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December 20, 2016

Charter School Board
Indiana Life Sciences Academy, Inc.
4950 West 34th St
Indianapolis, IN 46224

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Donovan P.C., 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 Indianapolis Indiana Life Sciences Academy, 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.

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

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

INDIANA LIFE SCIENCES ACADEMY, INC.

FINANCIAL STATEMENTS
Together with Independent Auditors' Report

For the Years Ended June 30, 2016 and 2015



TABLE OF CONTENTS

	Page	
INDEPENDENT AUDITORS' REPORT	1 - 2	
FINANCIAL STATEMENTS		
Statements of Financial Position	3	
Statements of Activities and Change in Net Assets (Deficiency).....	4	
Statements of Functional Expenses	5	
Statements of Cash Flows.....	6	
Notes to the Financial Statements.....	7 - 10	
SUPPLEMENTARY INFORMATION		
Schedule of Expenditures of Federal Awards.....	11	
Notes to the Schedule of Expenditures of Federal Awards	12	
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		13 - 14
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE.....		15 - 16
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	17	



Independent Auditors' Report

The Board of Directors
Indiana Life Sciences Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Indiana Life Sciences Academy, 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 Indiana Life Sciences Academy, 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.

Emphasis of Matter

Indiana Life Sciences Academy, Inc. ceased business operations as of June 30, 2016. As discussed in Note 2 to the financial statements, the assets reported as of June 30, 2016 will be used to pay outstanding obligations or be refunded to the State of Indiana.

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. 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 Schedule of Expenditures of Federal Awards is 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 December 8, 2016 on our consideration of Indiana Life Sciences 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 Indiana Life Sciences Academy, Inc.'s internal control over financial reporting and compliance.

DONOVAN



Indianapolis, Indiana
December 8, 2016

INDIANA LIFE SCIENCES ACADEMY, INC.

STATEMENTS OF FINANCIAL POSITION

June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 349,822	\$ 653,504
Grants receivable	113,152	88,250
Prepaid expenses	-	2,400
	<hr/>	<hr/>
<i>Total current assets</i>	462,974	744,154
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT		
Furniture and equipment	529,066	529,066
Less: accumulated depreciation	(478,009)	(454,221)
	<hr/>	<hr/>
<i>Property and equipment, net</i>	51,057	74,845
	<hr/>	<hr/>
	\$ 514,031	\$ 818,999
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS (DEFICIENCY)		
CURRENT LIABILITIES		
Accounts payable	\$ 8,994	\$ 92,999
Accrued expenses	423,711	154,368
Refundable advances	-	5,065
	<hr/>	<hr/>
<i>Total current liabilities</i>	432,705	252,432
	<hr/>	<hr/>
LONG-TERM LIABILITIES		
Deferred rent payable	257,692	298,024
	<hr/>	<hr/>
<i>Total liabilities</i>	690,397	550,456
	<hr/>	<hr/>
NET ASSETS (DEFICIENCY), UNRESTRICTED	(176,366)	268,543
	<hr/>	<hr/>
	\$ 514,031	\$ 818,999
	<hr/>	<hr/>

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

INDIANA LIFE SCIENCES ACADEMY, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS (DEFICIENCY)
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUE AND SUPPORT		
State education support	\$ 3,318,746	\$ 4,081,989
Grant revenue	1,260,956	1,116,988
Student fees	14,482	23,616
Contributions	-	2,500
Rental income	-	75,847
Other income	11,953	2,335
	<u>4,606,137</u>	<u>5,303,275</u>
 <i>Total revenue and support</i>		
EXPENSES		
Program services	4,080,623	4,403,001
Management and general	970,423	794,402
	<u>5,051,046</u>	<u>5,197,403</u>
 <i>Total expenses</i>		
CHANGE IN NET ASSETS	(444,909)	105,872
NET ASSETS, BEGINNING OF YEAR	<u>268,543</u>	<u>162,671</u>
NET ASSETS (DEFICIENCY), END OF YEAR	<u>\$ (176,366)</u>	<u>\$ 268,543</u>

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

INDIANA LIFE SCIENCES ACADEMY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>			<u>2015</u>		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
FUNCTIONAL EXPENSES						
Salaries and wages	\$ 1,474,738	\$ 120,602	\$ 1,595,340	\$ 1,600,847	\$ 145,784	\$ 1,746,631
Employee benefits	423,231	34,301	457,532	445,879	37,775	483,654
Professional services	145,536	406,746	552,282	186,471	26,128	212,599
Staff development	27,664		27,664	17,059	-	17,059
Academic seivces	-	186,488	186,488	-	438,415	438,415
Authorizer oversight fees	-	69,141	69,141	-	74,550	74,550
Food costs	262,544	-	262,544	323,847	-	323,847
Transportation	272,892	-	272,892	284,387	-	284,387
Property Rental	-	53,223	53,223	-	29,074	29,074
Information technology	2,265	63,939	66,204	-	9,716	9,716
Classroom, kitchen, and office supplies	91,427	10,189	101,616	104,744	19,313	124,057
Occupancy	1,336,966	-	1,336,966	1,346,825	-	1,346,825
Depreciation	23,788	-	23,788	60,093	-	60,093
Other	19,572	25,794	45,366	32,849	13,647	46,496
<i>Total functional expenses</i>	<u>\$ 4,080,623</u>	<u>\$ 970,423</u>	<u>\$ 5,051,046</u>	<u>\$ 4,403,001</u>	<u>\$ 794,402</u>	<u>\$ 5,197,403</u>

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

INDIANA LIFE SCIENCES ACADEMY, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (444,909)	\$ 105,872
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	23,788	60,093
Changes in certain assets and liabilities:		
Accounts receivable	(24,902)	41,489
Prepaid expenses	2,400	6,661
Accounts payable and accrued expenses	145,006	120,242
Refundable advances	<u>(5,065)</u>	<u>(6,313)</u>
<i>Net cash provided by (used in) operating activities</i>	(303,682)	328,044
INVESTING ACTIVITIES		
Purchases of property and equipment	<u>-</u>	<u>(3,800)</u>
NET CHANGE IN CASH	(303,682)	324,244
CASH, BEGINNING OF YEAR	<u>653,504</u>	<u>329,260</u>
CASH, END OF YEAR	<u><u>\$ 349,822</u></u>	<u><u>\$ 653,504</u></u>

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

INDIANA LIFE SCIENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - Indiana Life Sciences 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 Trine University. The School has entered into a service agreement with Imagine Schools, Inc., an organization incorporated in the State of Virginia, to provide curriculum, managerial, legal, and financial services. Effective July 1, 2014, the School's legal name was changed from Imagine Indiana Life Sciences Academy West, Inc. to Indiana Life Sciences Academy, Inc.

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 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 the 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.

Accounts Receivable - Accounts receivable relate primarily to activities funded under grants and legislation of 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.

Property and Equipment - Purchases of these assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs and equipment purchases with a unit cost of less than \$1,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives for furniture, fixtures and equipment range from three to twenty years.

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.

INDIANA LIFE SCIENCE ACADEMY, 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 - The School 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, 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 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 2012 are open to audit for both federal and state purposes.

Subsequent Events - The School evaluated subsequent events through December 8, 2016, 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.

NOTE 2 - DISSOLUTION

The Board of Directors elected to cease business operations effective June 30, 2016, and directed management to undertake a plan of liquidation.

Under such plan of liquidation, the School intends to collect any accounts receivable, sell or donate any property and equipment, and settle all outstanding obligations. Any remaining cash resources will be distributed in accordance with the School's articles of incorporation. As of June 30, 2016, adjustments have been made to the financial statements to reflect the wind down costs of the School, including the post-termination agreement fees payable to Imagine Schools, Inc. and Schoolhouse Finance, LLC.

NOTE 3 - LEASES

The School leases the school facility and certain items of equipment under operating leases. The school facility is leased from Schoolhouse Finance, LLC, an affiliate of Imagine Schools, Inc., which is under contract to operate and manage the School. The lease provides for monthly rental payments, which escalate at 2% annually, through June 30, 2019. The School is also responsible for all utilities, insurance, taxes, and other operating costs. The equipment lease provides for monthly lease payments through May 2017. Lease expense under operating leases was \$1,124,085 and \$1,112,828 for the years ended June 30, 2016 and 2015, respectively.

Due to the closure of the School (see Note 2), the post-termination agreement fee payable to Schoolhouse Finance, LLC of \$80,000 has been accrued as of June 30, 2016.

INDIANA LIFE SCIENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 4 - COMMITMENTS

The School has executed an operating agreement with Imagine Schools, Inc., whereby Imagine Schools, Inc. provides management, administrative, and educational programming services. This agreement remains in effect so long as the School maintains its charter, but may be terminated by either party with appropriate advance notice. Under the original terms of the agreement, the School agreed to pay an amount equal to 12% of revenues, as defined, for such services. As of July 1, 2016, the agreement was amended to reduce the percentage paid to Imagine Schools, Inc. to 6% of revenues, as defined. Aggregate payments to Imagine Schools, Inc. under this agreement were \$186,488 and \$438,415 for the years ended June 30, 2016 and 2015, respectively.

On July 13, 2016, the School entered into a post-termination agreement with Imagine School, Inc. and Schoolhouse Finance, LLC to complete the tasks necessary to close the school in accordance with the guidelines of the sponsor. The post-termination agreement fee to Imagine Schools, Inc. of \$200,000 has been accrued as of June 30, 2016.

The School operates under a charter granted by Trine University. As the sponsoring organization, Trine University exercises certain oversight responsibilities. Under the charter, the School agreed to pay to Trine University an annual administrative fee equal to 3% of state tuition support. Payments under this agreement were \$69,141 and \$74,550 for the years ended June 30, 2016 and 2015, respectively. The charter remains in effect until August 2017, and is renewable with mutual consent.

NOTE 5 - RETIREMENT PLAN

The School participates in a Section 401(k) retirement plan sponsored by Imagine Schools, Inc. for the benefit of its employees. Under the plan, the School will match 100% of employee contributions not to exceed 5% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2016 and 2015. Retirement plan expense was \$23,952 and \$41,025 for the years ended June 30, 2016 and 2015, respectively.

NOTE 6 - 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. There was no refundable grant advance as of June 30, 2016. The School had refundable grant advances in excess of expenditures of \$5,066 as of June 30, 2015.

INDIANA LIFE SCIENCE ACADEMY, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and 2015

NOTE 7 - RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing primarily in Marion County, 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, 2016 and 2015, 100% of the accounts receivable balance was due from the State of Indiana.

All deposits are maintained at JP Morgan Chase Bank and are insured up to the FDIC insurance limit.

NOTE 8 - FUNCTIONAL EXPENSE REPORTING

The costs of providing educational activities have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated between program and management services.

INDIANA LIFE SCIENCE ACADEMY, INC.
SCHEDULE OF EXPENDITURES 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		\$ 76,677
National School Lunch Program	10.555		<u>213,769</u>
Total for cluster			<u>290,446</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	16-9850; 15-9850	542,845
Special Education Cluster			
Special Education - Grants to States	84.027	14216-543-PN01 14215-554-PN01	113,333
English Language Acquisition Grants	84.365	0115-103-PN01	11,959
Improving Teacher Quality State Grants	84.367	14215-554-PN01 13-9850 S367A150015	<u>120,905</u>
Total for federal grantor agency			<u>789,042</u>
Total federal awards expended			<u><u>\$ 1,079,488</u></u>

See independent auditors' report and accompanying notes to this schedule

INDIANA LIFE SCIENCE ACADEMY, 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 grant activity of Indiana Life Sciences Academy, Inc. (the "School") 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 the School, it is not intended to and does not present the financial position, changes in net assets or cash flows of the School.

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.



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
Indiana Life Sciences 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 Indiana Life Sciences Academy, Inc. (the "School"), 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 December 8, 2016.

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.

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Compliance and Other Matters

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

Purpose of this Report

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

DONOVAN

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

Indianapolis, Indiana
December 8, 2016



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
Indiana Life Sciences Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited Indiana Life Sciences Academy, Inc.'s (the "School") 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 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 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 the 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 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 Life Sciences 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, 2016.

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Report on Internal Control over Compliance

Management of Indiana Life Sciences 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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

DONOVAN

A handwritten signature in blue ink that reads "DONOVAN". The signature is written in a cursive style with a large, prominent "D" at the beginning.

Indianapolis, Indiana
December 8, 2016

INDIANA LIFE SCIENCE ACADEMY, 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 auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major programs:	

CFDA Number

Name of Federal Program or Cluster

84.010

Title I, Part A Cluster
Grants to Local Educational Agencies

Dollar threshold use to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	Yes

II. Financial Statement Findings

No matters are reportable.

III. Federal Award Findings and Questioned Costs

No matters are reportable.