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February 10, 2016

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

We have reviewed the Financial Statements and Independent Auditors' Report prepared by Fitzgerald/Isaac, LLC, Independent Public Accountants, for the period July 1, 2013 to June 30, 2014. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements included in the report present fairly the financial condition of the Hoosier Academy Virtual Charter School, as of June 30, 2014, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Financial Statements

June 30, 2014 and 2013

Fitzgerald Isaac LLC
Certified Public Accountants

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

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Fitzgerald Isaac LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Hoosier Academy, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of **Hoosier Academy Virtual Charter School** (an operating component of Hoosier Academy, Inc., a not-for-profit corporation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

As presented in Note 2 to the financial statements, the Indiana Legislature passed amendments to the Indiana Charter Schools Act that resulted in the suspension of funding in the amount of $4,832,356. The School believes that these funds were earned under state law, that there was no legislative intent to retroactively defund the School as it transitioned to a new funding method for school year 2014, and that these funds cannot be withheld in the absence of other compensatory reimbursements. Accordingly, the School is appealing this result with the state government for the unremitted funding shortfall with the expectation that it will ultimately be successful in restoring the unremitted income, and has reflected this income as a receivable on its statements of financial position as of June 30, 2014 and 2013. Accounting principles generally accepted in the United States of America require that a potential gain that is contingent upon a future event be recognized when the amount is realized. If the School were to recognize this gain contingency when realized, a write down of receivables in the amount of $4,832,356 would be required as of June 30, 2014 and 2013. Accordingly, unrestricted net assets as of June 30, 2014 and 2013 and the change in net assets for the year ended June 30, 2013 would be reduced by the same amount.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of **Hoosier Academy Virtual Charter School** as of June 30, 2014 and 2013, 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 October 5, 2015 on our consideration of **Hoosier Academy Virtual Charter School's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Hoosier Academy Virtual Charter School's** internal control over financial reporting and compliance.

O'Hagan Lindqvist / Isaac LLC

Indianapolis, IN
November 25, 2015

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Statements of Financial Position

Assets	June 30 2014	June 30 2013
Current assets:		
Cash and cash equivalents	$ 3,082,315	2,390,757
Accounts receivable:		
State education support	4,832,356	4,832,356
Grants	794,746	240,883
Hoosier Academy Indianapolis	7,201	132,788
Hoosier Academy Muncie	-	4,214
K12 Classroom, LLC	9,405	6,761
Prepaid expenses	48,630	13,449
Total current assets	8,774,653	7,621,208
Furniture and equipment	333,899	149,899
Less: accumulated depreciation	(136,924)	(74,570)
Furniture and equipment, net	196,975	75,329
	$ 8,971,628	7,696,537
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses:		
K12 Classroom, LLC	$ 7,978,815	7,184,941
Other	990,105	508,888
Refundable advances	2,708	2,708
Total current liabilities	8,971,628	7,696,537
Unrestricted net assets	-	-
	$ 8,971,628	7,696,537

See accompanying notes to financial statements.

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Statements of Activities

	Year Ended June 30	
Revenue and Support	2014	2013
State education support	$ 21,658,424	17,241,849
Grant revenue	1,042,276	886,645
Other income	10,003	7,244
Total revenue and support	22,710,703	18,135,738
Expenses		
Program services	18,714,229	17,053,578
Management and general	3,996,474	1,082,160
Total expenses	22,710,703	18,135,738
Change in net assets	-	-
Net assets, beginning of year	-	-
Net assets, end of year	$ -	-

See accompanying notes to financial statements.

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Statements of Cash Flows

	Year Ended June 30	
Operating Activities	2014	2013
Change in net assets	$ -	-
Adjustments to reconcile change in net assets to cash flows from operating activities:		
Forgiveness of Common School Fund loans	-	(3,714,282)
Depreciation	62,354	49,016
Change in:		
Accounts receivable	(426,706)	(922,228)
Prepaid expenses	(35,181)	(13,449)
Accounts payable and accrued expenses	1,275,091	6,431,266
Refundable advances	-	2,708
Net cash provided by operating activities	875,558	1,833,031
Investing Activities		
Purchases of property and equipment	(184,000)	(29,666)
Net cash used by investing activities	(184,000)	(29,666)
Financing Activities		
Repayment of Indiana Common School Fund loan	-	(95,238)
Net cash used by financing activities	-	(95,238)
Net increase in cash	691,558	1,708,127
Cash and cash equivalents, beginning of year	2,390,757	682,630
Cash and cash equivalents, end of year	$ 3,082,315	2,390,757
Supplemental disclosures:		
Cash paid for interest expense	$ -	174,090

See accompanying notes to financial statements.

(1) Summary of Significant Accounting Policies

General

Hoosier Academy Virtual Charter School (the "School") is a public charter school established under Indiana Code 20-24 and sponsored by Ball State University. The sponsor granted a charter to the School's organizer, Hoosier Academy, Inc., a public benefit not-for-profit organization incorporated under the laws of the State of Indiana. Hoosier Academy, Inc. is also the organizer and governing body for one other Indiana charter school. The School commenced operations as of July 1, 2010 offering an on-line curriculum that is open to students throughout the State of Indiana. The School has entered into a service agreement with K12 Classroom, LLC to provide administrative and technology services.

Accounting Estimates

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

Revenue Recognition

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

A portion of 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.

(1) Summary of Significant Accounting Policies, Continued

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. See Note 2 for additional information.

Cash and Cash Equivalents

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

Furniture 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 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 life of the assets is three years.

Taxes on Income

Hoosier Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the organization would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2014 and 2013, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Notes to Financial Statements

(1) Summary of Significant Accounting Policies, Continued

Taxes on Income, Continued

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

Subsequent Events

The School evaluated subsequent events through November 25, 2015, the date these financial statements were available to be issued. Events and transactions occurring through that date have been evaluated to determine whether recognition or disclosure in the financial statements would be required.

(2) Accounts Receivable

Accounts receivable from the State of Indiana for education support reflect the following amounts as of June 30, 2014 and 2013:

	2014	2013
Tuition support	$ 7,584,650	7,584,650
Special education grant	1,036,274	1,036,274
	8,620,924	8,620,924
Less: reduction for loan forgiveness	(3,788,568)	(3,788,568)
	$ 4,832,356	4,832,356

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

(2) Accounts Receivable, Continued

Pursuant to IC §20-49-7, the State Board of Education was authorized to advance funds to charter schools via the State's Common School Fund thereby allowing charter schools to finance operations for periods when adequate tuition support was not received. These cash advances were made to charter schools through executed loan agreements with repayment terms that are defined in the statute.

In April 2013, the Indiana General Assembly repealed IC §20-49-7 with the passing of House Bill 1001 and established an appropriation to forgive charter schools for cash advances previously made through the Common School Fund. The School applied for and was forgiven from repaying the balance of its indebtedness plus accrued interest of $3,788,568 as of June 30, 2013. The receivable for education support has been reduced by the amount of the loan forgiven.

Members of the Indiana General Assembly and the executive branch have been informed that a number of charter schools remain with an accounts receivable balance and those charter schools believe that the State remains obligated for amounts not reimbursed through the provisions of House Bill 1001. Legislative and administrative efforts are being made to resolve any outstanding obligations of the State.

(3) Commitments

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Payments under this charter agreement were $492,095 and $227,539 for the years ended June 30, 2014 and 2013, respectively. The charter remains in effect until June 30, 2016, and is renewable thereafter by mutual consent.

The School has contracted with K12 Classroom, LLC to provide administrative and technology services. Under the terms of the agreement, the School has agreed to pay an amount equal to 22% of revenues, as defined, for such services. Such fees for the years ended June 30, 2014 and 2013 were $5,008,781 and $3,988,268, respectively. The School also purchases certain curriculum materials and supplies for which the School is billed as goods and services are received. Such purchases aggregated $11,553,092 and $11,808,445 for the years ended June 30, 2014 and 2013. This agreement remains in effect until June 30, 2016.

(3) Commitments, Continued

K12 Classroom, LLC has agreed to issue credits against the amounts billed for services and products provided, if needed, to ensure that the School does not end a fiscal year with a financial deficit. For the years ended June 30, 2014 and 2013, service fees were reduced as follows:

	Administrative and Technology Fees	Other Service Fees
Year Ended June 30, 2014:		
Charges per contract	$5,008,781	11,553,092
Credits issued by K12 Classroom, LLC.	(868,874)	(-)
Net charges	$4,139,907	11,553,092
Year Ended June 30, 2013:		
Charges per contract	$3,988,268	11,808,445
Credits issued by K12 Classroom, LLC.	(2,561,468)	(-)
Net charges	$1,426,800	11,808,445

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

(4) Retirement Plans

Retirement benefits for School employees are provided by the Indiana State Teachers' Retirement Fund ("TRF"), which is a cost-sharing multiple-employer defined benefit retirement plan governed by the State of Indiana and administered by the Indiana Public Retirement System ("INPRS") Board. Contribution requirements of plan members are established by the INPRS Board. Under the plan, the School contributes 7% of compensation for all participating personnel. In lieu of TRF, employees can opt to participate in a 403(b) plan offered through the Indiana Public Charter School Association. The School also contributes 7% of compensation to the 403(b) plan. Substantially, all full-time employees are eligible to participate in either plan. Retirement plan expense was $211,241 and $162,963 for the years ended June 30, 2014 and 2013, respectively.

(5) Risks and Uncertainties

The School provides educational instruction services to students throughout the State of Indiana through its virtual curriculum, and is subject to the risks of economic and competitive forces at work within this geographic area.

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 could result in additional liability to be imposed.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the State of Indiana. At June 30, 2014, substantially all of the receivable balance was due from the State of Indiana. In addition, cash deposits are maintained at PNC Bank and normally exceed the FDIC insurance limit.

(6) 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, 2014 and 2013:

	2014	
	Program Services	Management and General
Salaries and wages	$3,727,758	343,448
Employee benefits	974,007	72,863
Staff development and recruitment	118,576	-
Professional services	2,306,573	195,549
Management services	-	2,557,773
Authorizer oversight fee	-	492,095
Property rental and technology support	1,425,407	-
Classroom and office supplies	9,974,737	58,278
Occupancy	64,006	-
Depreciation	62,354	-
Other	60,811	276,468
	$18,714,229	3,996,474

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Notes to Financial Statements

(6) Functional Expense Reporting, Continued

	2013	
	Program Services	Management and General
Salaries and wages	$ 2,548,489	90,551
Employee benefits	697,375	22,183
Staff development and recruitment	31,919	-
Professional services	1,906,913	146,657
Management services	-	157,806
Authorizer oversight fee	-	227,539
Property rental and technology support	1,841,195	-
Classroom and office supplies	9,870,907	57,476
Occupancy	50,322	-
Depreciation	49,016	-
Interest	-	159,486
Other	49,550	220,462
	$17,053,578	1,082,160

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Awards Expended
U.S. DEPARTMENT OF EDUCATION			
Pass-Through Indiana Department of Education			
Title I, Part A Cluster			
Grants to Local Educational Agencies	84.010	13-9865/14-9865	$ 291,561
Special Education Cluster			
Special Education - Grants to States	84.027	14214-538-PN01	417,064
Charter Schools Program	84.282		118,864
Improving Teacher Quality State Grants	84.367		54,357
Total for federal grantor agency			881,846
Total federal awards expended			$ 881,846

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

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Notes to the Schedule of Expenditures of Federal Awards

Year Ended June 30, 2014

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of **Hoosier Academy Virtual Charter School** (the "School") under programs of the federal government for the year ended June 30, 2014. The information in this schedule is presented in accordance with the requirements of 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.

Fitzgerald Isaac LLC
Certified Public Accountants

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

The Board of Directors
Hoosier Academy, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of **Hoosier Academy Virtual Charter School** (the "School"), which comprise the statement of financial position as of June 30, 2014, 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 25, 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.

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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.

Fitzgerald / Isaac LLC

Indianapolis, IN
November 25, 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
Hoosier Academy, Inc.

Report on Compliance for Each Major Federal Program

We have audited **Hoosier Academy Virtual Charter School'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, 2014. 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.

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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, **Hoosier Academy Virtual Charter School** 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, 2014.

Report on Internal Control Over Compliance

Management of **Hoosier Academy Virtual Charter School** 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.

Indianapolis, IN
November 25, 2015

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

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

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Schedule of Findings and Questioned Costs

Year Ended June 30, 2014

I. Summary of Auditor's Results, Continued

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
	Special Education Cluster
84.027	Special Education – Grants to States
84.282	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.

HOOSIER ACADEMY VIRTUAL CHARTER SCHOOL

Other Reports

Year Ended June 30, 2014

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

Supplemental Audit Report of Hoosier Academy Virtual Charter School

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.*