, 2021 to June 30, 2022. 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, 2022, 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 Indiana 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 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

THE NATURE SCHOOL OF CENTRAL INDIANA, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Year Ended June 30, 2022



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Donovan CPAs

Independent Auditors' Report

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

Opinion

We have audited the accompanying financial statements of The Nature School of Central Indiana, Inc. (the "School"), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the School as of June 30, 2022 and the results of its operations, functional expenses, and 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 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 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 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 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 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.

DONOVAN



Indianapolis, Indiana
February 28, 2023

THE NATURE SCHOOL OF CENTRAL INDIANA, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

CURRENT ASSETS

Cash	\$	166,844
Grants receivable		8,496
Other receivables		<u>30,426</u>

TOTAL ASSETS

\$ 205,766

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses	\$	12,565
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NET ASSETS, WITHOUT DONOR RESTRICTIONS

193,201

TOTAL LIABILITIES AND NET ASSETS

\$ 205,766

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

THE NATURE SCHOOL OF CENTRAL INDIANA, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
For the Year Ended June 30, 2022

REVENUE AND SUPPORT	
State education support	\$ 811,941
Grant revenue	236,928
Student fees	23,984
Contributions	<u>2,737</u>
<i>Total revenue and support</i>	<u>1,075,590</u>
 EXPENSES	
Program services	653,826
Management and general	<u>228,563</u>
<i>Total expenses</i>	<u>882,389</u>
 CHANGE IN NET ASSETS	 193,201
 NET ASSETS, BEGINNING OF YEAR	 <u>-</u>
 NET ASSETS, END OF YEAR	 <u><u>\$ 193,201</u></u>

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

THE NATURE SCHOOL OF CENTRAL INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and wages	\$ 385,661	\$ 115,500	\$ 501,161
Classroom and office supplies	100,812	493	101,305
Professional services	32,072	58,190	90,262
Occupancy	80,800	-	80,800
Employee benefits	28,415	28,182	56,597
Authorizer fees	-	22,243	22,243
Insurance	16,564	-	16,564
Repairs and maintenance	8,214	-	8,214
Fees	-	3,055	3,055
Equipment	1,126	-	1,126
Other	162	900	1,062
	<u>162</u>	<u>900</u>	<u>1,062</u>
<i>Total functional expenses</i>	<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.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

OPERATING ACTIVITIES

Change in net assets	\$ 193,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in certain assets and liabilities:	
Grants receivable	(8,496)
Other receivables	(30,426)
Accrued expenses	<u>12,565</u>
<i>Net cash provided by operating activities</i>	166,844

CASH, BEGINNING OF YEAR

-

CASH, END OF YEAR

\$ 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 Year Ended June 30, 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"). The School served approximately 120 students in grades kindergarten through eighth during the 2021-2022 school year.

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 ("U.S. GAAP"), which requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

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

- net assets without donor restrictions, which includes 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, 2022, the School had only net assets without donor 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. As of June 30, 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 year ended June 30, 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 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, 2018 are open to audit for both federal and state purposes.

THE NATURE SCHOOL OF CENTRAL INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Subsequent Events – The School evaluated subsequent events through February 28, 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 statement of activities and change in net assets.

NOTE 3 - LEASE

The School leases facilities with Camp Belzer on a year-to-year basis. During the year ended June 30, 2022, rent expense was \$80,800.

For the fiscal year ending June 30, 2023, besides the Camp Belzer lease, the School is also leasing certain technology equipment. Total minimum lease payments for facilities and technology for fiscal year ending June 30, 2023 is \$93,400.

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 \$7,564 during the year ended June 30, 2022.

THE NATURE SCHOOL OF CENTRAL INDIANA, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 - COMMITMENT

As the sponsoring organization, Education One exercises certain oversight responsibilities. This charter agreement remains in effect until August 2026 and is renewable thereafter by mutual consent. Education One assesses a fee in an amount equal to no more than 3% of the basic tuition amount received by the School. The fees were \$22,243 for the year ended June 30, 2022. In addition, the charter agreement requires the School to establish an escrow account of \$50,000 should a dissolution occur. The escrow was not established as of June 30, 2022.

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.

NOTE 7 - LIQUIDITY

Financial assets held by the School include cash, other receivables, and grants receivable totaling \$205,766 as of June 30, 2022. Financial assets are entirely available to meet cash needs for general expenditures within one 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 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. 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, 2022

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*.