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B45708

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

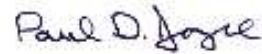
January 21, 2016

Charter School Board
Indiana Math and Science Academy-
North Indianapolis, Inc.
7435 N. Keystone Avenue
Indianapolis, IN 46240

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

In addition to the report presented herein, a Supplemental Audit Report for Indiana Math and Science Academy – North Indianapolis, 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, CPA
State Examiner

INDIANA MATH AND SCIENCE ACADEMY – NORTH

INDIANAPOLIS, INC.

Financial Statements and Federal Single Audit Report

June 30, 2015 and 2014



INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1-2
Financial Statements:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6-12
Supplementary Information:	
Schedule of Expenditures of Federal Awards	13
Notes to Schedule of Expenditures of Federal Awards	14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements With Performed in Accordance <i>Government Auditing Standards</i>	15-16
Independent Auditor's Report on Compliance for each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133	17-19
Schedule of Findings and Questioned Costs	20-21
Other Reports	22



INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Indiana Math and Science Academy – North Indianapolis, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Indiana Math and Science Academy – North Indianapolis, Inc.** (the “School”), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Indiana Math and Science Academy – North Indianapolis, Inc.** as of June 30, 2015 and 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2015 on our consideration of **Indiana Math and Science Academy – North Indianapolis, Inc.**'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Indiana Math and Science Academy – North Indianapolis, Inc.**'s internal control over financial reporting and compliance.

Donovan P.C.

Indianapolis, IN
November 16, 2015

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

Statements of Financial Position

<u>Assets</u>	June 30	
	2015	2014
Current assets:		
Cash	\$ 516,764	82,525
Accounts receivable:		
Grants	69,673	100,079
Affiliated entities	87,877	47,771
Other	-	8,582
Prepaid expenses	992	992
Total current assets	675,306	239,949
Property and equipment:		
Textbooks	282,635	282,635
Leasehold improvements	108,843	107,644
Furniture and equipment	929,558	726,945
Less: accumulated depreciation	(857,274)	(609,075)
Property and equipment, net	463,762	508,149
	\$ 1,139,068	748,098
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 593,488	432,532
Line of credit	-	25,000
Current portion of capital lease obligation	7,292	8,930
Refundable advances	7,273	10,480
Total current liabilities	608,053	476,942
Deferred rent payable	61,302	-
Capital lease obligation	-	1,825
Total liabilities	669,355	478,767
Unrestricted net assets	469,713	269,331
	\$ 1,139,068	748,098

See accompanying notes to financial statements.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

Statements of Activities

	Year Ended June 30	
	2015	2014
<u>Revenue and Support</u>		
State education support	\$ 5,266,821	3,650,249
Grant revenue	950,929	764,555
Student fees	100,544	95,899
Contributions	318,211	2,030
Other	24,943	23,589
Total revenue and support	<u>6,661,448</u>	<u>4,536,322</u>
<u>Expenses</u>		
Program services	5,044,749	3,897,838
Management and general	1,416,317	1,023,937
Total expenses	<u>6,461,066</u>	<u>4,921,775</u>
Increase (decrease) in net assets	200,382	(385,453)
Net assets, beginning of year	<u>269,331</u>	<u>654,784</u>
Net assets, end of year	<u>\$ 469,713</u>	<u>269,331</u>

See accompanying notes to financial statements.

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, INC.

Statements of Cash Flows

	Year Ended June 30	
	2015	2014
<u>Operating Activities</u>		
Change in net assets	\$ 200,382	(385,453)
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Depreciation	248,199	209,111
Change in:		
Accounts receivable	(1,118)	(30,682)
Prepaid expenses	-	46,729
Accounts payable and accrued expenses	160,956	160,713
Refundable advances	(3,207)	-
Deferred rent payable	61,302	-
Net cash provided by operating activities	<u>666,514</u>	<u>418</u>
<u>Investing Activities</u>		
Acquisition of property and equipment	(203,813)	(83,277)
Net cash used by investing activities	<u>(203,813)</u>	<u>(83,277)</u>
<u>Financing Activities</u>		
Repayments of short-term borrowing	(25,000)	(25,000)
Principal reduction of capital lease obligation	(3,462)	(4,924)
Net cash used by financing activities	<u>(28,462)</u>	<u>(29,924)</u>
Net increase (decrease) in cash	434,239	(112,783)
Cash, beginning of year	<u>82,525</u>	<u>195,308</u>
Cash, end of year	<u>\$ 516,764</u>	<u>82,525</u>
Supplemental disclosures:		
Cash paid for interest	\$ 706	997

See accompanying notes to financial statements.

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

General

Indiana Math and Science Academy – North Indianapolis, Inc. (the "School") is a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by the Mayor's Office of the City of Indianapolis. The School provided educational instruction to approximately 770 students in grades kindergarten through twelve during the 2014-15 academic school year.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Accounts Receivable

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

Revenue Recognition

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

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

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Subsequent Events

The School evaluated subsequent events through November 16, 2015, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

Property and Equipment

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

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

Textbooks	5 years
Leasehold improvements.....	40 years
Furniture and equipment	3 to 5 years

Taxes on Income

Indiana Math and Science Academy – North Indianapolis, 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 the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. Tax years ending after 2011 are open to audit for both federal and state purposes.

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Deferred Rent Payable

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

(2) Line of Credit

The School has a \$100,000 revolving line-of-credit with BMO Harris Bank. Drawings against the line of credit bear interest at 2.0% above the lender's prime rate (5.25% at June 30, 2015) and are secured by all business assets. The balance owing under the line-of-credit as of June 30, 2014 was \$25,000. There was no outstanding balance as of June 30, 2015.

(3) Leases

The School leases playground equipment under a capital lease. At June 30, 2015, the cost and accumulated depreciation of the equipment relating to this lease were \$32,713 and \$25,421, respectively (\$32,713 and \$22,354, respectively, as of June 30, 2014). The lease requires minimum lease payments totaling \$7,292 due in fiscal year 2016.

In 2010, the School executed a seven-year lease on a building used as its school facility under an operating lease agreement with Experimental Learning and Entrepreneurship Foundation, Inc. In 2013, the School exercised its right to extend the lease to July 31, 2024, and committed to lease a new gymnasium to be constructed. The lease provides for monthly rental payments which increase annually over the term of the agreement. Under the lease, the School is responsible for repairs, maintenance, and utilities. The School also leases office equipment under operating leases which expire in June 2017. Total lease expense under operating leases for the years ended June 30, 2015 and 2014 was \$694,829 and \$515,212, respectively.

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

(3) Leases, Continued

A schedule of minimum lease obligations under non-cancellable operating leases as of June 30, 2015 follows:

Year Ended June 30:

2016	\$ 819,447
2017	820,871
2018	729,420
2019	733,275
2020	748,872
Thereafter	3,256,751

(4) Retirement Plan

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

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

Retirement plan expense was \$190,971 and \$150,201 for the years ended June 30, 2015 and 2014, respectively.

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

(5) Refundable Advances

The School has been awarded grants from the Indiana Department of Education to provide educational instruction. The grants are considered to be exchange transactions. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. At June 30, 2015 and 2014, the School had refundable grant advances in excess of expenditures of \$7,273 and \$10,480, respectively.

(6) Commitments

The School has contracted with Concept Schools, Inc. to provide on-going training and consultation, personnel, recruitment and admissions, and other services. Under the terms of the agreement, the School has agreed to pay an amount equal to 10% of revenues, as defined, for such services. For fiscal year 2015, Concept Schools, Inc. agreed to reduce its fee by \$294,547. This fee reduction is included in contribution income in the accompanying statement of activities. Expense under this agreement was \$526,682 and \$365,024 for the years ended June 30, 2015 and 2014, respectively. This agreement is renewable annually.

The School operates under a charter granted by the Mayor's Office of the City of Indianapolis. As the sponsoring organization, the Mayor's Office exercises certain oversight responsibilities. The charter remains in effect until June 30, 2017 and is renewable by mutual consent. Effective July 1, 2015, the charter sponsor will begin assessing a fee equal to 1% of the basic tuition support received by the School.

(7) 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.

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

(7) Risks and Uncertainties, Continued

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 and 2014, substantially all of the accounts receivable balance was due from the State of Indiana. In addition, deposits are maintained at BMO Harris Bank and PNC Bank and are insured up to the FDIC insurance limit.

(8) 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.....	\$1,966,544	532,880
Employee benefits	441,276	167,722
Staff development and recruitment	48,727	4,142
Academic services	-	526,857
Food service	329,312	-
Textbooks	64,143	-
Transportation service	360,008	-
Other professional services	281,592	80,778
Classroom, kitchen and office supplies ...	108,122	13,127
Occupancy	1,094,315	-
Depreciation	248,199	-
Interest	-	706
Other	<u>102,511</u>	<u>90,105</u>
	<u>\$5,044,749</u>	<u>1,416,317</u>

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to Financial Statements

(8) Functional Expense Reporting, Continued

	2014	
	<u>Program Services</u>	<u>Management and General</u>
Salaries and wages.....	\$1,565,597	402,189
Employee benefits	298,605	107,279
Staff development and recruitment	57,001	1,480
Academic services	-	365,024
Food service	232,385	-
Textbooks	75,345	-
Transportation service	340,230	-
Other professional services	218,969	67,152
Classroom, kitchen and office supplies...	80,236	12,367
Occupancy	746,574	-
Depreciation	209,111	-
Interest	-	997
Other.....	<u>73,785</u>	<u>67,449</u>
	<u>\$3,897,838</u>	<u>1,023,937</u>

INDIANA MATH AND SCIENCE ACADEMY - NORTH INDIANAPOLIS, 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		\$ 92,106
National School Lunch Program	10.555		212,973
Total for cluster			<u>305,079</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		434,852
 Special Education Cluster			
Special Education - Grants to States	84.027	14214-544-PN01	113,734
 Improving Teacher Quality State Grants	 84.367		 40,898
Total for federal grantor agency			<u>589,484</u>
Total federal awards expended			<u>\$ 894,563</u>

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

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2015

(1) Basis of Presentation

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

(2) Summary of Significant Accounting Policies

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



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

The Board of Directors
Indiana Math and Science Academy – North Indianapolis, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Indiana Math and Science Academy – North Indianapolis, Inc.** (the “School”), which comprise the statement of financial position as of June 30, 2015 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2015.

Internal Control Over Financial Reporting

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

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

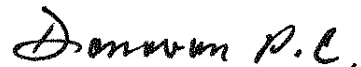
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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



Indianapolis, IN
November 16, 2015



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

The Board of Directors
Indiana Math and Science Academy – North Indianapolis, Inc.

Report on Compliance for Each Major Federal Program

We have audited **Indiana Math and Science Academy – North Indianapolis, 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 Schools major federal programs for the year ended June 30, 2015. The School’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

Donovan P.C.

Indianapolis, IN
November 16, 2015

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2015

I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
▪ Material weaknesses:	None Reported
▪ Significant deficiencies that are not considered to be material weaknesses:	None Reported
Noncompliance noted which is material to financial statements:	No

Federal Awards

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

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, 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

Dollar threshold used to distinguish
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee: Yes

II. Financial Statement Findings

No matters were reportable.

III. Federal Award Findings and Questioned Costs

No matters were reportable.

INDIANA MATH AND SCIENCE ACADEMY – NORTH INDIANAPOLIS, INC.

Other Reports

Year Ended June 30, 2015

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

Supplemental Audit Report of Indiana Math and Science Academy – North Indianapolis, 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*.