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STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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December 30, 2014

Charter School Board
Better Blended Learning For Indiana, Inc.
d/b/a Nexus Academy of Indianapolis
6101 N. Keystone Avenue, Suite 302
Indianapolis, IN 46220

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Fitzgerald/Isaac, 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 Better Blended Learning For Indiana, Inc. d/b/a Nexus Academy of Indianapolis 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.

In addition to the report presented herein, a Supplemental Audit Report for Better Blended Learning For Indiana, Inc. d/b/a Nexus Academy of Indianapolis was prepared in accordance with the guidelines established by the State Board of Accounts.

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

BETTER BLENDED LEARNING FOR INDIANA, INC.
d/b/a
NEXUS ACADEMY OF INDIANAPOLIS

Financial Statements

June 30, 2014

Fitzgerald Isaac LLC
Certified Public Accountants

BETTER BLENDED LEARNING FOR INDIANA, INC.
d/b/a
NEXUS ACADEMY OF INDIANAPOLIS

Table of Contents

Fitzgerald Isaac LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Better Blended Learning for Indiana, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Better Blended Learning for Indiana, Inc. d/b/a Nexus Academy of Indianapolis**, which comprise the statement of financial position as of June 30, 2014, and the related statements of activities and cash flows for the year 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

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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 Better Blended Learning for Indiana, Inc. as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Indianapolis, IN
December 15, 2014

BETTER BLENDED LEARNING FOR INDIANA, INC.
d/b/a
NEXUS ACADEMY OF INDIANAPOLIS

Statement of Financial Position

Assets	June 30, 2014
Current assets:	
Cash	$ 153,824
Grants receivable	149,447
Prepaid expenses	14,912
Total current assets	318,183
Property and equipment:	
Leasehold improvements	7,287
Furniture and fixtures	111,312
Computer equipment	57,031
Less: accumulated depreciation	(8,587)
Property and equipment, net	167,043
	$ 485,226
Liabilities and Net Assets	
Current liabilities:	
Accounts payable and accrued expenses:	
Connections Academy of Indiana, LLC	$ 445,033
Other	31,332
Total current liabilities	476,365
Unrestricted net assets	8,861
	$ 485,226

See accompanying notes to financial statements.

BETTER BLENDED LEARNING FOR INDIANA, INC.
d/b/a
NEXUS ACADEMY OF INDIANAPOLIS

Statement of Activities

Revenue and Support	Year Ended June 30, 2014
State education support	$ 516,252
Grant revenue	355,143
Contributions	677,500
Other	100
Total revenue and support	1,548,995
Expenses	
Program services	1,305,262
Management and general	234,872
Total expenses	1,540,134
Change in net assets	8,861
Net assets, beginning of year	-
Net assets, end of year	$ 8,861

See accompanying notes to financial statements.

BETTER BLENDED LEARNING FOR INDIANA, INC.
d/b/a
NEXUS ACADEMY OF INDIANAPOLIS

Statement of Cash Flows

Operating Activities	Year Ended June 30, 2014
Change in net assets	$ 8,861
Adjustments to reconcile change in net assets to cash flows from operating activities:	
Depreciation	8,587
Change in:	
Grants receivable	(149,447)
Prepaid expenses	(14,912)
Accounts payable and accrued expenses	476,365
Net cash provided by operating activities	329,454
Investing Activities	
Acquisition of property and equipment	(175,630)
Net cash used by investing activities	(175,630)
Net increase in cash	153,824
Cash, beginning of year	-
Cash, end of year	$ 153,824

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

General

Better Blended Learning for Indiana, Inc. d/b/a Nexus Academy of Indianapolis (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Indiana Charter School Board. The School commenced operations as of July 1, 2013 and provides education to high school students in a blended form of on-line and in-person instruction.

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.

Grants 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.

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Accordingly, the School recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

(1) Summary of Significant Accounting Policies, Continued

Property and Equipment

Purchases of these 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:

Leasehold improvements................................	3 years
Furniture and fixtures.....................................	7 years
Computer equipment......................................	5 years

Taxes on Income

Better Blended Learning for Indiana, Inc. has received a determination from the U.S. Treasury Department 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 year ended June 30, 2014, 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.

(1) Summary of Significant Accounting Policies, Continued

Contributions

Contributions received are measured at their fair values and are reported as an increase in net assets. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Subsequent Events

The School evaluated subsequent events through December 15, 2014, 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.

(2) Leases

The School conducts its operations from a facility that is leased under a noncancelable sublease with Connections Education, LLC. Connections Education, LLC is affiliated with Connections Academy of Indiana, LLC, which is under contract to provide management services to the School. The lease expires in September 2020, but may be extended for an additional five-year period. The lease provides for an initial minimum monthly rental payment of $11,676, which increases incrementally each year. The School is also responsible for its proportionate share of utilities, maintenance, and other costs of operation.

Future minimum rental payments required under this lease are as follows:

Year Ended June 30:	
2015	$142,214
2016	145,091
2017	147,993
2018	150,971
2019	153,973
Thereafter	196,508

(3) Retirement Plan

School personnel are eligible to participate in a 401(k) retirement plan sponsored by Connections Education, LLC. Under the plan, the School will match 100% of employee contributions up to 3% of compensation and 50% of employee contributions for the next 3% of compensation. The School may also make additional discretionary contributions. No discretionary contributions were made in 2014. Because 2014 was the School's first year of operation, there was no participation in the plan by employees.

(4) Commitments

The School operates under a charter granted by the Indiana Charter School Board ("ICSB"). As the sponsoring organization, ICSB exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to ICSB an annual administrative fee equal to 2% of state tuition payments received. The charter remains in effect until August 15, 2018, and is renewable thereafter by mutual consent. Payments under this agreement were $3,574 for the year ended June 30, 2014.

The School has contracted with Connections Academy of Indiana, LLC to provide instructional materials and services as well as administrative and technology services. As compensation for these services, the School negotiates a schedule of fees for services for each year of the term of agreement, which remains in effect until August 2018. Such fees for the year ended June 30, 2014 were as follows:

Enrollment/unit based fees	$631,783
Revenue based fees	155,823
	$787,606

Under this management agreement, Connections Academy of Indiana, LLC has agreed to provide resources to the school in the form of fee reductions or cash payments sufficient to allow the School to complete the fiscal year with positive net assets. For the year ended June 30, 2014, Connections Academy of Indiana, LLC provided a contribution of $677,500 for this purpose. The deficit funding provided by Connections Academy of Indiana, LLC is subject to repayment by the School, without interest, to the extent that resources are available. The School has received notification from Connections Academy of Indiana, LLC that it waives its right to recover the deficit funding provided to the School for the year ended June 30, 2014.

(5) Risks and Uncertainties

The School provides education 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 and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2014, substantially all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at PNC Bank and are insured up to the FDIC insurance limit.

(6) Functional Expense Reporting

The costs of providing the educational activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated between program and management services. Following is a summary of expenses comprising each program and service for the year ended June 30, 2014:

	Program Services	Management and General
Salaries and wages	$ 278,158	-
Employee benefits	75,103	-
Books and supplies	105,492	-
Depreciation	8,587	-
Equipment	5,022	-
Insurance	-	2,036
School administration/support services	210,007	127,403
Occupancy	150,093	-
Professional fees	170,774	79,786
Repairs and maintenance	31,664	-
Sponsor fees	-	3,574
Technology	192,273	-
Staff development and recruitment	43,664	237
Travel	15,771	-
Other	18,654	21,836
	$1,305,262	234,872

BETTER BLENDED LEARNING FOR INDIANA, INC.
d/b/a
NEXUS ACADEMY OF INDIANAPOLIS

Other Reports

Year Ended June 30, 2014

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

Supplemental Audit Report of Better Blended Learning for Indiana, Inc.
d/b/a Nexus Academy of Indianapolis

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*.