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December 9, 2015

Charter School Board
Enlace Academy, Inc.
3725 North Kiel Avenue, 2nd Floor
Indianapolis, IN 46224-1228

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Fitzgerald/Isaac, LLC, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Enlace Academy, Inc., as of June 30, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

In addition to the report presented herein, a Supplemental Audit Report for Enlace Academy, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

ENLACE ACADEMY, INC.

Financial Statements and Federal Single Audit Report

June 30, 2015 and 2014

ENLACE ACADEMY, INC.

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Enlace Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Enlace 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Enlace 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 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 on page 14, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits 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 October 19, 2015 on our consideration of **Enlace 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 **Enlace Academy, Inc.**'s internal control over financial reporting and compliance.



Indianapolis, IN
October 19, 2015

ENLACE ACADEMY, INC.

Statements of Financial Position

Assets	June 30	
	2015	2014
Current assets:		
Cash	\$ 449,388	241,756
Grants receivable	100,123	41,737
Accounts receivable	5,537	-
Prepaid expenses	10,000	7,500
Total current assets	<u>565,048</u>	<u>290,993</u>
Property and equipment	52,070	-
Less: accumulated depreciation	(9,546)	-
Property and equipment, net	<u>42,524</u>	<u>-</u>
Total assets	<u>\$ 607,572</u>	<u>290,993</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 77,007	44,049
Current portion of capital lease obligation	5,014	28,407
Current portion of long-term debt	30,000	-
Total current liabilities	<u>112,021</u>	<u>72,456</u>
Long-term debt	87,571	-
Capital lease obligation	-	5,014
Total liabilities	<u>199,592</u>	<u>77,470</u>
Net assets:		
Unrestricted net assets	379,853	27,133
Temporarily restricted	28,127	186,390
Total net assets	<u>407,980</u>	<u>213,523</u>
	<u>\$ 607,572</u>	<u>290,993</u>

See accompanying notes to financial statements.

ENLACE ACADEMY, INC.

Statement of Activities

	Year Ended June 30, 2015		
	Unrestricted	Temporarily Restricted	Total
<u>Revenue and Support</u>			
State education support	\$ 1,374,563	-	1,374,563
Grant revenue	717,915	-	717,915
Student fees	15,523	-	15,523
Contributions	11,750	-	11,750
Interest income	41	-	41
Other income	2,090	-	2,090
Net assets released from restrictions	158,263	(158,263)	-
Total revenue and support	<u>2,280,145</u>	<u>(158,263)</u>	<u>2,121,882</u>
 <u>Expenses</u>			
Program services	1,342,375	-	1,342,375
Management and general	585,050	-	585,050
Total expenses	<u>1,927,425</u>	<u>-</u>	<u>1,927,425</u>
 Change in net assets	352,720	(158,263)	194,457
 Net assets, beginning of year	<u>27,133</u>	<u>186,390</u>	<u>213,523</u>
 Net assets, end of year	<u>\$ 379,853</u>	<u>28,127</u>	<u>407,980</u>

See accompanying notes to financial statements.

ENLACE ACADEMY, INC.

Statement of Activities

	Year Ended June 30, 2014		
	Unrestricted	Temporarily Restricted	Total
<u>Revenue and Support</u>			
State education support	\$ 778,757	-	778,757
Grant revenue	399,209	-	399,209
Student fees	1,925	-	1,925
Contributions	47,167	-	47,167
Net assets released from restrictions	43,610	(43,610)	-
Total revenue and support	<u>1,270,668</u>	<u>(43,610)</u>	<u>1,227,058</u>
<u>Expenses</u>			
Program services	921,540	-	921,540
Management and general	357,622	-	357,622
Total expenses	<u>1,279,162</u>	<u>-</u>	<u>1,279,162</u>
Change in net assets	(8,494)	(43,610)	(52,104)
Net assets, beginning of year	<u>35,627</u>	<u>230,000</u>	<u>265,627</u>
Net assets, end of year	<u>\$ 27,133</u>	<u>186,390</u>	<u>213,523</u>

See accompanying notes to financial statements.

ENLACE ACADEMY, INC.

Statements of Cash Flows

	<u>Year Ended June 30</u>	
	<u>2015</u>	<u>2014</u>
<u>Operating Activities</u>		
Change in net assets	\$ 194,457	(52,104)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation expense	9,546	-
Equipment expensed under capital lease	-	72,925
Expenses incurred in exchange for note payable	137,571	-
Change in:		
Grants receivable	(58,386)	8,155
Accounts receivable	(5,537)	-
Prepaid expenses	(2,500)	(7,500)
Accounts payable and accrued expenses	32,958	2,214
Net cash provided by operating activities	<u>308,109</u>	<u>23,690</u>
<u>Investing Activities</u>		
Purchase of equipment	(52,070)	-
Net cash used by investing activities	<u>(52,070)</u>	<u>-</u>
<u>Financing Activities</u>		
Principal payments under note payable	(20,000)	-
Principal payments under capital lease obligation	(28,407)	(39,504)
Net cash used by financing activities	<u>(48,407)</u>	<u>(39,504)</u>
Net increase (decrease) in cash	207,632	(15,814)
Cash, beginning of year	<u>241,756</u>	<u>257,570</u>
Cash, end of year	<u>\$ 449,388</u>	<u>241,756</u>
Supplemental disclosures:		
Cash payments for interest expense	\$ 2,071	3,339

See accompanying notes to financial statements.

ENLACE ACADEMY, INC.

Notes to Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

General

Enlace Academy, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Mayor's Office of Indianapolis. The School commenced operations as a charter school as of July 1, 2013 and served approximately 200 students in grades kindergarten through four in fiscal year 2015.

Financial Statement Presentation

The School reports its financial position and activities according to two classes of assets as follows:

- Unrestricted net assets, which represent net assets that the Board of Directors has discretionary control to use in carrying on the activities of the School in accordance with its articles of incorporation and by-laws.
- Temporarily restricted net assets, which represent net assets restricted by the donor, grantor, or other outside party for a specific purpose or until the passage of time.

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.

Grants Receivable

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

ENLACE ACADEMY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Contributions

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of operations as net assets released from restrictions.

Revenue Recognition

Revenues primarily come from resources provided under the Indiana Charter Schools Act. Under the Act, the School receives an amount per student in relation to the funding received by other public schools in the same geographic area. Funding from the State of Indiana is based on enrollment, and is paid in monthly installments in July through June coinciding with the academic school year. Revenue is recognized in the year in which educational services are rendered.

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

Property and Equipment

Purchases of these assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, and minor replacement costs are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful life of such assets has been determined to be five years.

ENLACE ACADEMY, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Taxes on Income

Enlace Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the 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 the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The tax years ending after 2013 are open to audit for both federal and state purposes.

Subsequent Events

The School evaluated subsequent events through October 19, 2015, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

(2) Leases

The School leases computer equipment under a capital lease. The lease provides that the School obtains ownership of the equipment at the end of the lease term. The computer equipment has been expensed in accordance with the School's capitalization policy. Remaining payments as of June 30, 2015 under this capital lease amounted to \$5,076, due in fiscal year 2016, of which \$62 represents interest.

The School also leased its facility and certain items of office equipment under operating leases for terms of one to two years. Expense under these leases was \$96,667 and \$118,676 for the years ended June 30, 2015 and 2014, respectively.

ENLACE ACADEMY, INC.

Notes to Financial Statements

(3) Long-Term Debt

In March 2013, the School signed an agreement with CSDC Property Corporation, contracting CSDC to begin work on locating and developing a location for a new school facility. The School later abandoned this effort after reaching agreement with Indianapolis Public Schools (see Note 4). In November 2014, the School negotiated settlement of amounts owed to CSDC for services performed under this contract in the amount of \$137,570. The School executed a promissory note with CSDC, promising to pay the balance owed over a period of 55 months. The note is unsecured, non-interest bearing, and is payable in monthly installments of \$2,500 through June 2019.

Future maturities of long-term debt are as follows:

Year Ended June 30:

2016	\$ 30,000
2017	30,000
2018	30,000
2019	<u>27,571</u>
	<u>\$117,571</u>

(4) Commitments

The School entered into an Innovation Network Charter School Agreement with Indianapolis Public Schools (“IPS”), which became effective July 1, 2015. This agreement, authorized under Indiana Code 20-25.5-1, allows the School to use a vacant IPS building to operate a charter school. The agreement is for a term of five years, with the option to renew the agreement for additional five-year terms. The agreement requires the School to make monthly payments of \$10,000 throughout the term of the agreement. This payment includes use of the facility, utilities, custodial service, security, and cafeteria services. The agreement can be terminated annually by either party, by providing written notice at least 60 days prior to the end of the school year.

ENLACE ACADEMY, INC.

Notes to Financial Statements

(5) Retirement Plan

The School maintains a defined contribution Section 403(b) retirement plan covering substantially all employees. The plan allows employees to make salary deferral contributions and provides that the School will make contributions at its discretion. For the years ended June 30, 2015 and 2014, the School contributed 4% of defined compensation for all employees and matched 100% of employee deferral contributions, not to exceed 3% of compensation. Retirement plan expense was \$37,625 and \$15,119 for the years ended June 30, 2015 and 2014, respectively.

(6) Risks and Uncertainties

The School provides education services to families residing in Marion and surrounding counties in Indiana, and is subject to the risks of economic and competitive forces at work within this geographic area.

The majority of revenues relate to legislation enacted by the State of Indiana and grants awarded under federal programs. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

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

ENLACE ACADEMY, INC.

Notes to Financial Statements

(7) Functional Expense Reporting

The costs of providing the educational activities have been summarized on a functional basis in the statements 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:

	<u>2015</u>	
	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages.....	\$ 622,593	258,616
Employee benefits	122,646	75,657
Advertising	-	4,248
Books and materials	157,674	31,506
Equipment and supplies.....	67,835	6,337
Food service expense.....	132,594	-
Student transportation.....	102,954	-
Insurance	15,444	-
Interest	-	2,071
Occupancy	90,000	-
Professional fees.....	30,635	194,599
Other	<u>-</u>	<u>12,016</u>
	<u>\$1,342,375</u>	<u>585,050</u>

ENLACE ACADEMY, INC.

Notes to Financial Statements

(7) Functional Expense Reporting, Continued

	<u>2014</u>	
	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages.....	\$ 331,067	205,792
Employee benefits	74,819	56,077
Advertising	-	6,098
Books and materials	155,673	14,870
Equipment and supplies.....	137,452	6,176
Food service expense.....	64,801	-
Insurance	16,547	-
Interest	-	3,339
Occupancy	112,500	-
Professional fees.....	23,922	42,450
Repairs and maintenance.....	3,500	-
Other	<u>1,259</u>	<u>22,820</u>
	<u>\$ 921,540</u>	<u>357,622</u>

ENLACE ACADEMY, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

<u>Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Awards Expended</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		\$ 44,845
National School Lunch Program	10.555		100,837
Total for cluster			<u>145,682</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	14-9365/13-9365	139,745
Special Education Cluster			
Special Education - Grants to States	84.027	14214-586-PN01	13,927
Public Charter Schools Program	84.282	A58-4-140T-1736	252,264
Total for federal grantor agency			<u>405,936</u>
Total federal awards expended			<u>\$ 551,618</u>

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

ENLACE 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 Enlace Academy, Inc. (the “School”) under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

(2) Summary of Significant Accounting Policies

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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Directors
Enlace 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 **Enlace Academy, Inc.** (the "School"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 19, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Indianapolis, IN
October 19, 2015

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

The Board of Directors
Enlace Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited **Enlace Academy, Inc.**'s (the "School") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2015. The School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Enlace Academy, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Enlace Academy, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School's internal control over compliance.

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

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

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

Raymond J. Sance III

Indianapolis, IN
October 19, 2015

ENLACE 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:	Unmodified
Internal control over financial reporting:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Noncompliance noted which is material to financial statements:	No

Federal Awards

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

ENLACE ACADEMY, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

I. Summary of Auditor's Results, Continued

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A Cluster Grants to Local Educational Agencies
84.282	Public Charter Schools Program

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.

ENLACE ACADEMY, INC.

Other Reports

Year Ended June 30, 2015

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

Supplemental Audit Report of Enlace 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*.