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STATE OF INDIANA

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June 22, 2016

Charter School Board
Hoosier Academy Indianapolis
2855 N. Franklin Road
Indianapolis, IN 46219

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, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements included in the report present fairly the financial condition of the Hoosier Academy Indianapolis, 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 Hoosier Academy Indianapolis was prepared in accordance with the guidelines established by the State Board of Accounts.

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

HOOSIER ACADEMY, INC.

Financial Statements and Federal Single Audit Report

June 30, 2015 and 2014

DONOVAN
CPAs | ADVISORS

HOOSIER ACADEMY, INC.

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DONOVAN
Certified Public Accountants
and Advisors

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Hoosier Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Hoosier Academy, Inc.**, 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.

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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 $4,996,296. Hoosier Academy, Inc. believes that these funds were earned under state law, that there was no legislative intent to retroactively defund Hoosier Academy, Inc. as it transitioned to a new funding method for school year 2014, and that these funds cannot be withheld in the absence of other compensatory reimbursements. Accordingly, Hoosier Academy, Inc. is appealing this result with the state government for the unremitted funding shortfall with the expectation that it will ultimately be successful in restoring the unremitted income, and has reflected this income as a receivable on its statements of financial position as of June 30, 2015 and 2014. 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 Hoosier Academy, Inc. were to recognize this gain contingency when realized, a write down of receivables in the amount of $4,996,296 would be required as of June 30, 2015 and 2014. Accordingly, unrestricted net assets as of June 30, 2015 and 2014 would be reduced by this 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 Hoosier Academy, 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 Matter

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 on page 15, 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. Likewise, the schedule of financial position by school on pages 17 and 18 and the schedule of activities by school on pages 19 and 20 are presented for purposes of additional analysis and are 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 May 31, 2016 on our consideration of Hoosier 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 Hoosier Academy, Inc.'s internal control over financial reporting and compliance.

Donovan

Indianapolis, IN
May 31, 2016

HOOSIER ACADEMY, INC.

Statements of Financial Position

	June 30	
Assets	**2015**	**2014**
Current assets:		
Cash and cash equivalents	$ 1,585,679	4,026,779
Accounts receivable:		
State education support	4,996,296	4,996,296
Grants	882,398	923,950
K12 Classroom, LLC	17,417	13,767
Prepaid expenses	92,901	93,152
Total current assets	7,574,691	10,053,944
Property and equipment:		
Leasehold improvements	777,312	777,312
Furniture and equipment	1,170,687	1,170,687
Less: accumulated depreciation	(1,374,445)	(1,187,967)
Property and equipment, net	573,554	760,032
	$ 8,148,245	10,813,976
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses:		
K12 Classroom, LLC	$ 7,503,150	9,580,655
Other	639,387	1,227,613
Refundable advances	5,708	5,708
Total current liabilities	8,148,245	10,813,976
Unrestricted net assets	-	-
	$ 8,148,245	10,813,976

See accompanying notes to financial statements.

HOOSIER ACADEMY, INC.

Statements of Activities

Revenue and Support	Year Ended June 30 2015	2014
State education support	$ 19,974,549	24,254,923
Grant revenue	1,580,958	1,172,015
Contributions	391	22,513
Student fees	905	4,071
Interest income	8,372	3,034
Other income	6,661	12,846
Total revenue and support	21,571,836	25,469,402
Expenses		
Program services	19,036,571	20,955,510
Management and general	2,535,265	4,513,892
Total expenses	21,571,836	25,469,402
Change in net assets	-	-
Net assets, beginning of year	-	-
Net assets end of year	$ -	-

See accompanying notes to financial statements.

HOOSIER ACADEMY, INC.

Statements of Cash Flows

Operating Activities	Year Ended June 30 2015	2014
Change in net assets	$ -	-
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Donated equipment	-	(22,514)
Depreciation	186,478	228,276
Change in:		
Accounts receivable	37,902	(489,141)
Prepaid expenses	251	(34,028)
Accounts payable and accrued expenses	(2,665,731)	1,252,923
Deferred rent	-	(933)
Net cash provided (used) by operating activities	(2,441,100)	934,583
Investing Activities		
Purchases of property and equipment	-	(184,000)
Net cash used by investing activities	-	(184,000)
Net increase (decrease) in cash	(2,441,100)	750,583
Cash and cash equivalents, beginning of year	4,026,779	3,276,196
Cash and cash equivalents, end of year	$ 1,585,679	4,026,779

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

General

Hoosier Academy, Inc. ("Hoosier Academy") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana, and is the organizer and governing body of two charter schools located in Indianapolis, Indiana. Each of the schools are public charter schools established under Indiana Code 20-24 and sponsored by Ball State University. One school is a virtual school offering an on-line curriculum that is open to students throughout the State of Indiana. Hoosier Academy, Inc. has entered into a service agreement with K12 Classroom, LLC to provide administrative and technology services.

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, Hoosier Academy receives an amount per student similar to the funding received by other public schools in Indiana. Funding from the State of Indiana is based on enrollment and 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 Hoosier Academy's revenue is the product of cost reimbursement grants. Accordingly, Hoosier Academy 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 programs and legislation enacted by the State of Indiana. Hoosier Academy believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. See Note 2 for additional information.

(1) Summary of Significant Accounting Policies, Continued

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less.

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.........................	12 to 15 years
Furniture and equipment..........................	2 to 5 years

Taxes on Income

Hoosier 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 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.

Professional accounting standards require Hoosier Academy 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. Hoosier Academy has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ending after 2011 are open to audit for both federal and state purposes.

(1) Summary of Significant Accounting Policies, Continued

Subsequent Events

Hoosier Academy evaluated subsequent events through May 31, 2016, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether recognition or disclosure in the financial statements would be required.

(2) Accounts Receivable

Accounts receivable from the State of Indiana for education support reflect the following amounts as of June 30, 2015 and 2014:

	2015	2014
Tuition support	$ 8,993,977	8,993,977
Special education grant	1,190,101	1,190,101
Prime time grant	10,804	10,804
Honors grant	1,350	1,350
	10,196,232	10,196,232
Less: reduction for loan forgiveness	(5,199,936)	(5,199,936)
	$ 4,996,296	4,996,296

Hoosier Academy's accounts receivable balance for education support consists of amounts due from the State of Indiana for tuition support relating to (a) the first six months of the School's initial school year and (b) enrollment growth occurring in subsequent school years.

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 with repayment terms that were defined in the statute.

(2) Accounts Receivable, Continued

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. Hoosier Academy applied for and was forgiven from repaying the balance of its indebtedness plus accrued interest of $5,199,936 as of June 30, 2013. The receivable for education support has been reduced by the amount of the loan forgiven.

Members of the Indiana General Assembly and the executive branch 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 and administrative efforts are being made to resolve any outstanding obligations of the State.

(3) Leases

Hoosier Academy leases its school facility under an operating lease with Patriots Place, LLC, and another building for administrative purposes from Franklin Road Realty, LLC. The leases provide for monthly lease payments through August 2016 and June 2017, respectively. Hoosier Academy also leases certain items of office equipment under an operating lease, which provides for monthly payments through August 2017. Rent expense for the years ended June 30, 2015 and 2014 under these operating leases was $430,867 and $446,682, respectively.

Future minimum lease obligations under operating leases with initial terms in excess of one year are as follows:

Year Ended June 30:	
2016	$400,195
2017	255,608

(4) Commitments

Hoosier Academy operates its schools under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, Hoosier Academy has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Payments under the charter agreements were $450,088 and $553,048 for the years ended June 30, 2015 and 2014, respectively. The charters remain in effect until June 30, 2016, and are renewable thereafter by mutual consent.

Hoosier Academy has contracted with K12 Classroom, LLC to provide administrative and technology services. Under the terms of the agreement, Hoosier Academy has agreed to pay an amount equal to 22% of revenues, as defined, for such services. Such fees for the years ended June 30, 2015 and 2014 were $4,617,445 and $5,607,893, respectively. Hoosier Academy also purchases certain other curriculum materials and supplies for which it is billed as goods and services are received. Such purchases aggregated $11,150,418 and $12,837,691 for the years ended June 30, 2015 and 2014, respectively. This agreement remains in effect until June 30, 2016.

K12 Classroom, LLC has agreed to issue credits against the amounts billed for services and products provided, if needed, to ensure that Hoosier Academy does not end a fiscal year with a financial deficit. For the years ended June 30, 2015 and 2014, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
Year Ended June 30, 2015:		
Charges per contract	$ 4,617,445	11,150,418
Credits issued by K12 Classroom, LLC.	(2,703,916)	(1,356,299)
Net charges	$1,913,529	9,794,119
Year Ended June 30, 2014:		
Charges per contract	$ 5,607,893	12,837,691
Credits issued by K12 Classroom, LLC.	(1,467,986)	(821,105)
Net charges	$4,139,907	12,016,586

(4) Commitments, Continued

The deficit credits provided by K12 Classroom, LLC are subject to repayment if Hoosier Academy experiences a surplus in subsequent fiscal years. The amount of the repayment is based on a percentage of the surplus experienced during such fiscal year ranging from 25% to 75% dependent upon the amount of the surplus. Any unpaid credits remaining upon termination of the agreement are not subject to repayment. Hoosier Academy is not able to estimate the amount of the repayment, if any, expected to be made in future years.

(5) Retirement Plans

Hoosier Academy provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan 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. For the years ended June 30, 2015 and 2014, Hoosier Academy contributed 7.5% of compensation for eligible teaching personnel to TRF. Should Hoosier Academy elect to withdraw from TRF, it could be subject to a withdrawal fee. Hoosier Academy's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2014 (the latest year reported), TRF was 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

In lieu of TRF, employees can opt to participate in a Section 403(b) plan sponsored by K12, Inc. Under this plan, Hoosier Academy contributes 7% of compensation, as defined. Additional contributions may be made at the discretion of the Board of Directors. No discretionary contributions were made in 2015 or 2014. Retirement plan expense under both plans was $337,312 and $258,600 for the years ended June 30, 2015 and 2014, respectively.

(6) Risks and Uncertainties

Hoosier Academy provides educational instruction services to families residing in Marion and surrounding counties in Indiana, and to students throughout the State of Indiana through its virtual curriculum, and is subject to the risks of economic and competitive forces at work within this geographic area.

(6) Risks and Uncertainties, Continued

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 Hoosier Academy. Additionally, Hoosier Academy is subject to monitoring and audit by state and federal agencies. Those examinations could result in additional liability to be imposed.

Financial instruments that potentially subject Hoosier Academy to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2015, substantially all of the receivable balance was due from the State of Indiana. In addition, deposits are maintained at PNC Bank and are insured up to the FDIC insurance limit.

(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 years ended June 30, 2015 and 2014:

	2015	
	Program Services	Management and General
Salaries and wages	$ 4,707,110	606,741
Employee benefits	1,327,476	139,064
Staff development and recruitment	45,479	-
Professional services	2,514,895	314,987
Management services	-	568,109
Authorizer oversight fee	-	450,088
Food costs	15,720	-
Equipment rental and maintenance	1,421,044	-
Classroom and office supplies	8,542,976	116,521
Occupancy	98,527	-
Depreciation	186,478	-
Other	176,866	339,755
	$19,036,571	2,535,265

(7) Functional Expense Reporting, Continued

	2014	
	Program Services	Management and General
Salaries and wages	$ 4,444,581	536,850
Employee benefits	1,151,197	115,680
Staff development and recruitment	122,108	-
Professional services	2,409,207	327,488
Management services	-	2,557,773
Authorizer oversight fee	-	553,048
Food costs	25,208	-
Equipment rental and maintenance	1,671,862	-
Classroom and office supplies	10,298,719	100,481
Occupancy	488,015	-
Depreciation	228,276	-
Other	116,337	322,572
	$20,955,510	4,513,892

HOOSIER ACADEMY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

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 l, Part A Cluster			
Grants to Local Educational Agencies	84.010		$ 863,961
Special Education Cluster			
Special Education - Grants to States	84.027	14214-538-PN01 14215-538-PN01 14214-523-PN01 14215-523-PN01	452,684
Improving Teacher Quality State Grants	84.367		96,112
Total for federal grantor agency			1,412,757
Total federal awards expended			$ 1,412,757

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

HOOSIER ACADEMY, 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 Hoosier Academy, Inc. 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 Hoosier Academy, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Hoosier Academy, Inc.

(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.

HOOSIER ACADEMY, INC.

Schedule of Financial Position by School

	June 30, 2015		
Assets	Indianapolis	Virtual	Total
Current assets:			
Cash and cash equivalents	$ 292,766	1,292,913	1,585,679
Accounts receivable:			
State education support	163,940	4,832,356	4,996,296
Grants	62,822	819,576	882,398
K12 Classroom, LLC	4,362	13,055	17,417
Prepaid expenses	58,530	34,371	92,901
Total current assets	582,420	6,992,271	7,574,691
Property and equipment:			
Leasehold improvements	777,312	-	777,312
Furniture and equipment	836,788	333,899	1,170,687
Less: accumulated depreciation	(1,151,776)	(222,669)	(1,374,445)
Property and equipment, net	462,324	111,230	573,554
	$ 1,044,744	7,103,501	8,148,245
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses:			
K12 Classroom, LLC	$ 951,366	6,551,784	7,503,150
Other	90,378	549,009	639,387
Refundable advances	3,000	2,708	5,708
Total current liabilities	1,044,744	7,103,501	8,148,245
Unrestricted net assets	-	-	-
	$ 1,044,744	7,103,501	8,148,245

See accompanying Independent Auditor's Report.

HOOSIER ACADEMY, INC.

Schedule of Financial Position by School

Assets	June 30, 2014 Indianapolis	Virtual	Total
Current assets:			
Cash and cash equivalents	$ 937,263	3,089,516	4,026,779
Accounts receivable:			
State education support	163,940	4,832,356	4,996,296
Grants	129,204	794,746	923,950
K12 Classroom, LLC	4,362	9,405	13,767
Prepaid expenses	44,522	48,630	93,152
Total current assets	1,279,291	8,774,653	10,053,944
Property and equipment:			
Leasehold improvements	777,312	-	777,312
Furniture and equipment	836,788	333,899	1,170,687
Less: accumulated depreciation	(1,051,043)	(136,924)	(1,187,967)
Property and equipment, net	563,057	196,975	760,032
	$ 1,842,348	8,971,628	10,813,976
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses:			
K12 Classroom, LLC	$ 1,601,840	7,978,815	9,580,655
Other	237,508	990,105	1,227,613
Refundable advances	3,000	2,708	5,708
Total current liabilities	1,842,348	8,971,628	10,813,976
Unrestricted net assets	-	-	-
	$ 1,842,348	8,971,628	10,813,976

See accompanying Independent Auditor's Report.

HOOSIER ACADEMY, INC.

Schedule of Activities by School

	Year Ended June 30, 2015		
Revenue and Support	Indianapolis	Virtual	Total
State education support	$ 1,630,889	18,343,660	19,974,549
Grant revenue	135,244	1,445,714	1,580,958
Contributions	391	-	391
Student fees	905	-	905
Interest income	2,143	6,229	8,372
Other income	2,375	4,286	6,661
Total revenue and support	1,771,947	19,799,889	21,571,836
Expenses			
Program services	1,380,804	17,655,767	19,036,571
Management and general	391,143	2,144,122	2,535,265
Total expenses	1,771,947	19,799,889	21,571,836
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
Net assets, end of year	$ -	-	-

See accompanying Independent Auditor's Report.

HOOSIER ACADEMY, INC.

Schedule of Activities by School

	Year Ended June 30, 2014		
Revenue and Support	Indianapolis	Virtual	Total
State education support	$ 2,596,499	21,658,424	24,254,923
Grant revenue	129,739	1,042,276	1,172,015
Contributions	22,513	-	22,513
Student fees	4,071	-	4,071
Interest income	3,034	-	3,034
Other income	2,843	10,003	12,846
Total revenue and support	2,758,699	22,710,703	25,469,402
Expenses			
Program services	2,241,281	18,714,229	20,955,510
Management and general	517,418	3,996,474	4,513,892
Total expenses	2,758,699	22,710,703	25,469,402
Change in net assets	-	-	-
Net assets, beginning of year	-	-	-
Net assets, end of year	$ -	-	-

See accompanying Independent Auditor's Report.

DONOVAN
Certified Public Accountants
and Advisors

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
Hoosier 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 **Hoosier Academy, Inc.**, 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 May 31, 2016.

Internal Control Over Financial Reporting

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

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hoosier Academy, Inc.'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 Hoosier Academy, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hoosier Academy, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Donovan

Indianapolis, IN
May 31, 2016

DONOVAN
Certified Public Accountants
and Advisors

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
Hoosier Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited Hoosier Academy, Inc.'s 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 Hoosier Academy, Inc.'s major federal programs for the year ended June 30, 2015. Hoosier Academy, Inc.'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 Hoosier Academy, Inc.'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 Hoosier Academy, Inc.'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 Hoosier Academy, Inc.'s compliance.

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Report on Internal Control Over Compliance

Management of Hoosier 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 Hoosier Academy, Inc.'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 Hoosier Academy, Inc.'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

Indianapolis, IN
May 31, 2016

HOOSIER ACADEMY, 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:	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 program:	Unmodified
Audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133:	No

HOOSIER ACADEMY, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

I. Summary of Auditor's Results, Continued

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
84.010	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 are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.

HOOSIER ACADEMY, INC.

Other Reports

Year Ended June 30, 2015

The reports presented herein were prepared in addition to another official report prepared for Hoosier Academy, Inc. as listed below:

Supplemental Audit Report of Hoosier 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*.