

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
MARION COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED
03/09/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Robert Stearns	07-01-08 to 06-30-11
President of the School Board	Michael Ronan Thakena Hogue	07-01-08 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE INDIANAPOLIS LIGHTHOUSE
CHARTER SCHOOL, MARION COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indianapolis Lighthouse Charter School (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 14, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 14, 2011



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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

TO: THE OFFICIALS OF THE INDIANAPOLIS LIGHTHOUSE
CHARTER SCHOOL, MARION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Indianapolis Lighthouse Charter School (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 14, 2011. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of 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 that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 14, 2011

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 1,881,113	\$ -	\$ 104,497	\$ (1,776,616)
Support services	1,902,951	23,363	385,577	(1,494,011)
Noninstructional services	334,757	-	-	(334,757)
Facilities acquisition and construction	300,141	-	-	(300,141)
Debt service	1,200,909	-	-	(1,200,909)
Nonprogrammed charges	<u>284</u>	<u>-</u>	<u>-</u>	<u>(284)</u>
Total governmental activities	<u>\$ 5,620,155</u>	<u>\$ 23,363</u>	<u>\$ 490,074</u>	<u>(5,106,718)</u>
General receipts:				
Property taxes				449,779
Other local sources				47,149
State aid				2,893,142
Bonds and loans				939,555
Grants and contributions not restricted to specific programs				638,898
Investment earnings				<u>2,771</u>
Total general receipts				<u>4,971,294</u>
Change in net assets				(135,424)
Net assets - beginning				<u>781,958</u>
Net assets - ending				<u>\$ 646,534</u>
<u>Assets</u>				
Cash and investments				\$ 646,534
Total assets				<u>\$ 646,534</u>
<u>Net Assets</u>				
Unrestricted				\$ 646,534
Total net assets				<u>\$ 646,534</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 2,934,146	\$ -	\$ 90,206	\$ (2,843,940)
Support services	2,307,898	65,898	287,485	(1,954,515)
Noninstructional services	317,594	-	-	(317,594)
Facilities acquisition and construction	453,576	-	-	(453,576)
Debt service	460,685	-	-	(460,685)
Total governmental activities	<u>\$ 6,473,899</u>	<u>\$ 65,898</u>	<u>\$ 377,691</u>	<u>(6,030,310)</u>
General receipts:				
Other local sources				119,337
State aid				3,672,936
Bonds and loans				460,000
Grants and contributions not restricted to specific programs				1,866,162
Investment earnings				<u>591</u>
Total general receipts				<u>6,119,026</u>
Change in net assets				88,716
Net assets - beginning				<u>646,534</u>
Net assets - ending				<u>\$ 735,250</u>
<u>Assets</u>				
Cash and investments				<u>\$ 735,250</u>
Total assets				<u>\$ 735,250</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 735,250</u>
Total net assets				<u>\$ 735,250</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Title I FY08/09	Other	Totals
Receipts:				
Local sources	\$ 523,062	\$ -	\$ -	\$ 523,062
State sources	3,062,942	-	742	3,063,684
Federal sources	-	361,933	596,497	958,430
Temporary loans	939,555	-	-	939,555
Total receipts	<u>4,525,559</u>	<u>361,933</u>	<u>597,239</u>	<u>5,484,731</u>
Disbursements:				
Current:				
Instruction	1,526,025	137,533	217,555	1,881,113
Support services	1,640,844	136,246	125,861	1,902,951
Noninstructional services	97	-	334,660	334,757
Facilities acquisition and construction	300,141	-	-	300,141
Debt services	1,200,909	-	-	1,200,909
Nonprogrammed charges	284	-	-	284
Total disbursements	<u>4,668,300</u>	<u>273,779</u>	<u>678,076</u>	<u>5,620,155</u>
Excess (deficiency) of receipts over disbursements	<u>(142,741)</u>	<u>88,154</u>	<u>(80,837)</u>	<u>(135,424)</u>
Other financing sources (uses):				
Transfers in	-	9,425	-	9,425
Transfers out	-	-	(9,425)	(9,425)
Total other financing sources (uses)	<u>-</u>	<u>9,425</u>	<u>(9,425)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(142,741)</u>	<u>97,579</u>	<u>(90,262)</u>	<u>(135,424)</u>
Cash and investments - beginning	<u>561,659</u>	<u>-</u>	<u>220,299</u>	<u>781,958</u>
Cash and investments - ending	<u>\$ 418,918</u>	<u>\$ 97,579</u>	<u>\$ 130,037</u>	<u>\$ 646,534</u>
Cash and Investment Assets - Ending				
Cash and investments	<u>\$ 418,918</u>	<u>\$ 97,579</u>	<u>\$ 130,037</u>	<u>\$ 646,534</u>
Total cash and investment assets - ending	<u>\$ 418,918</u>	<u>\$ 97,579</u>	<u>\$ 130,037</u>	<u>\$ 646,534</u>
Cash and Investment Fund Balance - Ending				
Unrestricted	<u>\$ 418,918</u>	<u>\$ 97,579</u>	<u>\$ 130,037</u>	<u>\$ 646,534</u>
Total cash and investment fund balance - ending	<u>\$ 418,918</u>	<u>\$ 97,579</u>	<u>\$ 130,037</u>	<u>\$ 646,534</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Title I FY08/09	Title I FY09/10	Other	Totals
Receipts:					
Local sources	\$ 185,826	\$ -	\$ -	\$ -	\$ 185,826
State sources	3,763,142	-	-	815	3,763,957
Federal sources	-	29,150	533,189	1,590,493	2,152,832
Temporary loans	460,000	-	-	-	460,000
Total receipts	4,408,968	29,150	533,189	1,591,308	6,562,615
Disbursements:					
Current:					
Instruction	2,268,931	46,387	238,889	379,939	2,934,146
Support services	1,527,493	28,729	272,410	479,266	2,307,898
Noninstructional services	134	-	-	317,460	317,594
Facilities acquisition and construction	80,349	-	-	373,227	453,576
Debt services	460,685	-	-	-	460,685
Total disbursements	4,337,592	75,116	511,299	1,549,892	6,473,899
Excess (deficiency) of receipts over disbursements	71,376	(45,966)	21,890	41,416	88,716
Other financing sources (uses):					
Transfers in	-	-	51,613	59,424	111,037
Transfers out	(48,160)	(51,613)	-	(11,264)	(111,037)
Total other financing sources (uses)	(48,160)	(51,613)	51,613	48,160	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,216	(97,579)	73,503	89,576	88,716
Cash and investments - beginning	418,918	97,579	-	130,037	646,534
Cash and investments - ending	<u>\$ 442,134</u>	<u>\$ -</u>	<u>\$ 73,503</u>	<u>\$ 219,613</u>	<u>\$ 735,250</u>
Cash and Investment Assets - Ending					
Cash and investments	<u>\$ 442,134</u>	<u>\$ -</u>	<u>\$ 73,503</u>	<u>\$ 219,613</u>	<u>\$ 735,250</u>
Total cash and investment assets - ending	<u>\$ 442,134</u>	<u>\$ -</u>	<u>\$ 73,503</u>	<u>\$ 219,613</u>	<u>\$ 735,250</u>
Cash and Investment Fund Balance - Ending					
Unrestricted	<u>\$ 442,134</u>	<u>\$ -</u>	<u>\$ 73,503</u>	<u>\$ 219,613</u>	<u>\$ 735,250</u>
Total cash and investment fund balance - ending	<u>\$ 442,134</u>	<u>\$ -</u>	<u>\$ 73,503</u>	<u>\$ 219,613</u>	<u>\$ 735,250</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUND
 For the Year Ended June 30, 2009

	<u>Agency Fund</u>
Cash and investment fund balance - ending	\$ <u>945</u>
Net assets:	
Cash and investments	\$ <u>945</u>
Total net assets - cash and investment basis held in trust	\$ <u>945</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUND
 For the Year Ended June 30, 2010

	<u>Agency Fund</u>
Cash and investment fund balance - ending	\$ <u>(239)</u>
Net assets:	
Cash and investments	\$ <u>(239)</u>
Total net assets - cash and investment basis held in trust	\$ <u>(239)</u>

The notes to the financial statements are an integral part of this statement.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

These financial statements present the School Corporation (primary government). There are no significant component units which require inclusion.

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The title I, FY08/09 fund accounts for the federal grant distributions and cash disbursements for this program.

The title I, FY09/10 fund accounts for the federal grant distributions and cash disbursements for this program.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide and governmental fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. The School Corporation does not have any restricted net assets.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity, if any, is eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At December 31, 2010, the School Corporation had deposit balances in the amount of \$849,576.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended December 31, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
Other Governmental Funds	Title I FY08/09	\$ 9,425	\$ -
Title I FY08/09	Title I FY09/10	-	51,613
General Fund	Other Governmental Funds	-	48,160
Other Governmental Funds	Other Governmental Funds	-	11,264
Totals		<u>\$ 9,425</u>	<u>\$ 111,037</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

III. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and job related illnesses or injuries to employees.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and job related illnesses or injuries to employees; are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$40,204.

The School Corporation ceased its participation in PERF effective February 9, 2009.

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
NOTES TO FINANCIAL STATEMENTS
(Continued)

annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

The School Corporation's contributions to the plan during the period were \$40,970.

The School Corporation ceased its participation in TRF effective December 31, 2008.

3. Defined Contribution Pension Plan

Plan Description

Effective January 1, 2009, the School Corporation began participation in a Section 403(b) retirement plan sponsored by the Indiana Public Charter School Association for the benefit of its employees.

The Principal Financial Group issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

The Principal Financial Group
711 High Street
Des Moines, IA 50392-0001
1-800-986-3343

Funding Policy

Under the plan, the School Corporation will match 100% of employee contributions not to exceed 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made during the period.

The School Corporation's contributions to the plan during the period were \$60,019.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	School Lunch	Early Intervention Grant	CELL Grant	Title I FY07/08	Title I School Improvement FY08/09	IDEA PL 106-554 FY08/09	Special Education Preschool	Title II Part A	Totals
Receipts:									
State sources	\$ 742	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 742
Federal sources	319,532	-	-	-	99,900	127,167	1,390	48,508	596,497
Total receipts	320,274	-	-	-	99,900	127,167	1,390	48,508	597,239
Disbursements:									
Current:									
Instruction	-	15,737	-	35,031	39,620	127,167	-	-	217,555
Support services	-	-	86,061	13,708	-	-	1,390	24,702	125,861
Noninstructional services	334,660	-	-	-	-	-	-	-	334,660
Total disbursements	334,660	15,737	86,061	48,739	39,620	127,167	1,390	24,702	678,076
Excess (deficiency) of receipts over disbursements	(14,386)	(15,737)	(86,061)	(48,739)	60,280	-	-	23,806	(80,837)
Other financing sources (uses):									
Transfers out	-	-	-	(9,425)	-	-	-	-	(9,425)
Total other financing sources (uses)	-	-	-	(9,425)	-	-	-	-	(9,425)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,386)	(15,737)	(86,061)	(58,164)	60,280	-	-	23,806	(90,262)
Cash and investments - beginning	15,365	15,737	130,300	58,164	-	-	-	733	220,299
Cash and investments - ending	\$ 979	\$ -	\$ 44,239	\$ -	\$ 60,280	\$ -	\$ -	\$ 24,539	\$ 130,037
<u>Cash and Investment Assets - Ending</u>									
Cash and investments	\$ 979	\$ -	\$ 44,239	\$ -	\$ 60,280	\$ -	\$ -	\$ 24,539	\$ 130,037
Total cash and investment assets - ending	\$ 979	\$ -	\$ 44,239	\$ -	\$ 60,280	\$ -	\$ -	\$ 24,539	\$ 130,037
<u>Cash and Investment Fund Balance - Ending</u>									
Unrestricted	\$ 979	\$ -	\$ 44,239	\$ -	\$ 60,280	\$ -	\$ -	\$ 24,539	130,037
Total cash and investment fund balance - ending	\$ 979	\$ -	\$ 44,239	\$ -	\$ 60,280	\$ -	\$ -	\$ 24,539	\$ 130,037

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	School Lunch	CELL Grant	Title I School Improvement FY09/10	Title I School Improvement FY08/09	Drug Free Schools	IDEA PL 106-554 FY09/10	Title II Part A
Receipts:							
State sources	\$ 815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	286,670	-	102,000	11,100	5,279	120,000	-
Total receipts	287,485	-	102,000	11,100	5,279	120,000	-
Disbursements:							
Current:							
Instruction	-	296	65,451	25,476	-	72,857	18,000
Support services	-	28,344	16,500	45,350	5,279	-	500
Noninstructional services	317,460	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Total disbursements	317,460	28,640	81,951	70,826	5,279	72,857	18,500
Excess (deficiency) of receipts over disbursements	(29,975)	(28,640)	20,049	(59,726)	-	47,143	(18,500)
Other financing sources (uses):							
Transfers in	48,160	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(11,264)
Total other financing sources (uses)	48,160	-	-	-	-	-	(11,264)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,185	(28,640)	20,049	(59,726)	-	47,143	(29,764)
Cash and investments - beginning	979	44,239	-	60,280	-	-	24,539
Cash and investments - ending	\$ 19,164	\$ 15,599	\$ 20,049	\$ 554	\$ -	\$ 47,143	\$ (5,225)
Cash and Investment Assets - Ending							
Cash and investments	\$ 19,164	\$ 15,599	\$ 20,049	\$ 554	\$ -	\$ 47,143	\$ (5,225)
Total cash and investment assets - ending	\$ 19,164	\$ 15,599	\$ 20,049	\$ 554	\$ -	\$ 47,143	\$ (5,225)
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 19,164	\$ 15,599	\$ 20,049	\$ 554	\$ -	\$ 47,143	\$ (5,225)
Total cash and investment fund balance - ending	\$ 19,164	\$ 15,599	\$ 20,049	\$ 554	\$ -	\$ 47,143	\$ (5,225)

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title II Part A FY09/10	Fiscal Stabilization (Stimulus)	Title I (Stimulus)	Special Education (Stimulus)	Education Technology (Stimulus)	Totals
Receipts:						
State sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 815
Federal sources	-	439,337	362,745	168,279	95,083	1,590,493
Total receipts	-	439,337	362,745	168,279	95,083	1,591,308
Disbursements:						
Current:						
Instruction	-	-	119,669	78,190	-	379,939
Support services	19,811	249,483	94,914	19,085	-	479,266
Noninstructional services	-	-	-	-	-	317,460
Facilities acquisition and construction	-	189,854	88,290	-	95,083	373,227
Total disbursements	19,811	439,337	302,873	97,275	95,083	1,549,892
Excess (deficiency) of receipts over disbursements	(19,811)	-	59,872	71,004	-	41,416
Other financing sources (uses):						
Transfers in	11,264	-	-	-	-	59,424
Transfers out	-	-	-	-	-	(11,264)
Total other financing sources (uses)	11,264	-	-	-	-	48,160
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,547)	-	59,872	71,004	-	89,576
Cash and investments - beginning	-	-	-	-	-	130,037
Cash and investments - ending	\$ (8,547)	\$ -	\$ 59,872	\$ 71,004	\$ -	\$ 219,613
Cash and Investment Assets - Ending						
Cash and investments	\$ (8,547)	\$ -	\$ 59,872	\$ 71,004	\$ -	\$ 219,613
Total cash and investment assets - ending	\$ (8,547)	\$ -	\$ 59,872	\$ 71,004	\$ -	\$ 219,613
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ (8,547)	\$ -	\$ 59,872	\$ 71,004	\$ -	\$ 219,613
Total cash and investment fund balance - ending	\$ (8,547)	\$ -	\$ 59,872	\$ 71,004	\$ -	\$ 219,613

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2009

	Payroll
Additions:	
Agency fund additions	\$ 945
Deductions:	
Agency fund deductions	-
Excess (deficiency) of total additions over total deductions	945
Cash and investment fund balance - beginning	-
Cash and investment fund balance - ending	\$ 945

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUND
 For the Year Ended June 30, 2010

	Payroll
Additions:	
Agency fund additions	\$ 222,792
Deductions:	
Agency fund deductions	223,976
Excess (deficiency) of total additions over total deductions	(1,184)
Cash and investment fund balance - beginning	945
Cash and investment fund balance - ending	\$ (239)

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 150,000
Buildings	3,562,734
Machinery and equipment	<u>121,480</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 3,834,214</u>

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 6,345,180	\$ 453,182
Total governmental activities debt	<u>\$ 6,345,180</u>	<u>\$ 453,182</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE INDIANAPOLIS LIGHTHOUSE
CHARTER SCHOOL, MARION COUNTY, INDIANA

Compliance

We have audited the compliance of the Indianapolis Lighthouse Charter School (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 14, 2011

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (Or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY07/08	\$ 9,000	\$ -
		FY08/09	108,895	4,329
		FY09/10	-	72,445
Total for program			<u>117,895</u>	<u>76,774</u>
National School Lunch Program				
	10.555			
		FY07/08	18,194	-
		FY08/09	183,443	6,809
		FY09/10	-	204,165
Total for program			<u>201,637</u>	<u>210,974</u>
Total for cluster and federal agency			<u>319,532</u>	<u>287,748</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		08-9575	48,739	-
		09-9575	273,779	67,851
		S010A080014	2,707	-
		10-9575	-	511,299
		FY08/09	36,911	25,477
		FY09/10	-	81,951
Total for program			<u>362,136</u>	<u>686,578</u>
ARRA - Title I Grants to Local Educational Agencies				
	84.389	S389A090014	-	302,873
Total for cluster			<u>362,136</u>	<u>989,451</u>
Special Education Cluster				
Special Education - Grants to States (IDEA Part B)				
	84.027	14209-220-PN01	127,167	-
		14210-220-PN01	-	72,857
Total for program			<u>127,167</u>	<u>72,857</u>
ARRA - Special Education - Grants to States (IDEA Part B)				
	84.391	3310-9575-SN01	-	97,275
Total for cluster			<u>127,167</u>	<u>170,132</u>
Educational Technology State Grants Cluster				
ARRA - Educational Technology State Grants				
	84.386	S318X050014	-	95,083
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education				
State Grants				
	84.394	S394A090015	-	439,337
Safe and Drug-Free Schools and Communities - State Grants				
	84.186	08-9575	-	5,279
Improving Teacher Quality State Grants				
	84.367	07-9575	733	-
		08-9575	23,969	18,500
		09-9575	-	19,810
Total for program			<u>24,702</u>	<u>38,310</u>
Total for federal grantor agency			<u>514,005</u>	<u>1,737,592</u>
Total federal awards expended			<u>\$ 833,537</u>	<u>\$ 2,025,340</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Indianapolis Lighthouse Charter School (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
ARRA - State Fiscal Stabilization Fund (SFSF) -
Education State Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Programs: Title I, Part A Cluster
CFDA Number: 84.010 & 84.389
Award Numbers: 09-9575, 10-9575, S389A090014

Amounts received by the School Corporation for the Title I Cluster were drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the grant exceeded the allowable cash balance based on estimated future requirements for three of the twelve months during the 2009-2010 school year.

EDGAR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: . . .

- (7) Cash management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Surplus cash indicates noncompliance with the cash management requirements as set forth by the grant agreement. Additionally, failure to minimize the cash on hand may cause future funding to be reduced by the pass-through agency.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure that the time between the receipt and disbursement of federal funds is minimized according to the grant requirements.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No items were reportable.

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL

**A-133 AUDIT
CORRECTIVE ACTION PLAN
FY09 and FY10**

FINDING NO. 2010-1 CASH MANAGEMENT

Finding: Amounts received by the School Corporation for the Title I Cluster were drawn down in advance. School Corporation Officials are required to review needs and draw funds as needed in accordance with federal guidelines. The drawdown requests are included in the applications for grant funds. The cash balance of the grant exceeded the allowable cash balance based on estimated future requirements for three of the twelve months during the FY09/10 audit period.

School's comment: The school follows the system that is in place at the time by the Indiana Department of Education (IDOE). A better system is currently in place for FY11 than what was in place for prior years. As of July 2010, the IDOE has done away with cash requests and replaced them with reimbursement requests. Given the newly implemented reimbursement request procedure, we monitor our fund balances closely, and try to estimate what we are spending for the month, before we request reimbursement. If, for some reason, our fund balance exceeds our expected expenditures, then we do not make the reimbursement request. This helps eliminate excessive cash balances.

Please do not hesitate to contact me if you have any questions.

Sincerely



Howard Hammond, Controller, for
Robert V. Stearns, Treasurer
Lighthouse Academies of Indiana, Inc, the Organizer for,
Indianapolis Lighthouse Charter School

INDIANAPOLIS LIGHTHOUSE CHARTER SCHOOL
EXIT CONFERENCE

The contents of this report were provided on February 14, 2011, to Robert Stearns, Treasurer, and Thakena Hogue, President of the School Board. Our audit disclosed no material items that warrant comment at this time.