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January 26, 2016

Charter School Board
Indiana Math and Science Academy-
South Indianapolis Charter School, Inc.
2710 Bethel Ave
Indianapolis, IN 46203

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Donovan P.C., Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. 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 Indiana Math and Science Academy – South Indianapolis Charter School, Inc., as of June 30, 2015, 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 Indiana Math and Science Academy – South Indianapolis Charter School, 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 MATH AND SCIENCE ACADEMY – SOUTH
INDIANAPOLIS CHARTER SCHOOL, INC.

Financial Statements and Federal Single Audit Report

June 30, 2015 and 2014



INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Indiana Math and Science Academy – South Indianapolis Charter School, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Indiana Math and Science Academy – South Indianapolis Charter School, Inc.** (the “School”), which comprise the statements of financial position as of June 30, 2015 and 2014, 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. 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 **Indiana Math and Science Academy – South Indianapolis Charter School, Inc.** as of June 30, 2015 and 2014 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 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 16, 2015 on our consideration of **Indiana Math and Science Academy – South Indianapolis Charter School, 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 Math and Science Academy – South Indianapolis Charter School, Inc.**'s internal control over financial reporting and compliance.

Donovan P.C.

Indianapolis, IN
November 16, 2015

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Statements of Financial Position

	June 30	
<u>Assets</u>	<u>2015</u>	<u>2014</u>
Current assets:		
Cash	\$ 213,140	49,784
Accounts receivable;		
Grants	34,318	78,570
Affiliated entities	-	10,349
Total current assets	<u>247,458</u>	<u>138,703</u>
Security deposit	12,181	12,181
Property and equipment:		
Furniture and equipment	497,309	285,955
Less: accumulated depreciation	<u>(150,109)</u>	<u>(55,680)</u>
Property and equipment, net	<u>347,200</u>	<u>230,275</u>
	<u><u>\$ 606,839</u></u>	<u><u>381,159</u></u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 212,475	210,321
Note payable	<u>-</u>	<u>280,000</u>
Total current liabilities	212,475	490,321
Note payable	330,000	-
Deferred rent payable	<u>88,645</u>	<u>45,347</u>
Total liabilities	631,120	535,668
Unrestricted net assets (deficiency)	<u>(24,281)</u>	<u>(154,509)</u>
	<u><u>\$ 606,839</u></u>	<u><u>381,159</u></u>

See accompanying notes to financial statements.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Statements of Activities

	Year Ended June 30	
	2015	2014
<u>Revenue and Support</u>		
State education support	\$ 1,915,143	1,527,739
Grant revenue	758,158	656,189
Contributions	132,747	-
Student fees	19,402	18,959
Other	15,144	12,119
Total revenue and support	<u>2,840,594</u>	<u>2,215,006</u>
<u>Expenses</u>		
Program services	2,026,002	1,789,126
Management and general	684,364	589,435
Total expenses	<u>2,710,366</u>	<u>2,378,561</u>
Change in net assets	130,228	(163,555)
Net assets (deficiency), beginning of year	<u>(154,509)</u>	<u>9,046</u>
Net assets (deficiency), end of year	<u>\$ (24,281)</u>	<u>(154,509)</u>

See accompanying notes to financial statements.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Statements of Cash Flows

	Year Ended June 30	
	2015	2014
<u>Operating Activities</u>		
Change in net assets	\$ 130,228	(163,555)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	94,429	55,680
Change in:		
Accounts receivable	54,601	(15,490)
Security deposit	-	(12,181)
Accounts payable and accrued expenses	2,154	145,217
Deferred rent	43,298	45,347
Net cash provided by operating activities	<u>324,710</u>	<u>55,018</u>
<u>Investing Activities</u>		
Acquisition of property and equipment	(211,354)	(262,678)
Net cash used by investing activities	<u>(211,354)</u>	<u>(262,678)</u>
<u>Financing Activities</u>		
Proceeds from short-term borrowing, net of repayments	<u>50,000</u>	<u>225,000</u>
Net cash provided by financing activities	<u>50,000</u>	<u>225,000</u>
Net increase in cash	163,356	17,340
Cash, beginning of year	<u>49,784</u>	<u>32,444</u>
Cash, end of year	<u>\$ 213,140</u>	<u>49,784</u>
Supplemental disclosures:		
Cash paid for interest expense	\$ -	-

See accompanying notes to financial statements.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

General

Indiana Math and Science Academy – South Indianapolis Charter School, Inc. (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 Mayor's Office of the City of Indianapolis. The School commenced operations as of July 1, 2013. The School provided educational instruction to approximately 280 students in grades kindergarten through eight during the 2014-15 academic school year.

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.

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.

Subsequent Events

The School evaluated subsequent events through November 16, 2015, 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.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

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 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 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.

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 and minor replacement costs 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 for furniture and equipment are three to five years.

Taxes on Income

Indiana Math and Science Academy – South Indianapolis Charter School, 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 organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2015 and 2014, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Taxes on Income, Continued

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. Tax years ending 2013 and later are open to audit for both federal and state purposes.

Deferred Rent Payable

The operating lease on the school facility contains a provision for future rent increases. In accordance with generally accepted accounting principles, the School records monthly rent expense equal to the total payments due over the lease term, divided by the number of months of the lease term. The difference between rent expense recorded and the amount paid is reflected as deferred rent payable in the accompanying statement of financial position.

(2) Note Payable

The School has a \$330,000 line-of-credit with Concept Schools, Inc. to fund operations. Concept Schools, Inc. is under contract to provide management services to the School (see Note 5). Drawings against the line-of-credit are unsecured and non-interest bearing. The balances owing as of June 30, 2015 and 2014 were \$330,000 and \$280,000, respectively. In 2015, the due date of the loan was extended from June 30, 2014 to June 30, 2018.

(3) Leases

The School executed a fifteen-year lease on a building used as its school facility under an operating lease agreement. The lease provides for monthly rental payments that increase 3% annually over the term of the agreement. The School has the option to extend the lease for an additional five-year term. Under the lease, the School is also responsible for all repairs, maintenance, utilities, and insurance. The School is also leases equipment under an operating lease that expires in August 2016.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

(3) Leases, Continued

Total lease expense for the years ended June 30, 2015 and 2014 was \$284,303 and \$262,643, respectively. A schedule of minimum lease obligations as of June 30, 2015 follows:

Year Ended June 30:

2016.....	\$ 245,063
2017.....	245,244
2018.....	251,951
2019.....	259,510
2020.....	267,295
Thereafter	2,476,469

(4) Retirement Plan

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits are provided by the Indiana State Teachers' Retirement Fund ("TRF") and the Indiana Public Employees' Retirement Fund ("PERF"), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are determined annually by the INPRS Board. Under the plans, the School contributed 7.5% of compensation for teaching faculty to TRF and 10.0% of compensation for other employees to PERF until December 31, 2014 and 11.2% thereafter. Should the School elect to withdraw from TRF or PERF, the School could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF or PERF. As of June 30, 2014 (the latest year reported), both TRF and PERF were more than 80% funded. A copy of the complete annual report for the year ended June 30, 2014 can be obtained at:

www.in.gov/inprs/files/2014INPRSCAFRBook_Web.pdf

Retirement plan expense was \$65,943 and \$45,454 for the years ended June 30, 2015 and 2014, respectively.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

(5) Commitments

The School has contracted with Concept Schools, Inc. to provide on-going training and consultation, personnel, recruitment and admissions, and other services. Under the terms of the agreement, the School has agreed to pay an amount equal to 12% of revenues, as defined, for such services. For fiscal year 2015, Concept Schools, Inc. agreed to reduce its fee by \$132,647. This fee reduction is included in contribution income in the accompanying statements of activities. Expense under this agreement was \$229,817 and \$242,874 for the years ended June 30, 2015 and June 30, 2014, respectively. The agreement is renewable annually.

The School operates under a charter granted by the Mayor's Office of the City of Indianapolis. As the sponsoring organization, the Mayor's Office exercises certain oversight responsibilities. The charter remains in effect until June 30, 2020 and is renewable by mutual consent. Effective July 1, 2015, the charter sponsor will begin assessing a fee equal to 1% of the basic tuition support received by the School.

(6) 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, 2015, substantially all of the accounts receivable balance was due from the State of Indiana. In addition, deposits are maintained at BMO Harris Bank and are insured up to the FDIC insurance limit.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

(7) 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, 2015 and 2014:

	<u>2015</u>	
	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages.....	\$ 785,763	283,608
Employee benefits	185,711	50,531
Staff development and recruitment	9,986	-
Academic services	-	229,817
Food service	147,383	-
Textbooks	20,635	-
Transportation service	168,806	-
Other professional services	83,876	40,568
Classroom, kitchen and office supplies...	41,296	9,596
Equipment rental and expense.....	37,219	-
Occupancy	442,880	-
Depreciation	94,429	-
Insurance	-	29,468
Advertising	-	25,658
Other	<u>8,018</u>	<u>15,118</u>
	<u>\$2,026,002</u>	<u>684,364</u>

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to Financial Statements

(7) Functional Expense Reporting, Continued

	<u>2014</u>	
	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages.....	\$ 597,733	206,098
Employee benefits	147,609	23,248
Staff development and recruitment	18,858	10,919
Academic services	-	242,874
Food service	104,627	-
Textbooks	149,181	-
Transportation service	102,990	-
Other professional services	105,109	9,562
Classroom, kitchen and office supplies ...	75,237	10,487
Equipment rental and expense.....	35,760	-
Occupancy	389,416	-
Depreciation	55,680	-
Insurance	-	28,245
Advertising	-	47,585
Other	<u>6,926</u>	<u>10,417</u>
	<u>\$ 1,789,126</u>	<u>589,435</u>

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 48,621
National School Lunch Program	10.555		103,386
Total for cluster			<u>152,007</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Pass-Through Indiana Department of Education			
Title I, Part A Cluster			
Grants to Local Educational Agencies	84.010	15-9375	249,519
Special Education Cluster			
Special Education - Grants to States	84.027	14215-582-PN01	47,280
Charter Schools Program	84.282	A58-3-13SS-1642	269,999
Improving Teacher Quality State Grants	84.367		18,508
Total for federal grantor agency			<u>585,306</u>
Total federal awards expended			<u>\$ 737,313</u>

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

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Indiana Math and Science Academy – South Indianapolis Charter School, Inc. ("the School") under programs of the federal government for the year ended June 30, 2015. 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.



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 Math and Science Academy – South Indianapolis Charter School, 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 Math and Science Academy – South Indianapolis Charter School, Inc.** (the “School”), which comprise the statement of financial position as of June 30, 2015 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 16, 2015.

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.

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.

Donovan P.C.

Indianapolis, IN
November 16, 2015



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 Math and Science Academy – South Indianapolis Charter School, Inc.

Report on Compliance for Each Major Federal Program

We have audited **Indiana Math and Science Academy – South Indianapolis Charter School, 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, 2015. 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.

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 Math and Science Academy – South Indianapolis Charter School, 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, 2015.

Report on Internal Control Over Compliance

Management of Indiana Math and Science Academy – South Indianapolis Charter School, 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.

Donovan P.C.

Indianapolis, IN
November 16, 2015

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
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 MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

I. Summary of Auditor's Results, Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster
10.555	School Breakfast Program
	National School Lunch Program
84.010	Title I, Part A Cluster
	Grant to Local Educational Agencies

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

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

INDIANA MATH AND SCIENCE ACADEMY - SOUTH INDIANAPOLIS
CHARTER SCHOOL, INC.

Other Reports

Year Ended June 30, 2015

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

Supplemental Audit Report of Indiana Math and Science Academy – South Indianapolis
Charter School, 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*.