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March 20, 2017

Charter School Board  
Lighthouse Academies of Northwest Indiana, Inc.  
29140 Chapel Park Drive  
Wesley Chapel, FL 33543

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Donovan PC, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. 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 Lighthouse Academies of Northwest Indiana, Inc., as of June 30, 2016, 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 Lighthouse Academies of Northwest Indiana, 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

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

FINANCIAL STATEMENTS  
Together with Independent Auditors' Report

For the Years Ended June 30, 2016 and 2015



## TABLE OF CONTENTS

	<b>Page</b>	
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1 - 2	
<b>FINANCIAL STATEMENTS</b>		
Statements of Financial Position.....	3	
Statements of Activities and Change in Net Assets.....	4	
Statements of Functional Expenses .....	5	
Statements of Cash Flows.....	6	
Notes to the Financial Statements.....	7 - 12	
<b>SUPPLEMENTARY INFORMATION</b>		
Schedule of Expenditures of Federal Awards.....	13	
Notes to the Schedule of Expenditures of Federal Awards .....	14	
Schedule of Financial Position by School .....	15 - 16	
Schedule of Activities and Change in Net Assets by School.....	17 - 18	
<b>INDEPENDENT AUDITORS' 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</b> .....		19 - 20
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE <i>UNIFORM GUIDANCE</i></b> .....		21 - 22
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b> .....	23 - 24	
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS</b> .....	25 - 26	
<b>OTHER REPORT</b> .....	27	



## ***Independent Auditors' Report***

The Board of Directors  
Lighthouse Academies of Northwest Indiana, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Lighthouse Academies of Northwest Indiana, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and change in net assets, functional expenses, 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.

### **Auditors' 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 auditors' 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 auditors consider 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.

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## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lighthouse Academies of Northwest Indiana, Inc. as of June 30, 2016 and 2015, and the changes in its net assets, its functional expenses, 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. Likewise, the schedules of financial position by school and schedules of activities and change in net assets by school on pages 15 through 18 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, 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 March 14, 2017 on our consideration of Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc.'s internal control over financial reporting and compliance.

DONOVAN

A handwritten signature in blue ink that reads "DONOVAN". The signature is written in a cursive style with a large initial "D".

Indianapolis, Indiana  
March 14, 2017

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.****STATEMENTS OF FINANCIAL POSITION****June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,287,691	\$ 1,212,027
Accounts receivable:		
Grants	408,837	351,521
Other	1,847	23,517
Prepaid expenses	<u>127,704</u>	<u>112,856</u>
<i>Total current assets</i>	1,826,079	1,699,921
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>13,839,273</u>	<u>14,093,102</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 15,665,352</u></u>	<u><u>\$ 15,793,023</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,566,137	\$ 1,240,406
Current portion of note payable	116,667	83,333
Current portion of capital lease obligations	<u>55,070</u>	<u>49,147</u>
<i>Total current liabilities</i>	1,737,874	1,372,886
<b>LONG-TERM LIABILITIES</b>		
Note payable	-	83,334
Capital lease obligations	<u>13,150,530</u>	<u>13,205,600</u>
<i>Total liabilities</i>	14,888,404	14,661,820
<b>NET ASSETS, Unrestricted</b>	<u>776,948</u>	<u>1,131,203</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 15,665,352</u></u>	<u><u>\$ 15,793,023</u></u>

See independent auditors' report and accompanying notes to the financial statements

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**

**For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>REVENUE AND SUPPORT</b>		
State education support	\$ 13,847,680	\$ 13,874,227
Grant revenue	4,718,301	3,961,589
Student fees	46,765	26,304
Contributions	5,634	-
Fundraising income	17,419	62,702
Other income	65,721	58,839
<i>Total revenue and support</i>	<u>18,701,520</u>	<u>17,983,661</u>
<b>EXPENSES</b>		
Program services	15,776,819	15,769,380
Management and general	3,266,623	3,408,846
Fundraising	12,333	21,037
<i>Total expenses</i>	<u>19,055,775</u>	<u>19,199,263</u>
<b>CHANGE IN NET ASSETS</b>	(354,255)	(1,215,602)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,131,203</u>	<u>2,346,805</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 776,948</u>	<u>\$ 1,131,203</u>

See independent auditors' report and accompanying notes to the financial statements

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**For the Years Ended June 30, 2016 and 2015**

	2016				2015			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>FUNCTIONAL EXPENSES</b>								
Salaries and wages	\$ 7,798,114	\$ 1,117,444	\$ -	\$ 8,915,558	\$ 7,567,629	\$ 1,221,307	\$ -	\$ 8,788,936
Employee benefits	1,600,320	236,210	-	1,836,530	1,477,807	234,016	-	1,711,823
Staff development and recruitment	73,207	-	-	73,207	148,064	-	-	148,064
Academic services - Lighthouse Academies	-	1,344,737	-	1,344,737	-	1,302,300	-	1,302,300
Authorizer's oversight fee	-	287,723	-	287,723	-	291,780	-	291,780
Food service	1,085,293	-	-	1,085,293	982,800	-	-	982,800
Transportation service	1,172,436	-	-	1,172,436	1,145,909	-	-	1,145,909
Other professional services	291,488	132,981	-	424,469	302,093	150,623	-	452,716
Equipment rental	21,239	-	-	21,239	19,488	-	-	19,488
Classroom, kitchen, and office supplies	332,381	50,461	-	382,842	556,123	54,350	-	610,473
Occupancy	1,071,194	-	-	1,071,194	1,254,699	-	-	1,254,699
Depreciation	655,359	-	-	655,359	617,007	-	-	617,007
Interest	1,631,169	-	-	1,631,169	1,640,485	-	-	1,640,485
Other	44,619	97,067	12,333	154,019	57,276	154,470	21,037	232,783
<i>Total functional expenses</i>	<u>\$ 15,776,819</u>	<u>\$ 3,266,623</u>	<u>\$ 12,333</u>	<u>\$ 19,055,775</u>	<u>\$ 15,769,380</u>	<u>\$ 3,408,846</u>	<u>\$ 21,037</u>	<u>\$ 19,199,263</u>

See independent auditors' report and accompanying notes to the financial statements



**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.****STATEMENTS OF CASH FLOWS****For the Years Ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (354,255)	\$ (1,215,602)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	655,359	617,007
Changes in certain assets and liabilities:		
Grants receivable	(57,316)	586,231
Other receivable	21,670	71,243
Prepaid expenses	(14,848)	(26,881)
Accounts payable and accrued expenses	325,731	(474,570)
Refundable advances	<u>-</u>	<u>(101,039)</u>
<i>Net cash provided by (used in) operating activities</i>	<u>576,341</u>	<u>(543,611)</u>
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<u>(401,530)</u>	<u>(312,141)</u>
<b>FINANCING ACTIVITIES</b>		
Principal repayment of capital lease obligations	(49,147)	(45,253)
Principal repayment of note payable	<u>(50,000)</u>	<u>(83,333)</u>
<i>Net cash used in financing activities</i>	<u>(99,147)</u>	<u>(128,586)</u>
<b>NET CHANGE IN CASH</b>	75,664	(984,338)
<b>CASH, BEGINNING OF YEAR</b>	<u>1,212,027</u>	<u>2,196,365</u>
<b>CASH, END OF YEAR</b>	<u>\$ 1,287,691</u>	<u>\$ 1,212,027</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Cash paid for interest	<u>\$ 1,631,169</u>	<u>\$ 1,640,485</u>

See independent auditors' report and accompanying notes to the financial statements

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General – Lighthouse Academies of Northwest Indiana, Inc. ("LANWI"), a public benefit not-for-profit organization incorporated under the laws of the State of Indiana, is the organizer and governing body of two charter schools located in Indiana. Each of the schools are public charter schools established under Indiana Code 20-24 and sponsored by Ball State University. LANWI has entered into a service agreement with Lighthouse Academies, Inc., a not-for-profit organization incorporated in the State of Delaware, to provide educational, managerial, legal, and financial services to the schools that it operates.

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 primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the schools receive an amount per student in relation to the funding received by other public schools in the same geographic areas. 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 LANWI's revenue is the product of cost reimbursement grants. Accordingly, LANWI recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

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.

Grants Receivable – Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the State of Indiana. LANWI believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary.

Property and Equipment – Purchases of 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. LANWI changed its capitalization policy in 2016 (Note 10).

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:

Buildings and improvements .....	7 to 30 years
Furniture and equipment .....	3 to 5 years

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2016 and 2015**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Taxes on Income – Lighthouse Academies of Northwest Indiana, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2016 and 2015, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require LANWI 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. LANWI has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2012 are open to audit for both federal and state purposes.

Subsequent Events – LANWI evaluated subsequent events through March 14, 2017, 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.

Reclassifications – Certain figures for 2015 that were previously reported have been reclassified for comparative purposes. The reclassifications had no effect on net assets at June 30, 2015.

**NOTE 2 – PROPERTY AND EQUIPMENT**

Property and equipment was comprised of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 1,245,200	\$ 1,245,200
Building and improvements	13,381,189	13,359,639
Furniture and equipment	<u>1,441,790</u>	<u>1,061,810</u>
	16,068,179	15,666,649
Less: accumulated depreciation	<u>(2,228,906)</u>	<u>(1,573,547)</u>
	<u>\$ 13,839,273</u>	<u>\$ 14,093,102</u>

# LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

## NOTES TO THE FINANCIAL STATEMENTS

For the Years Ended June 30, 2016 and 2015

### NOTE 3 – NOTE PAYABLE

The note payable at June 30, 2016 and 2015 was due to Lighthouse Academies, Inc., which is under contract to manage the LANWI schools. The note provides for monthly interest payments at 4.5% per annum. Principal payments are due and payable at such times as LANWI has unencumbered funds to make a payment when considering other debts then currently owing. The note was to be paid evenly in three payments of \$83,333 in 2015, 2016, and 2017, however, only \$50,000 was paid on the note in 2016. The note is secured by certain items of personal property.

### NOTE 4 – LEASES

On August 28, 2013, the land and buildings comprising LANWI facilities were acquired by CFM – NW Indiana, LLC, an entity controlled by CFM, Inc. CFM, Inc. was created by LANWI's management company, Lighthouse Academies, Inc., to provide facilitation and operational support of charter schools. CFM, Inc. and Lighthouse Academies, Inc. have common management personnel, but are governed by independent boards of directors. One facility owned by LANWI was sold to CFM – NW Indiana, LLC for \$1.

Coincident with the purchase of the facilities by CFM – NW Indiana, LLC, LANWI entered into a 30-year lease agreement with CFM – NW Indiana, LLC on the same facilities, which is accounted for as a capital lease. Under the lease agreement, CFM – NW Indiana, LLC agreed to make improvements to the facilities at an approximate cost of \$6,300,000. The lease requires LANWI to make rental payments equal to CFM – NW Indiana, LLC's debt service obligation on bonds that it issued to purchase the facilities. In addition, LANWI is responsible for utilities, maintenance, and insurance. LANWI has the option to purchase the facilities at any time for \$1 plus the remaining balance due on the bond debt. At June 30, 2016, the cost and accumulated depreciation relating to these assets were \$13,802,342 and \$1,185,953, respectively. At June 30, 2015, the cost and accumulated depreciation relating to these assets were \$13,802,342 and \$767,381, respectively.

Following is a schedule of future minimum lease payments under this capital lease and the present value of the net minimum lease payments as of June 30, 2016:

	<u>Gary</u>	<u>East Chicago</u>	<u>Combined</u>
Year Ended June 30:			
2017	\$ 1,339,240	\$ 334,810	\$ 1,674,050
2018	1,342,490	335,622	1,678,112
2019	1,340,740	335,185	1,675,925
2020	1,342,240	335,560	1,677,800
2021	1,338,740	334,685	1,673,425
Thereafter	30,831,050	7,707,762	38,538,812
	<u>37,534,500</u>	<u>9,383,624</u>	<u>46,918,124</u>
Less: amount representing interest	<u>(26,911,676)</u>	<u>(6,800,848)</u>	<u>(33,712,524)</u>
	<u>\$ 10,622,824</u>	<u>\$ 2,582,776</u>	<u>\$ 13,205,600</u>

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2016 and 2015**

**NOTE 4 – LEASES, Continued**

As a condition of the lease, LANWI is required to meet certain financial covenants, specifically:

1. Cash on hand must equal at least 45 days of operating expenses, and
2. Net available corporate income, as defined, must equal at least 1.10 times base rent under the lease.

As of June 30, 2016, LANWI was not in compliance with the covenant for cash on hand. Under the terms of the lease agreement, the lessor has the right to terminate LANWI's possession of the school facilities, however no such action was taken by the lessor as a result of the covenant violation. As discussed in Note 9, subsequent to year end, the LANWI purchase the facilities from CFM, Inc., and is cleared of any potential repercussions from the covenant violation. The covenants were calculated as follows:

	<u>Gary</u>	<u>East Chicago</u>	<u>Combined</u>
<b>CASH AS OF JUNE 30, 2016</b>	<u>\$ 1,055,555</u>	<u>\$ 232,136</u>	<u>\$ 1,287,691</u>
<b>OPERATING EXPENSES</b>			
Program services	\$ 12,227,510	\$ 3,549,309	\$ 15,776,819
Management and general	2,610,462	656,161	3,266,623
Fundraising	<u>-</u>	<u>12,333</u>	<u>12,333</u>
<i>Operating expenses, total</i>	<u>\$ 14,837,972</u>	<u>\$ 4,217,803</u>	<u>\$ 19,055,775</u>
Cash divided by operating expenses	7.11%	5.50%	6.76%
Days per year	<u>365</u>	<u>365</u>	<u>365</u>
<b>DAYS CASH ON HAND</b>	<u>26</u>	<u>20</u>	<u>25</u>
			<b>VIOLATION</b>
<b>NET AVAILABLE CORPORATE INCOME</b>			
Change in net assets	\$ (232,169)	\$ (122,086)	\$ (354,255)
Interest expense	1,299,407	331,762	1,631,169
Depreciation	<u>526,789</u>	<u>128,570</u>	<u>655,359</u>
<i>Net available corporate income, total</i>	<u>\$ 1,594,027</u>	<u>\$ 338,246</u>	<u>\$ 1,932,273</u>
Base rent for the year	<u>\$ 1,339,590</u>	<u>\$ 334,898</u>	<u>\$ 1,674,488</u>
<b>RATIO OF NET AVAILABLE CORPORATE INCOME TO BASE RENT</b>			
	<u>1.19 to 1</u>	<u>1.01 to 1</u>	<u>1.15 to 1</u>
			<b>PASS</b>

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2016 and 2015**

**NOTE 4 – LEASES, Continued**

LANWI also leases certain items of equipment under operating leases. Total lease expense under operating leases for the years ended June 30, 2016 and 2015 was \$59,637 and \$30,132, respectively. Future minimum lease payments are as follows for the years ended June 30:

	<u>Gary</u>	<u>East Chicago</u>	<u>Combined</u>
2017	\$ 13,176	\$ 13,332	\$ 26,508
2018	-	13,332	13,332
2019	-	13,332	13,332
2020	-	13,332	13,332
2021	-	6,666	6,666

**NOTE 5 – RETIREMENT PLAN**

All LANWI personnel are employees of Lighthouse Academies, Inc., which provides management services to LANWI. LANWI personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, LANWI matches 100% of employee contributions up to 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the LANWI Board of Directors. No discretionary contributions were made in 2016 or 2015. Retirement plan expense for the years ended June 30, 2016 and 2015 was \$127,098 and \$114,854, respectively.

**NOTE 6 – COMMITMENTS**

LANWI's two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, LANWI has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Expense under the charter agreements was \$287,723 and \$291,780 for the years ended June 30, 2016 and 2015, respectively.

LANWI has contracted with Lighthouse Academies, Inc. to provide management, administrative, and educational programming services for each of its schools. Under the terms of the agreements, LANWI has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services. Expense under the agreements was \$1,344,737 and \$1,302,300 for the years ended June 30, 2016 and 2015, respectively. These agreements remain in effect so long as the school charters remain in effect.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the Years Ended June 30, 2016 and 2015**

**NOTE 7 – RISKS AND UNCERTAINTIES**

LANWI provides education services to families residing in Lake and surrounding counties of 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 LANWI. Additionally, LANWI is subject to monitoring and audit by state and federal agencies. These examinations may result in additional liability to be imposed.

Financial instruments that potentially subject LANWI to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2016 and 2015, substantially all receivable balances were due from the State of Indiana. Cash deposits are maintained at J.P. Morgan Chase Bank and BMO Harris Bank and are insured up to the FDIC insurance limit.

**NOTE 8 – FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Accordingly, certain expenses have been allocated between program services, management and general, and fundraising.

**NOTE 9 – SUBSEQUENT EVENT**

Subsequent to June 30, 2016, LANWI purchased the land and buildings it was leasing from CFM, Inc. (Note 4). LANWI purchased the properties with funds acquired from the issuance of bonds; \$19,950,000 in total.

**NOTE 10 – CHANGE IN ACCOUNTING POLICY**

In 2016, LANWI changed its policy for capitalization. Prior to 2016, routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 were charged to expense as incurred. The threshold was changed to \$1,000 in 2016.

SUPPLEMENTARY INFORMATION



**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

<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		\$ 286,911
National School Lunch Program	10.555		<u>757,833</u>
Total for cluster			1,044,744
Fresh Fruit and Vegetable Program	10.582		<u>38,168</u>
Total for federal grantor agency			<u>1,082,912</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	15-9535/16-9535	1,792,328
Special Education Cluster			
Special Education - Grants to States	84.027	14215-501-PN01 14215-572-PN01	301,444
English Language Acquisition State Grants	84.365		40,058
Improving Teacher Quality State Grants	84.367		350,086
Total for federal grantor agency			<u>2,483,916</u>
Total federal awards expended			\$ <u>3,566,828</u>

See independent auditors' report and accompanying notes to this schedule

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2016**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Lighthouse Academies of Northwest Indiana, Inc. under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Lighthouse Academies of Northwest Indiana, Inc., it is not intended to and does not present the financial position, changes in net assets, functional expenses, or cash flows of Lighthouse Academies of Northwest Indiana, Inc.

**NOTE 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**

**June 30, 2016**

	<u>Gary</u>	<u>East Chicago</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 1,055,555	\$ 232,136	\$ -	\$ 1,287,691
Accounts receivable:				
Grants	302,536	106,301	-	408,837
Other	123,805	1,847	(123,805)	1,847
Prepaid expenses	<u>81,161</u>	<u>46,543</u>	<u>-</u>	<u>127,704</u>
<i>Total current assets</i>	1,563,057	386,827	(123,805)	1,826,079
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>11,120,293</u>	<u>2,718,980</u>	<u>-</u>	<u>13,839,273</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,683,350</u></u>	<u><u>\$ 3,105,807</u></u>	<u><u>\$ (123,805)</u></u>	<u><u>\$ 15,665,352</u></u>

**LIABILITIES AND NET ASSETS (DEFICIENCY)**

<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 1,202,885	\$ 487,057	\$ (123,805)	\$ 1,566,137
Current portion of note payable	-	116,667	-	116,667
Current portion of capital lease obligations	<u>45,002</u>	<u>10,068</u>	<u>-</u>	<u>55,070</u>
<i>Total current liabilities</i>	1,247,887	613,792	(123,805)	1,737,874
<b>LONG-TERM LIABILITIES</b>				
Capital lease obligations	<u>10,577,822</u>	<u>2,572,708</u>	<u>-</u>	<u>13,150,530</u>
<i>Total liabilities</i>	11,825,709	3,186,500	-	14,888,404
<b>NET ASSETS (DEFICIENCY)</b>	<u>857,641</u>	<u>(80,693)</u>	<u>-</u>	<u>776,948</u>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<u><u>\$ 12,683,350</u></u>	<u><u>\$ 3,105,807</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,665,352</u></u>

See independent auditors' report

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**

**June 30, 2015**

	<u>Gary</u>	<u>East Chicago</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 1,017,021	\$ 195,006	\$ -	\$ 1,212,027
Accounts receivable:				
Grants	296,928	54,593	-	351,521
Other	15,647	7,870	-	23,517
Prepaid expenses	<u>65,975</u>	<u>46,881</u>	<u>-</u>	<u>112,856</u>
<i>Total current assets</i>	1,395,571	304,350	-	1,699,921
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>11,260,118</u>	<u>2,832,984</u>	<u>-</u>	<u>14,093,102</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 12,655,689</u></u>	<u><u>\$ 3,137,334</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,793,023</u></u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	\$ 902,872	\$ 337,534	\$ -	\$ 1,240,406
Current portion of note payable	-	83,333	-	83,333
Current portion of capital lease obligations	<u>40,183</u>	<u>8,964</u>	<u>-</u>	<u>49,147</u>
<i>Total current liabilities</i>	943,055	429,831	-	1,372,886
<b>LONG-TERM LIABILITIES</b>				
Note payable	-	83,334	-	83,334
Capital lease obligations	<u>10,622,824</u>	<u>2,582,776</u>	<u>-</u>	<u>13,205,600</u>
<i>Total liabilities</i>	11,565,879	3,095,941	-	14,661,820
<b>NET ASSETS</b>	<u>1,089,810</u>	<u>41,393</u>	<u>-</u>	<u>1,131,203</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 12,655,689</u></u>	<u><u>\$ 3,137,334</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,793,023</u></u>

See independent auditors' report

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL**  
**For the Year Ended June 30, 2016**

	<u>Gary</u>	<u>East Chicago</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
State education support	\$ 10,742,801	\$ 3,104,879	\$ 13,847,680
Grant revenue	3,764,297	954,004	4,718,301
Student fees	38,687	8,078	46,765
Contributions	-	5,634	5,634
Fundraising	400	17,019	17,419
Other	<u>59,618</u>	<u>6,103</u>	<u>65,721</u>
<i>Total revenue and support</i>	<u>14,605,803</u>	<u>4,095,717</u>	<u>18,701,520</u>
<b>EXPENSES</b>			
Program services	12,227,510	3,549,309	15,776,819
Management and general	2,610,462	656,161	3,266,623
Fundraising	<u>-</u>	<u>12,333</u>	<u>12,333</u>
<i>Total expenses</i>	<u>14,837,972</u>	<u>4,217,803</u>	<u>19,055,775</u>
<b>CHANGE IN NET ASSETS</b>	(232,169)	(122,086)	(354,255)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>1,089,810</u>	<u>41,393</u>	<u>1,131,203</u>
<b>NET ASSETS (DEFICIENCY), END OF YEAR</b>	<u>\$ 857,641</u>	<u>\$ (80,693)</u>	<u>\$ 776,948</u>

See independent auditors' report

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS BY SCHOOL**  
**For the Year Ended June 30, 2015**

	<u>Gary</u>	<u>East Chicago</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
State education support	\$ 10,750,521	\$ 3,123,706	\$ 13,874,227
Grant revenue	3,057,684	903,905	3,961,589
Student fees	9,548	16,756	26,304
Fundraising	28,964	33,738	62,702
Other	42,175	16,664	58,839
	<u>13,888,892</u>	<u>4,094,769</u>	<u>17,983,661</u>
<i>Total revenue and support</i>			
<b>EXPENSES</b>			
Program services	12,105,743	3,663,637	15,769,380
Management and general	2,708,463	700,383	3,408,846
Fundraising	238	20,799	21,037
	<u>14,814,444</u>	<u>4,384,819</u>	<u>19,199,263</u>
<i>Total expenses</i>			
<b>CHANGE IN NET ASSETS</b>	(925,552)	(290,050)	(1,215,602)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>2,015,362</u>	<u>331,443</u>	<u>2,346,805</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,089,810</u>	<u>\$ 41,393</u>	<u>\$ 1,131,203</u>

See independent auditors' report



***INDEPENDENT AUDITORS' 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  
Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 14, 2017.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The letters are cursive and slightly slanted to the right.

Indianapolis, Indiana

March 14, 2017





***INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE***

The Board of Directors  
Lighthouse Academies of Northwest Indiana, Inc.

**Report on Compliance for Each Major Federal Program**

We have audited Lighthouse Academies of Northwest Indiana, Inc.'s compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) 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, 2016. The School's major federal programs are identified in the summary of auditors' 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.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Lighthouse Academies of Northwest Indiana, 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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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 Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc.'s compliance.

**Opinion on Each Major Federal Program**

In our opinion, Lighthouse Academies of Northwest Indiana, 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, 2016.

## Report on Internal Control over Compliance

Management of Lighthouse Academies of Northwest Indiana, 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 Lighthouse Academies of Northwest Indiana, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 the Uniform Guidance, 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 Lighthouse Academies of Northwest Indiana, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN

A handwritten signature in dark ink that reads "DONOVAN". The signature is written in a cursive style with a large, looped 'D'.

Indianapolis, Indiana  
March 14, 2017

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

**I. Summary of Auditors' Results**

***Financial Statements***

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Internal control over major programs:	
• Material weakness identified?	No
• Significant deficiency identified?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

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

Dollar threshold use to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

**II. Financial Statement Findings**

No matters are reportable.

**III. Federal Award Findings and Questioned Costs**

No matters are reportable.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**For the Year Ended June 30, 2016**

FINDING 2015-001 (FINANCIAL STATEMENT FINDING)

FINANCIAL ACCOUNTING  
MATERIAL WEAKNESS

Condition

Through our audit, various misstatements were identified that resulted in an overstatement of operating results for the 2015 fiscal year. Accounts affected included such items as accumulated depreciation, prepaid expenses, accrued expenses, accounts payable, grant revenues, and expenses.

Recommendation

The auditors recommended that procedures should be implemented to ensure that general ledger accounts are supported by accurate and timely account reconciliations. Financial reports should also be subject to formal internal review to assure that they properly reflect all significant transactions.

Current Status

No further action is required. LANWI was in compliance for the 2016 fiscal year.

FINDING 2015-002 (FINANCIAL STATEMENT FINDING)

GRANT MANAGEMENT  
MATERIAL WEAKNESS

Condition

LANWI submitted claims for reimbursement under the Title I Grants to Local Educational Agencies program for costs that were (1) not approved by the awarding agency, (2) exceeded the approved budget, and (3) were not supported by the accounting records, which resulted in questioned costs of \$346,003.

Recommendation

The auditors recommended that procedures should be implemented to ensure that costs charged to federal grant programs are accurately identified at the time that they are incurred, are consistent with the approved grant budget, and accurately supported by the accounting records.

Current Status

No further action is required. LANWI was in compliance for the 2016 fiscal year.

FINDING 2015-003 (FEDERAL AWARD FINDING)

FINANCIAL MANAGEMENT  
MATERIAL WEAKNESS

Condition

Through the audit, it was disclosed that grant funds were expended in excess of budgeted amounts approved by the awarding agency for multiple budget categories for the Title I program.

Recommendation

The auditors recommended that LANWI implement a process to ensure that grant funds are expended consistent with the approved budget and, if necessary, proper approval is requested for deviations from said budget.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**For the Year Ended June 30, 2016**

FINDING 2015-003 (FEDERAL AWARD FINDING), Continued

Current Status

No further action is required. LANWI was in compliance for the 2016 fiscal year.

FINDING 2015-004 (FEDERAL AWARD FINDING)

GRANT MANAGEMENT  
MATERIAL WEAKNESS

Condition

Through the audit, it was disclosed that claims for reimbursement were made for salary and benefit expenses relating to employees that were not contained in the approved grant budget. These positions included a principal, two assistant principals, and a social worker.

Recommendation

The auditors recommended that procedures should be implemented to ensure that grant funds are expended consistent with the approved grant budget.

Current Status

No further action is required. LANWI was in compliance for the 2016 fiscal year.

FINDING 2015-005 (FEDERAL AWARD FINDING)

GRANT MANAGEMENT  
MATERIAL WEAKNESS

Condition

Through the audit, it was disclosed that claims for three claims for reimbursement exceeded the actual amounts paid to employees during the grant period. Certain other instances of amounts claimed for reimbursement that were not reflective of actual payroll expenditures were also noted, but the amounts were immaterial.

Recommendation

The auditors recommended that procedures should be implemented to determine the nature and classification of costs at the time that the expenditures occur, and confirm that the costs meet the established budget criteria of the grant. Such accounting records should provide the basis for all reimbursement claims.

Current Status

No further action is required. LANWI was in compliance for the 2016 fiscal year.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.**

**OTHER REPORT**

**For the Year Ended June 30, 2016**

The reports presented herein were prepared in addition to another official report prepared for Lighthouse Academies of Northwest Indiana, Inc. as listed below:

Supplemental Audit Report of Lighthouse Academies of Northwest Indiana, 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*.