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July 16, 2015

Charter School Board
Beacon Academy, Inc.
620 Cumberland Avenue
West Lafayette, IN 47906

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Sikich, LLP, 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 present fairly the financial condition of the Beacon 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.

In addition to the report presented herein, a Supplemental Audit Report for Beacon 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

BEACON ACADEMY, INC.

Financial Statements
With Supplemental Information

For the Years Ended
June 30, 2013 and 2012

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Beacon Academy, Inc.
West Lafayette, Indiana:

Report on the Financial Statements

We have audited the accompanying financial statements of Beacon Academy, Inc. (an Indiana non-profit organization), 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 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 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; 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 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.

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 Beacon Academy, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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 June 18, 2015, on our consideration of Beacon 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 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* in considering Beacon Academy, Inc.'s internal control over financial reporting and compliance.

Sikich, LLP

Sikich LLP

Indianapolis, Indiana
June 18, 2015

BEACON ACADEMY, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2013 AND 2012

ASSETS

	2013	2012
CURRENT ASSETS:		
Cash and cash equivalents	$ 79,108	$ 149,383
State support receivable, net of allowance of $128,335 and $0 in 2013 and 2012, respectively	-	198,573
Prepaid expenses	7,133	14,745
Total Current Assets	86,241	362,701
PROPERTY AND EQUIPMENT:		
Equipment and furniture	220,838	220,838
Moveable equipment	3,808	-
Computer hardware	186,024	186,024
Software	36,122	36,122
Less: accumulated depreciation	(401,787)	(336,917)
Total Property and Equipment, net	45,005	106,067
OTHER ASSETS:		
Lease deposit	1,550	1,550
TOTAL ASSETS	$ 132,796	$ 470,318

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	2013	2012
CURRENT LIABILITIES:		
Accounts payable	$ 12,062	$ 3,809
Accrued payroll	-	399
Total Current Liabilities	12,062	4,208
LONG TERM LIABILITIES:		
Accrued interest - Common School Loan	-	14,678
Common School Loan	-	206,629
Total Long Term Liabilities	-	221,307
Total Liabilities	12,062	225,515
NET ASSETS:		
Unrestricted	120,734	244,803
Total Net Assets	120,734	244,803
TOTAL LIABILITIES AND NET ASSETS	$ 132,796	$ 470,318

See accompanying notes to financial statements.

BEACON ACADEMY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:			
Student fees	$ 2,728	$ -	$ 2,728
Contributions and donations	1,365	-	1,365
Grant revenue	16,857	-	16,857
State support	257,350	-	257,350
Interest income	257	-	257
Other revenue	450	-	450
Total Revenues and Support	279,007	-	279,007
PROGRAM AND SUPPORTING SERVICE EXPENSES:			
Program services	254,485	-	254,485
Supporting services:			
General and administrative	253,961	-	253,961
Total Expenses	508,446	-	508,446
OPERATING LOSS	(229,439)	-	(229,439)
NON-OPERATING REVENUE:			
Net gain due to changes in legislative funding	105,370	-	105,370
CHANGE IN NET ASSETS	(124,069)	-	(124,069)
NET ASSETS, beginning of year	244,803	-	244,803
NET ASSETS, end of year	$ 120,734	$ -	$ 120,734

See accompanying notes to the financial statements.

BEACON ACADEMY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT:			
Student fees	$ 3,922	$ -	$ 3,922
Contributions and donations	250	-	250
Grant revenue	31,287	-	31,287
State support	397,166	-	397,166
Overpayments and reimbursements	225	-	225
Interest income	336	-	336
Other revenue	443	-	443
Net assets released from restrictions by satisfaction of temporary restrictions	9,510	(9,510)	-
Total Revenues and Support	443,139	(9,510)	433,629
PROGRAM AND SUPPORTING SERVICE EXPENSES:			
Program services	322,768	-	322,768
Supporting services:			
General and administrative	208,687	-	208,687
Total Expenses	531,455	-	531,455
CHANGE IN NET ASSETS	(88,316)	(9,510)	(97,826)
NET ASSETS, beginning of year	333,119	9,510	342,629
NET ASSETS, end of year	$ 244,803	$ -	$ 244,803

See accompanying notes to the financial statements.

BEACON ACADEMY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (124,069)	$ (97,826)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	64,870	106,924
Net gain due to changes in legislation	(105,370)	-
(Increase) decrease in:		
State support receivable	70,238	13,321
Prepaid expense	7,612	(1,153)
Increase (decrease) in:		
Accounts payable	8,253	739
Accrued interest	12,398	8,265
Accrued payroll	(399)	399
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	(66,467)	30,669
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on the sale of property and equipment	-	4,016
Purchases of property and equipment	(3,808)	(15,592)
NET CASH USED BY INVESTING ACTIVITIES	(3,808)	(11,576)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(70,275)	19,093
CASH AND CASH EQUIVALENTS - beginning of year	149,383	130,290
CASH AND CASH EQUIVALENTS - end of year	$ 79,108	$ 149,383
SUPPLEMENTAL DISCLOSURES		
Interest paid	$ -	$ 8,265

See accompanying notes to the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Beacon Academy, Inc. (the "Academy") was incorporated on February 10, 1997, under the laws of the State of Indiana and commenced operations in August 2008. The Academy is a West Lafayette charter Academy that provides middle school and high school students, considered educationally at-risk, with educational programs specifically targeted to their individual needs. The Academy's primary source of revenue and support are grants from the Indiana Department of Education.

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

Basis of Presentation - As required by Financial Statement Presentation Disclosure topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the Academy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net Assets - The financial statements report amounts separately by class of net assets:

> ***Unrestricted net assets -*** Unrestricted amounts are those currently available for use in the Academy's activities.
>
> ***Temporarily restricted net assets -*** Temporarily restricted expendable amounts are those which are restricted by donors for specific purposes or the passage of time. As of June 30, 2013 and 2012, the Academy had no temporarily restricted net assets. During the year ended June 30, 2012, temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.
>
> ***Permanently restricted net assets -*** Net assets subject to donor-imposed stipulations require that they be maintained permanently by the Academy. Generally, the donors of these assets permit the Academy to use all or part of the income earned on the related investments for general or specific purposes. As of June 30, 2013 and 2012, the Academy had no permanently restricted net assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Academy considers all investments purchased with an original maturity of three months or less to be cash equivalents.

Grants Receivable - Grants receivable represent the uncollected portion of funds from grants earned by the Academy.

Management reviews grants receivable on a periodic basis to determine if any receivables will potentially be uncollectible. The Academy includes any grant receivable balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect the receivable have failed, the receivable is written off against the allowance. Based upon management's evaluation as of June 30, 2013 and 2012, an allowance for doubtful accounts is not considered necessary. However, actual write-offs may occur.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Support Receivable - Tuition support is determined by state law and is dependent upon the geographic location of the school. The tuition is also indexed to the poverty data of the enrolled students and other factors. The payment schedule is likewise determined by state law. Tuition support is payable in equal monthly installments in the calendar year following the start of the academic school year. As such, the Academy followed the practice of recognizing at June 30 of each year a receivable for payments to be made to the Academy in the subsequent July through December time period, which represented amounts due for services rendered. Effective July 1, 2013, tuition support was paid currently in monthly installments that coincide with the Academy's fiscal year.

Management reviews state support receivable on a periodic basis to determine if any receivables will potentially be uncollectible. The Academy includes any state support receivable balances that are determined to be uncollectible in its allowance for doubtful accounts. After all attempts to collect the receivable have failed, the receivable is written off against the allowance. Based upon management's evaluations of June 30, 2013 and 2012, the allowance for doubtful accounts was $128,335 and $0, respectively. This allowance is based upon management's estimate using the expected amount of receivables that will be collected due to the change in legislative funding (See Note 3).

Property and Equipment - Property and equipment are recorded at cost or, if contributed, at the estimated fair value at the date of the gift. The Academy capitalizes additions of property and equipment in excess of $1,000 cost, or fair value if contributed. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets ranging from 3 to 5 years. Expenditures for property and equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the statements of activities.

Depreciation expense was $64,870 and $106,924 for the years ended June 30, 2013 and 2012, respectively.

Impairment of Long-lived Assets - The Academy evaluates long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has determined that no impairment existed for the year ended June 30, 2013 and 2012.

Contributed Materials and Services - Contributed services are recognized as contributions in accordance with Contributions Disclosure Topic of FASB ASC, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Academy. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

The Academy received no in-kind contributions during the years ended June 30, 2013 or 2012, respectively.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Volunteers provide program and fund-raising services throughout the year that are not recognized as contributions in the financial statements since they do not meet the recognition criteria under Contributions Disclosure Topic of FASB ASC. These services include volunteering at events, picking up donations, and various clerical work.

Revenue Recognition - Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the Academy receives an amount per student in relation to the funding received by public schools in the same geographic area. 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 the educational services are rendered. See Note 3 regarding legislative changes affecting revenue recognition.

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

The Academy reports grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the grant is received, the Academy reports the support as unrestricted.

Functional Expense Allocation - The costs of providing the various programs and other activities have been summarized in the statement of activities. Some expenses relate directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions. The allocation is based on a formula contained within the grant documents.

Costs are allocated to the programs and supporting services. Management periodically evaluates its allocation method and revises it when necessary. Management and general expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of the Academy.

Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could vary from the estimates that were used.

Advertising - The Academy expenses advertising costs as they are incurred. Advertising expense for the years ended June 30, 2013 and 2012 was $805 and $200, respectively.

Income Taxes - The Academy is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Academy is not considered to be a private foundation. Accordingly, no provision for income taxes has been reflected in the Academy's financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Academy has adopted the provisions of Uncertain Tax Positions Disclosure Topics of FASB ASC, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses de-recognition, classification, interest and penalties, disclosure, and transition. In the normal course of business, the Academy is subject to examination by taxing authorities. The Academy's tax returns for years subsequent to fiscal 2010 are open, by statute, for review by authorities. However, at present there are no ongoing income tax audits or unresolved disputes with the various tax authorities that the Academy currently files or has filed.

Concentration of Credit Risk - Financial instruments that potentially subject the Academy to concentrations of credit risk consist principally of temporary cash investments and grants receivable.

The Academy places its temporary cash investments with financial institutions and limits the amount of credit exposure to any one financial institution. There were no funds in excess of FDIC insured limits at June 30, 2013 and 2012.

Concentrations of credit risk with respect to grants receivable are limited due to the Academy's ability to accomplish the terms of the grants. Credit losses, if any, have been provided in the financial statements and have been within management's expectations.

Operating Funds from the Indiana Department of Education amounted to 92% and 90% of the Academy's support and revenue in June 30, 2013 and 2012, respectively. A state funding formula is used to determine the amount of revenue a charter Academy receives. The formula is based on the number of students enrolled in the Academy during the year.

Risks and Uncertainties – The Academy provides education instruction services to families residing in Tippecanoe 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 Academy. Additionally, noncompliance in regards to federal and state standards and regulations could result in reduction of funding or repayment of disallowed costs.

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

NOTE 2 - DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

Education - The Academy provides a dynamic approach to learning, doing, and thinking. All of components of the design are based on three foundational principles: first, that learning must be based on the interests and goals of each student; second, that a student's curriculum must be relevant to people and places that exist in the real world; and finally, that a student's abilities must be authentically measured by the quality of her or his work.

NOTE 3 – LEGISLATIVE FUNDING CHANGES

In 2013, 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 Academy followed the practice of recognizing at June 30 of each year a receivable for payments to be made to the Academy in the subsequent July through December time period, which represented amounts due for services rendered.

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 Academy's academic year. As part of this legislative amendment, the funding owed to the Academy under prior legislation for the period July to December 2013 will no longer be paid.

In the same session, the Indiana legislature appropriated funding from the Indiana general fund to repay Indiana Common School Fund loans and accrued interest outstanding as of June 30, 2013 on behalf of charter schools. The Academy has received forgiveness of its indebtedness under these obligations as of June 30, 2013.

The effect of these legislative amendments has been reflected in the accompanying statement of activities as a net gain due to changes in legislative funding and is comprised of the following:

Forgiveness of Common School Fund loans	$ 206,629
Forgiveness of Common School Fund accrued interest	27,076
	233,705
Allowance for doubtful accounts related to changes in legislative funding	(128,335)
Net gain due to changes in legislation	$ 105,370

NOTE 4 - OPERATING LEASES

During 2012, the Academy entered into a one year lease with the Temple Israel, Inc. for educational facilities located at 620 Cumberland Ave, West Lafayette, Indiana. The lease, which expired on July 31, 2013, requires a monthly payment for 10 months of $2,760. After the lease expired, the Academy renewed the lease on a month-to-month basis. During the years ended June 30, 2013 and 2012, $27,600 and $27,500 was expensed for educational facilities rent, respectively.

NOTE 5 - PENSION PLAN

The 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 Employees' Retirement Fund (PERF) and the Teachers' Retirement Fund (TRF), with the merger of the funds being effective as of July 1, 2011. The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS. The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement

NOTE 5 - PENSION PLAN (Continued)

system, which provides retirement benefits to plan members and beneficiaries. Retirement plan expense for PERF and TRF was $658 and $3,116 for June 30, 2013 and 2012, respectively. 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.

The Academy's faculty and certain administrative employees are participants in a 403(b) Plan tax deferred annuity retirement plan. All participants may contribute to the Plan. The Academy offers an employer match of 1% of an employee's salary for those that contribute 2% or more of to the 403(b) Plan. In addition, employees have an option to opt out of PERF and TRF. If so, then employees receive an additional employer contribution to the 403(b) Plan of 10.5% of their salary if eligible for TRF or 10% if otherwise eligible for PERF. There was a total 403(b) Plan employer match of $5,776 and $12,578 for the years ended June 30, 2013 and 2012, respectively.

NOTE 6 - LONG-TERM DEBT

Long-term debt activities included the following at June 30, 2013 and 2012:

	2013	2012
Loan Payable in semi - annual installments, interest computed at 4%, through maturity on January 1, 2023 (a)	$ -	$ 81,164
Loan Payable in semi - annual installments, interest computed at 4%, through maturity on January 1, 2023 (a)	-	25,713
Loan Payable in semi - annual installments, interest computed at 4%, through maturity on January 1, 2023 (a)	-	99,752
Total Long-term Debt	$ -	$ 206,629

(a) The State of Indiana advanced funds from the Common School Fund to assist the Academy during its initial years of operations. Under the terms of the agreements with the State of Indiana, the Academy agreed to repay these loans through deductions from the Academy's share of State Tuition Support. In 2011, the Indiana Common School Fund granted a second moratorium on loan payments. The School has received forgiveness of its indebtedness under these obligations as of June 30, 2013.

Total interest expense for the years ended June 30, 2013 and 2012 was $12,398 and $8,265, respectively.

NOTE 7 - SUBSEQUENT EVENT

In preparing these financial statements, the Academy has evaluated subsequent events and transactions for potential recognition or disclosure through June 18, 2015, the date the financial statements were available to be issued.

BEACON ACADEMY, INC.
SCHEDULE OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2013

	Program Service Expenses			Supporting Services		
	Grants	Academics	Total Program Services	Management and Totals	Fundraising	Total Expenses
Salaries and benefits	$ 256	$ 157,270	$ 157,526	$ 149,706	$ -	$ 307,232
Professional services	3,019	120	3,139	6,367	-	9,506
Information technology	-	-	-	895	-	895
Accounting/payroll services	-	-	-	42,665	-	42,665
Materials/supplies/fees/postage	-	7,569	7,569	6,011	-	13,580
Sales/marketing	-	-	-	805	-	805
Nutritional support	-	-	-	90	-	90
Travel and entertainment	-	7,311	7,311	-	-	7,311
Rent - building & equipment	11,424	-	11,424	16,356	-	27,780
Depreciation and amortization	-	58,382	58,382	6,488	-	64,870
Small equipment purchases	-	9,134	9,134	-	-	9,134
Interest expense	-	-	-	12,398	-	12,398
Insurance	-	-	-	11,374	-	11,374
Building maintenance	-	-	-	806	-	806
	$ 14,699	$ 239,786	$ 254,485	$ 253,961	$ -	$ 508,446

See accompanying notes to the financial statements.

BEACON ACADEMY, INC.

SCHEDULE OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2012

	Program Service Expenses			Supporting Services		
	Grants	Academics	Total Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	$ 12,675	$ 169,036	$ 181,711	$ 113,942	$ -	$ 295,653
Professional services	45	30	75	13,203	-	13,278
Information technology	-	-	-	2,552	-	2,552
Accounting/payroll Services	-	-	-	26,640	-	26,640
Materials/supplies/fees/postage	-	5,350	5,350	13,471	-	18,821
Sales/marketing	-	-	-	200	-	200
Nutritional support	-	-	-	864	-	864
Travel and entertainment	-	-	-	8,477	-	8,477
Rent - building & equipment	16,240	8,713	24,953	2,872	-	27,825
Depreciation and amortization	-	96,232	96,232	10,692	-	106,924
Small equipment purchases	7,008	-	7,008	1,421	-	8,429
Interest expense	-	7,439	7,439	826	-	8,265
Insurance	-	-	-	11,131	-	11,131
Building maintenance	-	-	-	2,396	-	2,396
	$ 35,968	$ 286,800	$ 322,768	$ 208,687	$ -	$ 531,455

See accompanying notes to the financial statements.

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Members of American Institute of 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*

To the Board of Directors
of Beacon Academy, Inc.
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 Beacon Academy, Inc. (an Indiana non-profit organization), 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 June 18, 2015.

Internal Control over Financial Reporting

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

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 Beacon Academy, Inc.'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 disclose 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 the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Sikich, LLP

Sikich LLP

Indianapolis, Indiana
June 18, 2015

BEACON ACADEMY, INC.
OTHER REPORT
FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

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

Supplemental Audit Report of Beacon Academy, Inc.