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June 13, 2023

Charter School Board
Duneland Charter School, Inc.
d/b/a Discovery Charter School
800 Canonie Drive
Porter, IN 46304

We have reviewed the audit report of Duneland Charter School, Inc. d/b/a Discovery Charter School which was opined upon by CliftonLarsonAllen LLP, 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 Duneland Charter School, Inc. d/b/a Discovery Charter School 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, CliftonLarsonAllen LLP 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 Duneland Charter School, Inc. d/b/a Discovery Charter School, 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

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

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021



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**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Duneland Charter School, Inc. dba: Discovery Charter School, which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Duneland Charter School, Inc. dba: Discovery Charter School as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Duneland Charter School, Inc. dba: Discovery Charter School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Duneland Charter School, Inc. dba: Discovery Charter 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 Duneland Charter School, Inc. dba: Discovery Charter School's ability to continue as a going concern for a reasonable period of time.

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 17, 2023

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,020,868	\$ 997,533
Grants Receivable	42,058	189,458
Student Fees Receivable	3,784	8,582
Prepaid Expenses	32,557	69,643
Total Current Assets	1,099,267	1,265,216
PROPERTY AND EQUIPMENT		
Land	408,188	408,188
Buildings and Improvements	6,078,966	5,974,416
Furniture and Equipment	1,557,136	1,553,247
Textbooks	94,956	94,956
Less: Accumulated Depreciation	(2,370,402)	(2,068,146)
Property and Equipment, Net	5,768,844	5,962,661
OTHER ASSETS		
Cash and Equivalents - Restricted for Debt Service	644,556	616,656
Cash and Equivalents - Restricted for Prepaid Interest	5,815	5,795
Security Deposits	12,990	12,990
Total Other Assets	663,361	635,441
Total Assets	\$ 7,531,472	\$ 7,863,318
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Debt	\$ 117,500	\$ 117,500
Accounts Payable and Accrued Expenses	276,706	287,257
Total Current Liabilities	394,206	404,757
LONG-TERM LIABILITIES		
Debt, Net of Current Portion	6,881,250	6,998,750
Less: Unamortized Debt Issuance Cost	(283,614)	(295,683)
Loan Payable Under Paycheck Protection Program	-	507,547
Total Long-Term Liabilities	6,597,636	7,210,614
Total Liabilities	6,991,842	7,615,371
NET ASSETS		
Without Donor Restrictions	539,630	247,947
Total Liabilities and Net Assets	\$ 7,531,472	\$ 7,863,318

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
State Education Support	\$ 3,505,583	\$ 3,056,948
Grant Revenue	1,293,150	1,284,991
Gain on Extinguishment of Paycheck Protection Program Loan	507,457	-
Student Fees	20,227	36,902
Contributions	100,000	55,995
Interest Income	273	1,310
Other Income	22,385	12,103
Total Revenue and Support	<u>5,449,075</u>	<u>4,448,249</u>
EXPENSES		
Program Services	3,863,480	3,208,801
Management and General	1,293,912	1,277,551
Total Expenses	<u>5,157,392</u>	<u>4,486,352</u>
CHANGE IN NET ASSETS	291,683	(38,103)
Net Assets - Beginning of Year	<u>247,947</u>	<u>286,050</u>
NET ASSETS - END OF YEAR	<u>\$ 539,630</u>	<u>\$ 247,947</u>

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 2,125,754	\$ 434,667	\$ 2,560,421	\$ 1,844,393	\$ 413,865	\$ 2,258,258
Employee Benefits	517,007	100,141	617,148	462,321	108,218	570,539
Staff Development	-	-	-	4,649	-	4,649
Professional Services	329,145	16,870	346,015	209,461	19,336	228,797
Repairs and Maintenance	-	-	-	67,674	-	67,674
Authorizer Oversight Fees	-	65,644	65,644	-	57,287	57,287
Academic Services	-	75,000	75,000	-	75,000	75,000
Food Services	189,016	-	189,016	97,735	-	97,735
Transportation Services	42,317	-	42,317	-	-	-
Travel	2,200	-	2,200	207	-	207
Equipment	-	-	-	12,545	7,544	20,089
Classroom, Kitchen, and Office Supplies	192,567	31,286	223,853	116,391	51,968	168,359
Occupancy	107,816	-	107,816	83,031	-	83,031
Information Technology	42,792	25,911	68,703	4,600	17,511	22,111
Depreciation	302,256	-	302,256	292,832	-	292,832
Interest	12,069	475,244	487,313	12,069	476,419	488,488
Insurance	-	41,820	41,820	-	29,541	29,541
Other	541	27,329	27,870	893	20,862	21,755
Total Expenses by Function	<u>\$ 3,863,480</u>	<u>\$ 1,293,912</u>	<u>\$ 5,157,392</u>	<u>\$ 3,208,801</u>	<u>\$ 1,277,551</u>	<u>\$ 4,486,352</u>

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 291,683	\$ (38,103)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	302,256	292,832
Amortization	12,069	12,069
Gain on Extinguishment of Paycheck Protection Program Loan	(507,547)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	147,400	(56,593)
Student Fees Receivable	4,798	-
Prepaid Expenses	37,086	(20,629)
Accounts Payable and Accrued Expenses	(10,551)	27,382
Net Cash Provided by Operating Activities	277,194	216,958
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(108,439)	(181,090)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Notes Payable	(117,500)	(117,500)
Proceeds from Loan Payable Under Payroll Protection Program	-	507,547
Net Cash Provided (Used) by Financing Activities	(117,500)	390,047
 NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	51,255	425,915
 Cash and Cash Equivalents and Restricted Cash - Beginning of Year	1,619,984	1,194,069
 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR	\$ 1,671,239	\$ 1,619,984
 RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash and Cash Equivalents	\$ 1,020,868	\$ 997,533
Cash and Equivalents - Restricted for Debt Service	644,556	616,656
Cash and Equivalents - Restricted for Prepaid Interest	5,815	5,795
Total	\$ 1,671,239	\$ 1,619,984
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 475,244	\$ 476,419

See accompanying Notes to Financial Statements.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Duneland Charter School, Inc. dba: Discovery Charter School (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 518 students in grades kindergarten through 12 and is sponsored by Ball State University.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022 and 2021, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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

Grant and Contribution Revenue

The School receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Cash and Cash Equivalents

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

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable relate to unpaid student fees from the 2021-2022 school year. The School believes that all balances will be collected.

Prepaid Expenses

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

Security Deposits

Security deposits consist of required deposits made with the local utility companies.

Property and Equipment

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

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

Buildings and Improvements	20 to 40 Years
Furniture and Equipment	3 to 7 Years
Textbooks	5 Years

Impairment of Long-Lived Assets

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

Debt Issuance Costs

The School incurred costs totaling \$362,062 associated with securing financing under the Indiana Finance Authority Education Facilities Revenue Bond. Amortization is provided on a straight-line basis over the 30-year term of the bond. Accumulated amortization as of June 30, 2022 and 2021 was \$78,448 and \$66,379, respectively. Amortization expense was \$12,069 for both years ended June 30, 2022 and 2021. 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.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2022 and 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The School is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

The School evaluated subsequent events through February 17, 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 RESTRICTED CASH

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

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

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 DEBT

Debt was comprised of the following at June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Indiana Finance Authority Educational Facilities Revenue Bond, Series 2015A with an original amount of \$7,230,000. The principal amount was reduced by \$760,000 using financing from the state of Indiana. The loan principal is payable in annual installments that increase from \$155,000 to \$580,000 from December 2026 to December 2045. Interest payments are made semi-annually at a rate of 7.25% in accordance with the bond agreement. The bond obligation is secured by land, buildings, and improvements.	\$ 6,470,000	\$ 6,470,000
Note payable to the Indiana Common School Fund with an original amount of \$1,175,000. The note requires semi-annual payments of \$58,750 plus interest at 1% per annum from January 2017 to July 2026.	<u>528,750</u>	<u>646,250</u>
Total	6,998,750	7,116,250
Less: Current Portion	<u>(117,500)</u>	<u>(117,500)</u>
Long-Term Portion	<u>\$ 6,881,250</u>	<u>\$ 6,998,750</u>

The Indiana Finance Authority Educational Facilities Revenue Bond agreement contains certain financial covenants pertaining to cash reserves and minimum debt service coverage. The School was in compliance with covenants for June 30, 2022 and 2021.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 117,500
2024	117,500
2025	117,500
2026	117,500
2027	117,500
Thereafter	<u>6,411,250</u>
Total	<u>\$ 6,998,750</u>

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 DEBT EXTINGUISHMENT

In March 2021, the School received proceeds in the amount of \$507,547 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP loan was formally forgiven by the U.S. Small Business Administration (SBA) in March 2022. Accordingly, the School recognized a gain on the extinguishment of debt of \$507,547 during the year ended June 30, 2022. This amount is included in the 2022 statement of activities and change in net assets as gain on extinguishment of payroll protection program loan.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the School's financial position.

NOTE 5 RETIREMENT PLANS

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For both years ended June 30, 2022 and 2021, the School contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the School elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2021 (the latest year reported), TRF and PERF were approximately 95% and 83% funded, respectively.

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

Retirement plan expenses totaled \$129,832 and \$139,508 during the years ended June 30, 2022 and 2021, respectively.

NOTE 6 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 2% of state tuition support. Payments under this charter agreement were \$65,644 and \$57,587 for the years ended June 30, 2022 and 2021, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 RISKS AND UNCERTAINTIES

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2022 and 2021, 92% and 96% of the receivable balance was due from the state of Indiana, respectively.

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

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its operations and financial results. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 8 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2022 and 2021 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash, grants, and student fees receivable.

	<u>2022</u>	<u>2021</u>
Financial Assets	\$ 1,717,081	\$ 1,818,024
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Cash and Cash Equivalents Restricted for Debt Service	(644,556)	(616,656)
Cash and Cash Equivalents Restricted for Construction	<u>(5,815)</u>	<u>(5,795)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,066,710</u>	<u>\$ 1,195,573</u>

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 LIQUIDITY (CONTINUED)

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

NOTE 9 FUNCTIONAL EXPENSE REPORTING

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

**DUNELAND CHARTER SCHOOL, INC.
DBA: DISCOVERY CHARTER SCHOOL
OTHER REPORT
YEAR ENDED JUNE 30, 2022**

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

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

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



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