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STATE OF INDIANA
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February 12, 2015

Charter School Board
Indiana Connections Academy, Inc.
6640 Intech Boulevard, Suite 250
Indianapolis, IN 46278

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Fitzgerald/Isaac LLC, Independent Public Accountants, for the period July 1, 2012 to June 30, 2013. 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 of the Indiana Connections Academy, Inc., as of June 30, 2013, and the results of its operations for the period then ended, on the basis of accounting described in the report are qualified because of the potential change in June 30, 2013 net assets from the school's decision to continue to show a receivable amount generated from a legislative change.

In addition to the report presented herein, a Supplemental Audit Report for Indiana Connections Academy, Inc. 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

INDIANA CONNECTIONS ACADEMY, INC.

Financial Statements and Federal Single Audit Report

June 30, 2013 and 2012

Fitzgerald Isaac LLC
Certified Public Accountants

INDIANA CONNECTIONS ACADEMY, INC.

Table of Contents

Fitzgerald Isaac LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Indiana Connections Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Indiana Connections Academy, Inc.**, which comprise the statements of financial position as of June 30, 2013 and 2012 and the related statements of activities and cash flows for the year ended June 30, 2013 and for the period from inception (January 1, 2012) to June 30, 2012, 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 audits. We conducted our audits 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 audits 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.

Basis for Qualified Opinion

As presented in Note 2 to the financial statements, the Indiana Legislature passed amendments to the Indiana Charter Schools Act that resulted in the suspension of funding in the amount of $6,859,281. The School believes that this was not the intent of the legislation and has appealed this result with its elected officials, anticipating a resolution by 2017. The School believes that it will ultimately be successful in restoring this income through legislative channels, and continues to reflect this amount as a receivable on its balance sheet as of June 30, 2013. Accounting principles generally accepted in the United States of America require that a potential gain that is contingent upon a future event be recognized when the amount is realized. If the School were to recognize this gain contingency when realized, a write down of receivables in the amount of $3,848,885 would be required as of June 30, 2013. The change in net assets for the year ended June 30, 2013 and unrestricted net assets as of June 30, 2013 would be reduced by the same amount.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Connections Academy, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the year ended June 30, 2013 and for the period from inception (January 1, 2012) to June 30, 2012 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 26, 2014 on our consideration of Indiana Connections Academy, Inc.'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 Indiana Connections Academy, Inc.'s internal control over financial reporting and compliance.

Fitzgerald/Isaac LLC

Indianapolis, IN
November 26, 2014

INDIANA CONNECTIONS ACADEMY, INC.

Statements of Financial Position

	June 30	
Assets	**2013**	**2012**
Current assets:		
Cash	$ 3,192,164	4,961
State tuition support receivable	6,859,281	4,701,202
Less: reduction for loan forgiveness	(3,010,396)	-
State tuition support receivable, net	3,848,885	4,701,202
Grants receivable	627,919	57,615
Other receivables.	902	166
Prepaid expense	10,762	7,859
Total current assets	7,680,632	4,771,803
Property and equipment:		
Leasehold improvements	2,132	-
Furniture and equipment	8,523	-
Less: accumulated depreciation	(1,708)	-
Property and equipment, net	8,947	-
	$ 7,689,579	4,771,803
Liabilities and Net Assets		
Current liabilities:		
Due to Connections Academy of Indiana, LLC	$ 7,148,289	4,517,045
Other accounts payable and accrued expenses	465,604	252,438
Total current liabilities	7,613,893	4,769,483
Unrestricted net assets	75,686	2,320
	$ 7,689,579	4,771,803

See accompanying notes to financial statements.

INDIANA CONNECTIONS ACADEMY, INC.

Statements of Activities

Revenue and Support	Year Ended June 30, 2013	Period from January 1, 2012 to June 30, 2012
State education support	$ 13,718,563	4,701,202
Grant revenue	940,636	106,018
Other	1,504	329
Total revenue and support	14,660,703	4,807,549
Expenses		
Program services	13,489,183	4,247,153
Management and general	1,098,154	558,076
Total expenses	14,587,337	4,805,229
Change in net assets	73,366	2,320
Net assets, beginning of year	2,320	-
Net assets, end of year	$ 75,686	2,320

See accompanying notes to financial statements.

INDIANA CONNECTIONS ACADEMY, INC.

Statements of Cash Flows

Operating Activities	Year Ended June 30, 2013	Period from January 1, 2012 to June 30, 2012
Change in net assets	$ 73,366	2,320
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,708	-
Change in:		
State tuition support receivable	(2,158,079)	(4,701,202)
Grants and other receivables	(571,040)	(57,781)
Prepaid expense	(2,903)	(7,859)
Due to Connections Academy of Indiana, LLC	2,631,244	4,517,045
Other accounts payable and accrued expenses	228,143	252,438
Net cash provided by operating activities	202,439	4,961
Investing Activities		
Purchases of property and equipment	(10,655)	-
Net cash used by investing activities	(10,655)	-
Financing Activities		
Proceeds from Common School Fund loan	3,594,503	-
Principal repayments on Common School Fund loan	(599,084)	-
Net cash provided by financing activities	2,995,419	-
Net increase in cash	3,187,203	4,961
Cash, beginning of year	4,961	-
Cash, end of year	$ 3,192,164	4,961
Supplementary information:		
Cash payments for interest expense	$ 14,870	-

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

General

Indiana Connections Academy, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a virtual public charter school established under Indiana Code 20-24 and sponsored by Ball State University. The School, which previously operated as a pilot program established by Rural Community Schools, Inc., commenced operations as a separate entity as of January 1, 2012.

Accounting Estimates

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

Revenue Recognition

Revenues generally come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to funding received by other public schools. Funding from the State of Indiana is based on enrollment, and paid in equal monthly installments in January through December following the start of the academic school year. Revenue is recognized in the 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.

Accounts Receivable

Accounts 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 with regard to such receivables.

(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 to 7 years
Furniture and equipment	5 years

Taxes on Income

Indiana Connections Academy, 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 periods ended June 30, 2013 and 2012, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax year 2012 is open to audit for both federal and state purposes.

Subsequent Events

The School evaluated subsequent events through November 26, 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) Legislative Changes

Pursuant to IC §20-49-7, the State Board of Education was authorized to advance funds to charter schools via the State's Common School Fund thereby allowing charter schools to finance operations for periods when adequate tuition support was not received. These cash advances were made to charter schools through executed loan agreements advances were made to charter schools through executed loan agreements with repayment terms that are defined in the statute.

In April 2013, the Indiana General Assembly repealed IC §20-49-7 with the passing of House Bill 1001 and established an appropriation to forgive charter schools for cash advances previously made through the Common School Fund. The School obtained a loan in the amount of $3,594,503 in 2013, and subsequently repaid $599,084. The School applied for and was forgiven from repaying the balance of the remaining indebtedness plus accrued interest of $3,010,396 as of June 30, 2013. An allowance has been established against the School's related accounts receivable balance in the amount of the loan forgiven (See Note 3).

In the same session, the Indiana legislature passed amendments to the Indiana Charter Schools Act that altered the manner in which charter schools are funded. Prior to enactment, charter schools received funding in the calendar year following the start of the academic school year. As such, the School followed the practice of recognizing at June 30 a receivable for payments to be made to the School in the subsequent July through December time period, which represented amounts due for services rendered. As of June 30, 2013, total funding remaining due to the School was $6,859,281. Effective July 1, 2013, school funding will be paid following the State of Indiana fiscal year of July to June, which is similar to the School's academic year.

Indiana legislature has not yet addressed the remaining tuition support in the amount of $6,859,281 due to the School as of June 30, 2013. Members of the Indiana General Assembly have been informed that a number of charter schools remain with an accounts receivable balance and those charter schools believe that the State remains obligated for amounts not reimbursed through the provisions of House Bill 1001. Legislative efforts are being made to resolve any outstanding obligations of the State with final resolution anticipated to occur during the next twenty-four months. The School believes that these funds are owed and are realizable.

(3) Accounts Receivable

The School's accounts receivable balance consists of amounts due from the State of Indiana for the operating periods in which State funding has not been received. As of June 30, 2013, the State has forgiven the remaining balance of the School's operating loan made through the Common School Fund. As the loan was provided to finance the School's operations, the School has established an allowance against the accounts receivable balance in the amount forgiven.

Accounts receivable from the State of Indiana for education support reflect the following amounts as of June 30, 2013 and 2012:

	2013	2012
Tuition support	$ 6,267,272	4,188,830
Special education grant	592,009	512,372
	6,859,281	4,701,202
Less: allowance for Common School loan forgiven	(3,010,396)	-
	$ 3,848,885	4,701,202

Tuition support is determined by state law and is indexed for the poverty data of the enrolled students and other factors. The payment schedule is determined by state law with tuition payable in equal monthly installments by the State of Indiana in the calendar year following the start of the academic school year. Effective July 1, 2013, tuition support will be paid in monthly installments that coincide with the School's fiscal year (see Note 2).

(4) Retirement Plans

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 2013 and 2012. Retirement plan expense for the year ended June 30, 2013 and the six month period ended June 30, 2012 was $7,098 and $6,812, respectively.

(5) Leases

The School leases its operating facilities as well as certain items of office equipment under operating leases for terms from three to four years. Expense under operating leases for the year ended June 30, 2013 and the six month period ended June 30, 2012 was $108,989 and $51,395, respectively. Future minimum lease obligations for noncancelable operating leases with initial lease terms in excess of one year are as follows:

Year Ending June 30:	
2014	$104,928
2015	28,271
2016	445

(6) Commitments

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support. Expense under this charter agreement was $296,710 for the year ended June 30, 2013 and $125,856 for the six month period ended June 30, 2012. The charter remains in effect until June 30, 2016, and is renewable thereafter by mutual consent.

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 June 30, 2016. Such fees for the year ended June 30, 2013 and the six month period ended June 30, 2012 were as follows:

	2013	2012
Enrollment/unit based fees	$ 7,461,201	2,532,728
Revenue based fees	2,960,100	1,037,372
	10,421,301	3,570,100
Less: discretionary fee reduction	(1,689,500)	(702,300)
	$ 8,731,801	2,867,800

(7) Risks and Uncertainties

The School provides educational instruction services in a virtual school environment to families residing 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, 2013 and 2012, substantially all of the receivable balance was due from the State of Indiana. In addition, deposits maintained at PNC Bank generally exceed the FDIC insurance limit.

(8) Functional Expense Reporting

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities. Accordingly, certain expenses have been allocated between program services and management and general activities. Following is a summary of expenses comprising each program and service for the year ended June 30, 2013 and the six month period ended June 30, 2012:

	2013	
	Program Services	Management and General
Salaries and wages	$ 3,719,117	-
Employee benefits	981,485	-
Professional services	177,180	268,793
Staff development and recruitment	123,783	7,419
Authorizer oversight fee	-	295,710
School administration and support services	1,436,235	432,886
Travel	57,601	-
Technology	2,136,601	-
Equipment rental	13,835	-
Classroom and office supplies and materials	4,517,574	-
Testing	191,271	-
Occupancy	101,641	-
Repairs and maintenance	1,523	-
Insurance	-	5,996
Depreciation	-	1,708
Interest	-	29,847
Other	31,337	55,795
	$13,489,183	1,098,154

(8) Functional Expense Reporting, Continued

	2012	
	Program Services	Management and General
Salaries and wages	$ 995,003	237,814
Employee benefits	260,356	64,210
Professional services	33,131	6,825
Staff development and recruitment	13,521	1,509
Authorizer oversight fee	-	125,856
Management fees	544,790	37,970
Travel	24,939	-
Technology	621,141	-
Equipment rental	-	3,800
Classroom and office supplies and materials	1,450,172	63,776
Testing	107,274	-
Occupancy	47,154	-
Repairs and maintenance	143,315	-
Insurance	-	4,352
Other	6,357	11,964
	$4,247,153	558,076

INDIANA CONNECTIONS ACADEMY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION			
Pass-Through Indiana Department of Education			
Title I, Part A Cluster			
Grants to Local Educational Agencies	84.010	13-9905	$ 335,760
Special Education Cluster			
Special Education - Grants to States	84.027	14213-557-PN01	252,217
Improving Teacher Quality State Grants	84.367		48,708
Total federal awards expended			$ 636,685

See accompanying Independent Auditor's Report.
See accompanying notes to this schedule.

INDIANA CONNECTIONS ACADEMY, INC.

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2013

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Indiana Connections Academy, Inc. (the "School") under programs of the federal government for the year ended June 30, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Fitzgerald Isaac LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S 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*

The Board of Directors
Indiana Connections Academy, Inc.

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 **Indiana Connections Academy, Inc.** (the "School"), which comprise the statement of financial position as of June 30, 2013 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School'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 the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School'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 the entity'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.

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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 the School'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 School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fitzgerald / Isaac LLC

Indianapolis, IN
November 26, 2014

Fitzgerald Isaac LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of Directors
Indiana Connections Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited **Indiana Connections Academy, Inc**'s (the "School") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2013. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. 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's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School's compliance.

Opinion on Each Major Federal Program

In our opinion, Indiana Connections Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Indiana Connections Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Fitzgerald / Isaac LLC

Indianapolis, IN
November 26, 2014

INDIANA CONNECTIONS ACADEMY, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Qualified Opinion
Internal control over financial reporting:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Noncompliance noted which is material to financial statements:	No

Federal Awards

Internal control over major programs:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	No

INDIANA CONNECTIONS ACADEMY, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2013

I. Summary of Auditor's Results, Continued

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I, Part A Cluster Grants to Local Educational Agencies

Dollar threshold used to distinguish between Type A and Type B programs:	$300,000
Auditee qualified as low-risk auditee:	No

II. Financial Statement Findings

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

INDIANA CONNECTIONS ACADEMY, INC.

Other Reports

Year Ended June 30, 2013

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

Supplemental Audit Report of Indiana Connections Academy, Inc.

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