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December 22, 2014

Charter School Board
Hope Academy
8102 Clearvista Parkway
Indianapolis, IN 46256

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Blue & Co., LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Hope Academy, as of June 30, 2014, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Financial Statements and Independent Auditors' Report are filed in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner



FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

HOPE ACADEMY

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Recovery High School at Fairbanks, Inc.
d/b/a Hope Academy
Indianapolis, Indiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of The Recovery High School at Fairbanks, Inc., d/b/a Hope Academy (Hope Academy), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Guidelines for the Audits of Charter Schools Performed by Private Examiners*, issued by the Indiana State Board of Accounts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Board of Directors
The Recovery High School at Fairbanks, Inc.
d/b/a Hope Academy
Indianapolis, Indiana

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hope Academy as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014 on our consideration of Hope Academy's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hope Academy's internal control over financial reporting and compliance.

Blue & Co., LLC

Indianapolis, Indiana
October 21, 2014

HOPE ACADEMY

STATEMENT OF FINANCIAL POSITION JUNE 30, 2014 AND 2013

	ASSETS	
	<u>2014</u>	<u>2013</u>
Current assets		
Cash and cash equivalents	\$ 14,811	\$ 10,175
Prepaid expenses	16,592	24,419
Other assets	541	3,637
Total current assets	<u>31,944</u>	<u>38,231</u>
Assets limited as to use	-0-	15,000
Property and equipment		
Equipment	179,072	169,750
Computer hardware	124,991	105,330
Software	29,333	19,333
Books and educational materials	5,935	4,008
	<u>339,331</u>	<u>298,421</u>
Accumulated depreciation	<u>(285,105)</u>	<u>(247,601)</u>
Property and equipment, net	54,226	50,820
Total assets	<u>\$ 86,170</u>	<u>\$ 104,051</u>
	LIABILITIES AND NET ASSETS	
Current liabilities		
Accounts payable and accrued expenses	\$ 27,735	\$ 30,306
Salaries, wages and related liabilities	25,687	14,656
Due to Fairbanks Hospital, Inc.	19,812	406,988
Total current liabilities	<u>73,234</u>	<u>451,950</u>
Net assets		
Unrestricted	12,936	(362,899)
Temporarily restricted by donors	-0-	15,000
Total net assets	<u>12,936</u>	<u>(347,899)</u>
Total liabilities and net assets	<u>\$ 86,170</u>	<u>\$ 104,051</u>

See accompanying notes to financial statements.

HOPE ACADEMY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Unrestricted operating revenue		
State support	\$ 571,734	\$ 273,152
Grant revenue	25,678	17,889
Other revenue	24,868	39,263
Net assets released from restrictions for operations	15,000	49,665
Total operating revenue	637,280	379,969
Operating expenses		
Salaries and benefits	595,919	538,314
Fiscal and administrative	47,104	51,360
Food	11,600	5,661
Purchased services	324,431	272,819
Advertising	1,216	246
Depreciation	37,504	29,285
Insurance	18,077	17,763
Rent	148,036	148,113
Other	17,079	15,217
Total operating expenses	1,200,966	1,078,778
Operating income (loss)	(563,686)	(698,809)
Nonoperating revenue (expense)		
Contributions	86,400	80,255
Donation from Fairbanks	599,340	-0-
Loan forgiveness	-0-	88,116
Total nonoperating revenue	685,740	168,371
Revenue over/(under) expenses	122,054	(530,438)
Other changes in net assets		
Equity transfer from Fairbanks Hospital, Inc.	253,781	278,811
Change in unrestricted net assets	375,835	(251,627)
Temporarily restricted net assets		
Donations	-0-	44,766
Net assets released from restrictions for operations	(15,000)	(49,665)
Change in temporarily restricted net assets	(15,000)	(4,899)
Change in net assets	360,835	(256,526)
Net assets		
Beginning of year	(347,899)	(91,373)
End of year	\$ 12,936	\$ (347,899)

See accompanying notes to financial statements.

HOPE ACADEMY

STATEMENT OF CASH FLOWS YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Operating activities		
Change in net assets	\$ 360,835	\$ (256,526)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	37,504	29,285
Equity transfer with Fairbanks	(253,781)	(278,811)
Restricted contributions	-0-	(44,766)
Donation from Fairbanks	(599,340)	-0-
Loan forgiveness	-0-	(88,116)
Changes in operating assets and liabilities		
Prepaid expenses and other current assets	10,923	135,846
Accounts payable and accrued expenses	(2,571)	7,021
Salaries, wages and related liabilities	11,031	8,815
Net cash flows from operating activities	<u>(435,399)</u>	<u>(487,252)</u>
Investing activities		
Net change in assets limited as to use	15,000	4,899
Property and equipment additions	(40,910)	(7,286)
Net cash flows from investing activities	<u>(25,910)</u>	<u>(2,387)</u>
Financing activities		
Restricted contributions	-0-	44,766
Due to Fairbanks Hospital, Inc.	212,164	96,648
Equity transfer from Fairbanks Hospital, Inc.	253,781	278,811
Net cash flows from financing activities	<u>465,945</u>	<u>420,225</u>
Change in cash and cash equivalents	4,636	(69,414)
Cash and cash equivalents		
Beginning of year	10,175	79,589
End of year	<u>\$ 14,811</u>	<u>\$ 10,175</u>
Noncash financing activities		
Donation from Fairbanks	\$ 599,340	\$ -0-
Loan forgiveness	\$ -0-	\$ 88,116

See accompanying notes to financial statements.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

1. SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Recovery High School at Fairbanks, Inc. d/b/a Hope Academy (Hope Academy) is a not-for-profit, fully accredited, tuition-free, Indiana public charter high school based in Indianapolis, Indiana. It was incorporated June 29, 2005 for the purpose of providing opportunities for academic achievement, sobriety and personal growth for students and their families. Fairbanks Hospital, Inc. is the sole member of Hope Academy. The School was awarded a charter grant from the State of Indiana.

Fairbanks Hospital, Inc. (Fairbanks) is the sole member of Hope Academy. Fairbanks is committed to the financial viability of Hope Academy and as such, pledges continued support to Hope Academy.

Basis of Accounting

The financial statements of Hope Academy have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses when the obligation is incurred.

Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Hope Academy considered highly liquid investments available for operating purposes with an original maturity of 90 days or less to be cash and cash equivalents.

Prepaid Expenses

Prepaid expenses relate to advance payments on products or services that will be used for future programs or activities.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

Property and Equipment

Property and equipment are recorded at cost, or if donated, at fair market value at date of donation, and include expenditures for new additions and repairs which substantially increase the useful lives of existing property and equipment. Maintenance repairs and minor renewals are expenses as incurred. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts and any resulting gain or loss for the period is recognized. Depreciation is provided over the estimated useful life of each class of depreciable asset, ranging from 3-15 years, and is computed on using the straight-line method.

Depreciation expense was \$37,504 and \$29,285 for the year ended June 30, 2014 and 2013, respectively.

State Support

Hope Academy receives state funds that have been designated for charter schools from the Indiana Department of Education. The State uses a formula based on the number of students enrolled in the school during the year to determine the amount of funds Hope Academy receives.

Grant Revenue

Grant revenue consists of grants from cost reimbursement and other grants.

Other Revenue

Other revenue consists of student fees, student lunch, textbook rental and other miscellaneous income.

Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Unrestricted contributions are recorded as non-operating income. Contributions are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Hope Academy.

Volunteers also provide program services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. These services include volunteering at events and clerical work.

Temporarily Restricted Net Assets

Temporarily restricted net assets which are those assets whose use has been limited by donors for a specific operating or capital purpose. When a donor restriction is met or expires, temporarily restricted net assets are reclassified to unrestricted net assets and are reported as net assets released from restrictions.

Performance Indicator

The statement of activities and changes in net assets include a performance indicator, revenues over expenses. Consistent with industry practice, net assets released from restrictions for temporarily restricted net asset activity and the equity transfer from Fairbanks Hospital is excluded from the performance indicator.

Advertising

Hope Academy uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred.

Income Taxes

Hope Academy is a not-for-profit corporation as defined by Section 501(c)(3) of the Internal Revenue Code and, accordingly, is exempt from federal and state income taxes.

As such, Hope Academy is generally exempt from income taxes. However, Hope Academy is required to file Federal Form 990 – Return of Organization Exempt from Income Tax which is an informational return only.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Hope Academy and recognize a tax liability if Hope Academy has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by Hope Academy, and has concluded that as of June 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. Hope Academy is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Hope Academy filed their federal and state income tax returns for periods through June 30, 2013. The income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

Litigation

Hope Academy may be involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the future financial position, results of operations or cash flows of Hope Academy.

Concentration of Credit Risk

Hope Academy maintains its cash in accounts, which at times, may exceed federally insured limits. Hope Academy has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Approximately 90% and 72% of Hope Academy's operating revenue is from the Indiana Department of Education for the years ended June 30, 2014 and 2013, respectively.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified in order to be comparable with the current year presentation.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

Subsequent Events

Hope Academy has evaluated events or transactions occurring subsequent to the balance sheet date for recognition and disclosure in the accompanying financial statements through the date the financial statements are available to be issued which is October 21, 2014.

2. ASSETS LIMITED AS TO USE

Donors have designated certain assets for the purpose of specified program activities. These assets consist of the following at June 30:

	2014	2013
Donor restricted	\$ -0-	\$ 15,000
Total assets limited as to use	<u>\$ -0-</u>	<u>\$ 15,000</u>

3. NET ASSETS

Hope Academy has donor restricted net assets recorded as temporarily restricted net assets. Temporarily restricted net assets are available for the following purposes as of June 30:

	2014	2013
STARR Program	\$ -0-	\$ 10,000
Outcomes Grant	-0-	5,000
	<u>\$ -0-</u>	<u>\$ 15,000</u>

4. RELATED PARTIES

Hope Academy receives financial assistance from its sole member in the form of unrestricted contributions that Fairbanks raises on behalf of Hope Academy in addition to net asset equity transfers. Hope Academy has recorded receivables from Fairbanks of \$212 and \$3,637 as of June 30, 2014 and 2013, respectively. Hope Academy also had payables due to Fairbanks of \$19,812 and \$406,988 as of June 30, 2014 and 2013, respectively. For the year ended June 30, 2014, Hope Academy received unrestricted contribution revenue of \$599,340 and net assets equity transfers totaling \$253,781 in addition to incurring lease expense in the amount of \$148,036 due to Fairbanks. For the year ended June 30, 2013, Hope Academy received unrestricted contributions revenue \$14,740 and net asset equity transfers totaling \$278,811 in addition to incurring lease expense in the amount of \$148,113.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

5. PENSION PLAN

Indiana Public Retirement System

Plan Description

Hope Academy elected to become a participating employer in the Indiana Public Retirement System (INPRS). INPRS resulted from legislation passed in 2010 that merged the Public Employee's Retirement Fund (PERF) and the Teacher's Retirement Fund (TRF), with the merger of the funds being effective July 1, 2011. Hope Academy contributes to INPRS, an agent multiple-employer retirement system that acts as a common investment and administrative agent for units of state and local government in Indiana. INPRS is governed by state statutes I.C.S. 5-10.2 and 5-10.3. As such, it is INPRS's responsibility to administer the law in accordance with the expressed intent of the Indiana General Assembly. INPRS is a qualified plan under Internal Revenue Code Section 401(a) and is tax exempt.

INPRS is a contributory defined benefit plan that covers substantially all Hope Academy employees. INPRS retirement benefits vest after 10 years of service. INPRS participants are eligible for early retirement with 100% of the defined benefit pension if certain conditions were met. A participant may retire with full benefits at age 60 with 15 or more years of service or at age 55 if the participant's age plus years of service equals 85 or more. If neither of the above conditions is met, a participant may retire with 100% of the pension benefit at age 65 with 10 or more years of service. This annual pension benefit is equal to 1.1% times the average annual salary times the number of years and months of INPRS-covered employment. The average annual salary used for calculating the pension benefit is an average of the participant's highest five years of employment earning within the 10 years preceding retirement.

Participants who retire between the ages of 50 and 65 with 15 or more years of service receive a pension benefit that is reduced by various percentages according to the participant's age.

Participants have two choices regarding their annuity savings account. They may elect to receive the contributions and accumulated earnings in a lump sum at retirement, or they may choose to receive the annuity amount as a monthly supplement to their employer-provided pension.

INPRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to INPRS, One North Capitol, Suite 001, Indianapolis, Indiana 46204.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

Funding Policy

Hope Academy contributes the participant's required contribution of 3% of their annual salary to an annuity savings account that may be withdrawn at any time with interest should a participant terminate employment. Hope Academy is required by State statute to contribute at an actuarially determined rate. The current rate is 8.6% of annual covered payroll. The contribution requirements of participants are determined by State statute.

Annual Pension Cost

The INPRS funding policy provided for actuarially determined periodic contributions at rates that change so that sufficient assets will be available to pay benefits when due. The required contributions were determined as part of the June 30, 2013 actuarial valuation using the entry age normal cost method. The asset valuation method is 4-yr smoothing of gains/losses on market value with a 20% corridor.

The actuarial assumptions included (a) a rate of return on investment of present and future assets of 6.75% per year, compounded annually; (b) projected salary increase based on INPRS experience from 3.25% - 4.5% and 3.0% - 12.5% for PERF and TRF, respectively; (c) cost of living increase of 1.0%, and (d) inflation of 3%. INPRS uses the method of establishing a new gain or loss base each year to amortize the unfunded liability over a 30-year closed period.

Expenses related to the pension plan for the years ended June 30, 2014 and 2013 were \$25,594 and \$22,984, respectively.

6. RISKS AND UNCERTAINTIES

Hope Academy provides education instruction services to families residing in Marion 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. Changes in state legislation could significantly affect Hope Academy. Additionally, Hope Academy is subject to monitoring and audit by state agencies. Those examinations may result in additional liability to be imposed on Hope Academy.

HOPE ACADEMY

NOTES TO THE FINANCIAL STATEMENTS JUNE 30, 2014 AND 2013

7. FUNCTIONAL EXPENSES

Hope Academy incurred the following program services as well as general and administrative expenses for the year ended June 30, 2014 and 2013:

	2014			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 595,919	\$ -0-	\$ -0-	\$ 595,919
Professional services	167,101	168,440	3,930	339,471
Operational supplies	20,264	-0-	-0-	20,264
Travel	11,600	-0-	-0-	11,600
Printing and postage	1,755	1,566	-0-	3,321
Other supplies	4,533	145	-0-	4,678
Insurance	18,077	-0-	-0-	18,077
Rent	148,036	-0-	-0-	148,036
Food purchases	1,454	-0-	-0-	1,454
Minor equipment	15,201	-0-	-0-	15,201
Interest	9	-0-	-0-	9
Depreciation	37,504	-0-	-0-	37,504
Other	3,574	1,858	-0-	5,432
	\$ 1,025,027	\$ 172,009	\$ 3,930	\$ 1,200,966

	2013			
	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 536,144	\$ -0-	\$ -0-	\$ 536,144
Professional services	102,445	181,615	4,333	288,393
Operational supplies	15,364	-0-	-0-	15,364
Travel	11,118	-0-	-0-	11,118
Printing and postage	1,349	358	-0-	1,707
Other supplies	3,957	-0-	-0-	3,957
Insurance	17,663	-0-	-0-	17,663
Rent	148,113	-0-	-0-	148,113
Food purchases	3,675	29	-0-	3,704
Minor equipment	15,217	-0-	-0-	15,217
Interest	4,481	-0-	-0-	4,481
Depreciation	29,285	-0-	-0-	29,285
Other	1,760	1,772	-0-	3,532
	\$ 890,571	\$ 183,774	\$ 4,333	\$ 1,078,678



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REPORT OF INDEPENDENT AUDITORS ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER
MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
The Recovery High School at Fairbanks, Inc.
d/b/a Hope Academy
Indianapolis, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Recovery High School at Fairbanks, Inc. d/b/a Hope Academy (Hope Academy), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 21, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Hope Academy's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Hope Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of Hope Academy's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Hope Academy's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Board of Directors
The Recovery High School at Fairbanks, Inc.
d/b/a Hope Academy
Indianapolis, Indiana

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Hope Academy's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance *with Government Auditing Standards* in considering Hope Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Blue & Co., LLC

Indianapolis, Indiana
October 21, 2014