



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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April 2, 2025

Charter School Board  
Northwest Indiana Lighthouse Charter Schools  
Lake County, Indiana

We have reviewed the audit report of Northwest Indiana Lighthouse Charter Schools, which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Northwest Indiana Lighthouse Charter Schools as of June 30, 2024 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings in the report on pages 30 through 33. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears at the end of the report.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for Northwest Indiana Lighthouse Charter Schools, was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA  
Deputy State Examiner

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2024 AND 2023**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Northwest Indiana Lighthouse Charter Schools  
Gary, Indiana and East Chicago, Indiana

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NWILCS, as of June 30, 2024 and 2023, 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.

#### **Basis for Opinion**

We conducted our audits in accordance with generally accepted auditing standards in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of NWILCS and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about NWILCS's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 NWILCS's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about NWILCS's ability to continue as a going concern for a reasonable period of time.

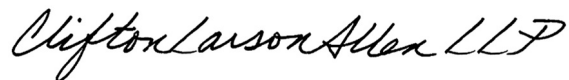
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Supplementary Information**

Our audits were conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures 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 GAAS. 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 January 24, 2025, on our consideration of NWILCS'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 solely 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 the effectiveness of NWILCS's 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 NWILCS's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 24, 2025

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 8,246,339	\$ 7,017,264
Cash - Restricted for Bond Interest	400,120	396,044
Accounts Receivable:		
Grants	8,790,049	5,979,699
Other	66,150	49,226
Prepaid Expenses	52,101	289,613
Total Current Assets	17,554,759	13,731,846
<b>PROPERTY AND EQUIPMENT, NET</b>	15,948,198	15,413,048
<b>OTHER ASSETS</b>		
Cash - Restricted for Debt Service	1,682,430	1,689,288
Cash - Restricted for Property Repairs and Replacement	533,103	370,467
Right-of-Use Asset, Net	464,726	376,739
Total Other Assets	2,680,259	2,436,494
 Total Assets	 \$ 36,183,216	 \$ 31,581,388
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Bonds Payable	\$ 335,000	\$ 375,000
Accounts Payable and Accrued Expenses	1,345,043	1,881,847
Right-of-Use Liability, Current	175,001	169,318
Total Current Liabilities	1,855,044	2,426,165
<b>LONG-TERM LIABILITIES</b>		
Right-of-Use Liability, Noncurrent	289,725	207,421
Bonds Payable	17,648,332	17,983,332
Less: Unamortized Debt Issuance Costs	(188,925)	(198,141)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	17,459,407	17,785,191
Total Liabilities	19,604,176	20,418,777
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	16,579,040	11,162,611
Total Liabilities and Net Assets	\$ 36,183,216	\$ 31,581,388

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 15,147,860	\$ 13,949,196
Grant Revenue	15,791,749	17,767,651
Student Fees	82,001	96,572
Contributions	754	23,072
Interest	149,459	86,583
Other	90,834	17,947
Total Revenue and Support	31,262,657	31,941,021
<b>EXPENSES</b>		
Program Services	22,312,015	23,457,829
Management and General	3,534,213	3,536,099
Total Expenses	25,846,228	26,993,928
<b>CHANGES IN NET ASSETS</b>	5,416,429	4,947,093
Net Assets - Beginning of Year	9,177,138	4,230,045
<b>NET ASSETS - END OF YEAR</b>	\$ 14,593,567	\$ 9,177,138

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2024**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 11,203,601	\$ 1,414,879	\$ 12,618,480
Employee Benefits	2,666,701	189,071	2,855,772
Staff Development and Recruitment	401,406	169,378	570,784
Academic Services - Lighthouse Academics	361,958	-	361,958
Authorizer Oversight Fee	-	244,036	244,036
Food Service	1,040,949	35,942	1,076,891
Transportation Service	1,391,518	-	1,391,518
Information Technology	614,171	506,598	1,120,769
Other Professional Services	184,974	619,066	804,040
Equipment Rental and Expenses	22,293	4,646	26,939
Classroom, Kitchen, and Office Supplies	1,388,923	51,544	1,440,467
Occupancy	977,669	218,576	1,196,245
Rent	14,880	71,261	86,141
Depreciation	732,687	-	732,687
Interest	1,310,285	9,216	1,319,501
	<u>1,310,285</u>	<u>9,216</u>	<u>1,319,501</u>
Total Expenses by Function	<u>\$ 22,312,015</u>	<u>\$ 3,534,213</u>	<u>\$ 25,846,228</u>

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2023**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Salaries and Wages	\$ 9,283,860	\$ 2,387,227	\$ 11,671,087
Employee Benefits	2,649,484	141,875	2,791,359
Staff Development and Recruitment	57,106	7,948	65,054
Academic Services - Lighthouse Academics	-	125,179	125,179
Authorizer Oversight Fee	-	266,246	266,246
Food Service	946,697	-	946,697
Transportation Service	961,999	-	961,999
Information Technology	105,868	-	105,868
Other Professional Services	1,731,176	417,366	2,148,542
Equipment Rental and Expenses	894,818	-	894,818
Classroom, Kitchen, and Office Supplies	3,628,180	53,939	3,682,119
Occupancy	990,218	55,913	1,046,131
Depreciation	648,610	-	648,610
Interest	1,334,269	-	1,334,269
Other	225,544	80,406	305,950
	<u>\$ 23,457,829</u>	<u>\$ 3,536,099</u>	<u>\$ 26,993,928</u>
Total Expenses by Function	<u>\$ 23,457,829</u>	<u>\$ 3,536,099</u>	<u>\$ 26,993,928</u>

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 5,416,429	\$ 4,947,093
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	732,687	648,610
Amortization	9,216	9,216
Changes in Certain Assets and Liabilities:		
Grants Receivable	(2,810,350)	(2,761,571)
Other Receivables	(16,924)	5,570
Prepaid Expenses	237,512	(150,231)
Accounts Payable and Accrued Expenses	(536,804)	(684)
Net Cash Provided by Operating Activities	3,031,766	2,698,003
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(1,267,837)	(708,253)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Repayment of Bonds Payable	(375,000)	(355,000)
 <b>NET CHANGE IN CASH AND RESTRICTED CASH</b>	1,388,929	1,634,750
Cash and Restricted Cash - Beginning of Year	9,473,063	7,838,313
 <b>CASH AND RESTRICTED CASH - END OF YEAR</b>	\$ 10,861,992	\$ 9,473,063
 <b>RECONCILIATION OF CASH AND RESTRICTED CASH</b>		
Cash - Unrestricted	\$ 8,246,339	\$ 7,017,264
Cash - Restricted for Bond Interest	400,120	396,044
Cash - Restricted for Debt Service	1,682,430	1,689,288
Cash - Restricted for Property Repairs and Replacement	533,103	370,467
Cash and Restricted Cash - End of Year	\$ 10,861,992	\$ 9,473,063
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 1,310,287	\$ 1,325,052

See accompanying Notes to Financial Statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Northwest Indiana Lighthouse Charter Schools (NWILCS), a public benefit nonprofit organization incorporated under the laws of the state of Indiana, is the organizer and governing body of two charter schools located in Indiana. Both schools are public charter schools established under Indiana Code 20-24 and are sponsored by Ball State University. Gary Lighthouse Charter School served approximately 1,100 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 470 students in grades kindergarten through eight during the 2023 - 2024 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.

**Revenue Recognition**

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

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

**Grants Revenue and Contributions**

NWILCS receives income from grants and contributions that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. When restricted support is received and the restriction is satisfied in the current year, the activity is reported in net assets without donor restrictions. NWILCS did not have any conditional grants or contributions as of June 30, 2024 and 2023.

**Cash and Restricted Cash**

Cash and restricted cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investments with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants Receivable**

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

**Property and Equipment**

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 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 generally are as follows:

Building and Improvements	30 Years
Furniture and Equipment	3 to 5 Years

**Impairment of Long-Lived Assets**

On an ongoing basis, NWILCS reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. NWILCS recognizes impairment losses if the undiscounted cash flows expected to be generated are less than the carrying value of the related asset. If impaired, the assets are adjusted to fair value based on the undiscounted cash flows.

**Debt Issuance Costs**

NWILCS incurred debt issuance costs totaling \$258,046 associated with securing financing under Indiana Finance Authority Education Facilities Revenue Bonds. Amortization of the debt issuance costs is provided on a straight-line basis over the term of the bonds (27 years). Accumulated amortization was \$69,121 and \$59,905 as of June 30, 2024 and 2023, respectively. Amortization expense was \$9,216 for the years ended June 30, 2024 and 2023. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented on the statements of financial position as a direct deduction from the carrying amount of the related debt liability.

**Taxes on Income**

NWILCS 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, NWILCS would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Taxes on Income (Continued)**

Professional accounting standards require NWILCS 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. NWILCS has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of NWILCS are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**Change in Accounting Principles**

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

**Leases**

NWILCS determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and operating lease liabilities on the statement of financial position.

ROU assets represent NWILCS right to use an underlying asset for the lease term and lease liabilities represent the NWILCS obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that NWILCS will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. NWILCS has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, NWILCS has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

NWILCS has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

NWILCS lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases (Continued)**

In evaluating contracts to determine if they qualify as a lease, NWILCS considers factors such as if NWILCS has obtained substantially all of the rights to the underlying asset through exclusivity, if NWILCS can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgement.

**Reclassifications**

Certain reclassifications of amounts previous reported have been made to the accompanying financial statement to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Subsequent Events**

NWILCS evaluated subsequent events through January 24, 2025, 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 RESTRICTED CASH**

**Cash**

*Restricted for bond interest* is reserved for the payment of interest on the bond semi-annually. Funds are placed in the account monthly to cover one-sixth of the semi-annual interest payment.

*Restricted for debt service* is reserved for the payment of principal and interest on the bond in the event that other funding is unavailable to meet payment requirements.

*Restricted for property repairs and replacement* was established with the bond proceeds and represents resources available for repairing and replacing facilities.

**NOTE 3 PROPERTY AND EQUIPMENT**

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

	<u>2024</u>	<u>2023</u>
Land	\$ 1,245,200	\$ 1,245,200
Buildings and Improvements	18,712,042	17,908,695
Furniture and Equipment	703,832	526,222
Construction in Progress	342,115	55,235
Subtotal	<u>21,003,189</u>	<u>19,735,352</u>
Less: Accumulated Depreciation	<u>(5,054,991)</u>	<u>(4,322,304)</u>
Total	<u>\$ 15,948,198</u>	<u>\$ 15,413,048</u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 4 BONDS PAYABLE**

NWILCS purchased its facilities with Indiana Finance Authority Educational Facilities Revenue Bonds, Series 2016 with original amounts totaling \$19,950,000. Principal is payable in annual installments that increase from \$280,000 to \$1,575,000, beginning in December 2018 and maturing in December 2044. Interest payments are made semi-annually at rates ranging from 6.25% to 7.25% in accordance with the bond agreements. The bonds are secured by land, buildings, and improvements.

The Indiana Finance Authority Educational Facilities Revenue Bond agreements contain certain covenants requiring:

- submission of audited financial statements within 150 days after the end of the fiscal year or, if audited, financial statements are not available at that time, unaudited financial statements, and audited financial statements within 10 business days after availability;
- a minimum 45 day cash on hand as of June 30, 2019 and each annual reporting period thereafter (35 days cash on hand as of June 30, 2018); and
- meeting a minimum debt service coverage ratio of 1.15 to 1.00, measured annually.

NWILCS was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2024.

Principal maturities of bonds payable are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 335,000
2026	425,000
2027	455,000
2028	485,000
2029	520,000
Thereafter	15,763,333
Total	<u><u>\$ 17,983,333</u></u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 5 LEASES**

NWILCS leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2029. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Right-of-use assets obtained in exchange for new operating lease liabilities was \$307,367 and \$605,233 for the years ended June 30, 2024 and 2023, respectively. Lease expense associated with all third-party leases was \$224,314 and \$243,060 for the years ended June 30, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost	\$ 224,314	\$ 243,060
Other Information:		
Operating Cash Flows from Operating Leases	\$ 221,683	\$ 240,420
Weighted-Average Remaining Lease Term - Operating Leases	3.5 Years	3.1 Years
Weighted-Average Discount Rate - Operating Leases	4.19 %	3.53 %

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2025	\$ 188,163
2026	152,423
2027	51,293
2028	51,293
2029	51,293
Undiscounted Cash Flows	494,465
(Less) Imputed Interest	(29,740)
Total Present Value	<u>\$ 464,726</u>
Short-Term Lease Liabilities	\$ 175,001
Long-Term Lease Liabilities	289,725
Total	<u>\$ 464,726</u>

**NOTE 6 RETIREMENT PLAN**

For the year ended June 30, 2023, all NWILCS personnel were employees of Lighthouse Academies, Inc., which provides management services to the School. NWILCS personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, NWILCS matches 100% of employee contributions up to 4% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the School Board of Directors. No discretionary contributions were made during the years ended June 30, 2023. Retirement plan expense was \$98,685 for the years ended June 30, 2023.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 6 RETIREMENT PLAN (CONTINUED)**

For the year ended June 30, 2024, the Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 21 years of age and have at least 30 days of employment. Under the Plan, the Corporation matches up to 4% of each participant's contributions for the plan year

Retirement plan expense was \$198,225 for the year ended June 30, 2024.

**NOTE 7 COMMITMENTS**

The School has contracted with Lighthouse Academies, Inc. to provide management, administrative, and educational programming services for each of its schools. Under the terms of the agreements, The School has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services, plus any necessary travel costs. This agreement was terminated during the year ended June 30, 2023. Expense under the agreement for both academic oversight and travel costs was \$125,179 for the year ended June 30, 2023.

The School's two schools operate under charters granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under the charters, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received associated with its two schools. Total expense under the charter agreements was \$244,036 and \$266,246 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 8 RISKS AND UNCERTAINTIES**

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

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

Financial instruments that potentially subject NWILCS to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024 and 2023, substantially all receivable balances were due from the state of Indiana.

NWILCS primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, NWILCS has not experienced losses in any of these accounts.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 9 LIQUIDITY**

Under ASU 2016-14, the NWILCS is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The NWILCS's financial assets include cash, restricted cash, grants receivable, and other receivables.

	2024	2023
Financial Assets	\$ 19,718,191	\$ 15,501,988
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restricted Cash for Use in Payment of Bond Interest, Debt Service, and Property Repairs and Replacement	(2,615,653)	(2,455,799)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 17,102,538	\$ 13,046,189

From time to time, NWILCS receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, NWILCS must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of NWILCS's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**NOTE 10 FUNCTIONAL EXPENSE REPORTING**

The costs of providing the educational activities have been summarized on a functional basis in the statements of activities and change in net assets. Management of NWILCS has categorized expenses as program services or management and general according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
OTHER REPORT  
JUNE 30, 2024**

The reports presented herein were prepared in addition to another official report prepared for Northwest Indiana Lighthouse Charter Schools as listed below:

Supplemental Audit Report of Northwest Indiana Lighthouse Charter Schools

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*.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	Gary	East Chicago	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 2,327,561	\$ 5,918,778	\$ -	\$ 8,246,339
Cash - Restricted for Bond Interest	320,096	80,024	-	400,120
Accounts Receivable:				
Grants	6,675,326	2,114,723	-	8,790,049
Related Party Accounts Receivable	1,518,445	-	(1,518,445)	-
Other Receivables	46,224	19,926	-	66,150
Prepaid Expenses	48,051	4,050	-	52,101
Total Current Assets	<u>10,935,703</u>	<u>8,137,501</u>	<u>(1,518,445)</u>	<u>17,554,759</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	12,565,362	3,382,836	-	15,948,198
<b>OTHER ASSETS</b>				
Cash - Restricted for Debt Service	1,345,944	336,486	-	1,682,430
Cash - Restricted for Property Repairs and Replacement	405,819	127,284	-	533,103
Right-of-Use Asset, Net	413,257	51,469	-	464,726
Total Other Assets	<u>2,165,020</u>	<u>515,239</u>	<u>-</u>	<u>2,680,259</u>
<b>Total Assets</b>	<u>\$ 25,666,085</u>	<u>\$ 12,035,576</u>	<u>\$ (1,518,445)</u>	<u>\$ 36,183,216</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Bonds Payable	\$ 268,000	\$ 67,000	\$ -	\$ 335,000
Accounts Payable and Accrued Expenses	1,097,210	247,833	-	1,345,043
Accounts Payable Related Party	-	1,518,445	(1,518,445)	-
Right-of-Use Liability, Current	145,404	29,597	-	175,001
Total Current Liabilities	<u>1,510,614</u>	<u>1,862,875</u>	<u>(1,518,445)</u>	<u>1,855,044</u>
<b>LONG-TERM LIABILITIES</b>				
Right of Use Liability, Noncurrent	267,853	21,872	-	289,725
Bonds Payable	14,208,665	3,439,667	-	17,648,332
Less: Unamortized Debt Issuance Costs	(151,995)	(36,930)	-	(188,925)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>14,056,670</u>	<u>3,402,737</u>	<u>-</u>	<u>17,459,407</u>
<b>Total Liabilities</b>	15,835,137	5,287,484	(1,518,445)	19,604,176
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>	<u>9,830,948</u>	<u>6,748,092</u>	<u>-</u>	<u>16,579,040</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 25,666,085</u>	<u>\$ 12,035,576</u>	<u>\$ (1,518,445)</u>	<u>\$ 36,183,216</u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**SCHEDULE OF FINANCIAL POSITION BY SCHOOL**  
**JUNE 30, 2023**  
(SEE INDEPENDENT AUDITORS' REPORT)

<b>ASSETS</b>	Gary	East Chicago	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash	\$ 3,256,150	\$ 3,761,114	\$ -	\$ 7,017,264
Cash - Restricted for Bond Interest	316,835	79,209	-	396,044
Accounts Receivable:				
Grants	3,911,786	2,067,913	-	5,979,699
Related Party Accounts Receivable	531,619	680,328	(1,211,947)	-
Other Receivables	29,300	19,926	-	49,226
Prepaid Expenses	191,722	97,891	-	289,613
Total Current Assets	<u>8,237,412</u>	<u>6,706,381</u>	<u>(1,211,947)</u>	<u>13,731,846</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	12,393,471	3,019,577	-	15,413,048
<b>OTHER ASSETS</b>				
Cash - Restricted for Debt Service	1,351,430	337,858	-	1,689,288
Cash - Restricted for Property Repairs and Replacement	277,184	93,283	-	370,467
Right-of-Use Asset, Net	308,270	68,469	-	376,739
Total Other Assets	<u>1,936,884</u>	<u>499,610</u>	<u>-</u>	<u>2,436,494</u>
<b>Total Assets</b>	<u>\$ 22,567,767</u>	<u>\$ 10,225,568</u>	<u>\$ (1,211,947)</u>	<u>\$ 31,581,388</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion of Bonds Payable	\$ 300,000	\$ 75,000	\$ -	\$ 375,000
Accounts Payable and Accrued Expenses	698,555	1,183,292	-	1,881,847
Accounts Payable Related Party	680,328	531,619	(1,211,947)	-
Right-of-Use Liability, Current	136,776	32,542	-	169,318
Total Current Liabilities	<u>1,815,659</u>	<u>1,822,453</u>	<u>(1,211,947)</u>	<u>2,426,165</u>
<b>LONG-TERM LIABILITIES</b>				
Right-of-Use Liability, Noncurrent	171,494	35,927	-	207,421
Bonds Payable	14,476,665	3,506,667	-	17,983,332
Less: Unamortized Debt Issuance Costs	(159,410)	(38,731)	-	(198,141)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>14,488,749</u>	<u>3,503,863</u>	<u>-</u>	<u>17,992,612</u>
<b>Total Liabilities</b>	16,304,408	5,326,316	(1,211,947)	20,418,777
<b>NET ASSETS, WITHOUT DONOR RESTRICTIONS</b>				
	<u>6,263,359</u>	<u>4,899,252</u>	<u>-</u>	<u>11,162,611</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 22,567,767</u>	<u>\$ 10,225,568</u>	<u>\$ (1,211,947)</u>	<u>\$ 31,581,388</u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Gary	East Chicago	Eliminations	Total
<b>REVENUE AND SUPPORT</b>				
State Education Support	\$ 10,687,412	\$ 4,460,448	\$ -	\$ 15,147,860
Grant Revenue	11,667,738	4,124,011	-	15,791,749
Student Fees	42,829	39,172	-	82,001
Contributions	504	250	-	754
Interest	113,126	36,333	-	149,459
Other	55,189	35,645	-	90,834
Total Revenue and Support	<u>22,566,798</u>	<u>8,695,859</u>	-	<u>31,262,657</u>
<b>EXPENSES</b>				
Program Services	16,247,461	6,064,554	-	22,312,015
Management and General	<u>2,751,748</u>	<u>782,465</u>	-	<u>3,534,213</u>
Total Expenses	<u>18,999,209</u>	<u>6,847,019</u>	-	<u>25,846,228</u>
<b>CHANGES IN NET ASSETS</b>	3,567,589	1,848,840	-	5,416,429
Net Assets - Beginning of Year	<u>6,263,359</u>	<u>4,899,252</u>	-	<u>11,162,611</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 9,830,948</u>	<u>\$ 6,748,092</u>	<u>\$ -</u>	<u>\$ 16,579,040</u>

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS**  
**SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL**  
**YEAR ENDED JUNE 30, 2023**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	Gary	East Chicago	Eliminations	Total
<b>REVENUE AND SUPPORT</b>				
State Education Support	\$ 9,998,582	\$ 3,950,614	\$ -	\$ 13,949,196
Grant Revenue	12,964,217	4,803,434	-	17,767,651
Student Fees	73,899	22,673	-	96,572
Contributions	21,838	1,234	-	23,072
Interest	68,800	17,783	-	86,583
Other	9,821	8,126	-	17,947
Total Revenue and Support	<u>23,137,157</u>	<u>8,803,864</u>	-	<u>31,941,021</u>
<b>EXPENSES</b>				
Program Services	17,118,411	6,339,418	-	23,457,829
Management and General	<u>2,725,512</u>	<u>810,587</u>	-	<u>3,536,099</u>
Total Expenses	<u>19,843,923</u>	<u>7,150,005</u>	-	<u>26,993,928</u>
<b>CHANGES IN NET ASSETS</b>	3,293,234	1,653,859	-	4,947,093
Net Assets - Beginning of Year	<u>2,970,125</u>	<u>3,245,393</u>	-	<u>6,215,518</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,263,359</u>	<u>\$ 4,899,252</u>	<u>\$ -</u>	<u>\$ 11,162,611</u>



**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**

Board of Directors  
Northwest Indiana Lighthouse Charter Schools  
Gary, Indiana and East Chicago, Indiana

We have audited, in accordance with the generally accepted auditing standards 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 Northwest Indiana Lighthouse Charter Schools (NWILCS), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes 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 January 24, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered NWILCS's internal control over financial reporting (internal control) as a basis for designing 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 NWILCS' internal control. Accordingly, we do not express an opinion on the effectiveness of NWILCS'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001 and 2024-002 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

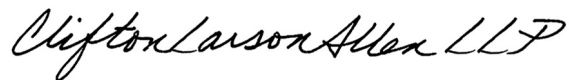
As part of obtaining reasonable assurance about whether NWILCS’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**NWILCS’s Response to Findings**

Government Auditing Standards requires the auditor to perform limited procedures on the NWILCS’s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. NWILCS’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**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 entity’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 entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 24, 2025



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
Northwest Indiana Lighthouse Charter Schools  
Gary, Indiana and East Chicago, Indiana

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

***Opinion on Each Major Federal Program***

We have audited Northwest Indiana Lighthouse Charter Schools January 24, 2025' (NWILCS) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of NWILCS's major federal programs for the year ended June 30, 2024. NWILCS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, NWILCS complied, in all material respects, with the 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, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America (GAAS); 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of NWILCS and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of NWILCS's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to NWILCS's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on NWILCS's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about NWILCS's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding NWILCS's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of NWILCS's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 NWILCS's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-003 and 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on NWILCS' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. NWILCS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-004 to be a material weakness and 2024-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on NWILCS' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. NWILCS' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
January 24, 2025

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

Federal Grantor Agency/Pass-Through Entity/ Cluster Title/Program Title/Project Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Awards Expended
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education:				
Child Nutrition Cluster:				
School Breakfast Lunch Program	10.553	N/A	\$ -	\$ 351,137
National School Lunch Program	10.555	N/A	-	786,923
Total Child Nutrition Cluster			-	1,138,060
Total U.S. Department of Agriculture			-	1,138,060
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education:				
Title I Grants to Local Educational Agencies	84.010	S010A220014, S010A230014, S010A240014	-	2,955,509
Special Education Cluster:				
Special Education - Grants to States	84.027	H027A220084, H027A230084, H027A240084	-	475,857
Special Education ARP	84.173	H173A220104, H173A220104, H173A230104	-	11,480
Total for Special Education Cluster			-	487,337
English Language Acquisition State Grants	84.365	S365A230014, S365A240014	-	22,607
Supporting Effective Instruction to State Grants	84.367	S367A210013, S367A220013, S367A230013	-	316,853
Student Support and Academic Enrichment Grants	84.424	S424A210015, S424A220015, S424A230015	-	248,927
Education Stabilization Fund Program:				
COVID-19 ESSER Formula Fund II	84.425D	S425D210013	-	1,805,477
COVID-19 ESSER Formula Fund III	84.425U	S425D210013	-	6,143,986
COVID-19 ESSER Formula Fund III McKenny Vento	84.425W	S425W210015	-	21,902
Total Education Stabilization Fund Program			-	7,971,365
Total U.S. Department of Education			-	12,002,598
Total Federal Awards Expended			\$ -	\$ 13,140,658

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Indiana Lighthouse Charter Schools (NWILCS) under programs of the federal government for the year ended June 30, 2024. 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 NWILCS, it is not intended to and does not present the financial position, changes in net assets or cash flows of NWILCS.

**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 for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3 INDIRECT COST RATE**

NWILCS has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

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**Section I – Summary of Auditors' Results**

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**Financial Statements**

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?            yes     x     none reported
3. Noncompliance material to financial statements noted?            yes     x     no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified?     x     yes            none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     x     yes            no

**Identification of Major Federal Programs**

<b>Assistance Listing Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.425	Education Stabilization Fund Program
Dollar threshold used to distinguish between Type A and Type B programs:	<u>    \$ 750,000    </u>
Auditee qualified as low-risk auditee?	<u>          </u> yes <u>    x    </u> no

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

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***Section II – Financial Statement Findings***

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**2024 – 001: Audit Adjustments**

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

**Condition:** The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. Various significant audit adjustments were proposed and posted through the audit process. The adjustments were a necessary step in ensuring the financial statements were fairly stated in accordance with U.S. GAAP.

**Criteria or specific requirement:** In an ideal control setting, NWILCS would have a comprehensive control procedure to ensure that the financial statements, including disclosures are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable U.S. GAAP.

**Context:** While performing audit procedures, it was noted that management did not have appropriate procedures in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP.

**Effect:** It is possible that a misstatement of the NWILCS' financial statements could occur and not be prevented or detected by the NWILCS' internal control.

**Cause:** NWILCS' controls were not able to detect the adjustments made as part of the audit. NWILCS does not have a comprehensive review process to ensure that the financial statements, including disclosures, are complete and accurate.

**Repeat finding:** No.

**Recommendation:** We recommend that management review controls related to financial statement preparation review at the end of each period. Financial statement preparation should include a review of reconciliations and balances to ensure that financial statement line items are properly stated and classified. Internally prepared financial statements should also be reviewed by members of management outside the finance department on a periodic (monthly or quarterly).

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

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***Section II – Financial Statement Findings (Continued)***

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**2024 – 002: Interfund Activity**

Type of Finding:

- Material Weakness in Internal Control Over Financial Reporting

**Condition:** The board and management share the ultimate responsibility for NWILCS's internal control system. While it is acceptable to outsource various accounting functions, the responsibility for internal control cannot be outsourced. Interfund activity for Gary and East Chicago had not been reviewed on a stand-alone basis to ensure the activity was properly reflected in each school.

**Criteria or specific requirement:** In an ideal control setting, NWILCS would have a comprehensive control procedure to ensure that the financial statements are complete and accurate. Such review procedures should be performed by an individual possessing a thorough understanding of applicable U.S. GAAP and NWILCS' operations.

**Context:** While performing audit procedures, it was noted that management did not have appropriate procedures in place to provide reasonable assurance that interfund activity is reasonable based upon operations of NWILCS.

**Effect:** It is possible that a misstatement of the NWILCS' financial statements could occur and not be prevented or detected by the NWILCS' internal control.

**Cause:** NWILCS' controls were not able to detect the adjustments made as part of the audit. NWILCS does not have a comprehensive review process to ensure that the stand alone financial statements for both Gary and East Chicago are complete and accurate.

**Repeat finding:** No.

**Recommendation:** We recommend that management review controls related to interfund activity on a regular basis (monthly or quarterly) to ensure that total activity accurately reflects both Gary and East Chicago on a standalone basis and is reasonable.

**Views of responsible officials and planned corrective actions:** There is no disagreement with the audit finding.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

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***Section III – Findings and Questioned Costs – Major Federal Programs***

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**2024 – 003: Allowable Costs**

Federal Agency: U.S. Department Education  
Federal Program Name: Education Stabilization Fund  
Assistance Listing Number: 84.425  
Pass-Through Agency: Indiana Department of Education  
Pass-Through Numbers: S425D210013, S425D210013, S425W210015  
Award Period: July 1, 2023 – June 30, 2024  
Type of Finding:

- Significant Deficiency in Internal Control Over Compliance
- Other Matters

**Criteria or specific requirement:** The Compliance Supplement requires that compensation for personal services be charged to the federal grant based upon approved actual time worked on the program and not based on an allocation or budget (2 CFR 200.430(i)).

**Condition:** While performing audit procedures, it was noted that payroll expenses were charged to the grant program but were not supported with time and effort documentation and was for an employee bonus.

**Questioned costs:** \$6,631

**Context:** During the process of obtaining an understanding of internal controls and processing of payroll expenditures, we noted payroll charge to the grant did not have time and effort documentation for amounts charged to the grant and included a bonus employee charged to the grant inaccurately.

**Cause:** Salary figures for salaried employees were charged to the federal grant based on unsupported work actually performed for the program and inaccurate payroll costs were charged to the grant for an employee bonus.

**Effect:** NWILCS has not fully followed compliance attributes with the allowable costs principles set forth by the Compliance Supplement related to allocation of salaries being charged based on approved time worked for a program. Personnel need to reinforce policies to ensure control procedures are in place to ensure salaries charged to a grant are appropriately based on actual approved time worked in a program.

**Repeat finding:** No.

**Recommendation:** We recommend NWILCS ensure policies and procedures for payroll expenditures for grant programs be charged to the federal grant based on approved hours worked in the program.

**Views of responsible officials:** There is no disagreement with the audit finding.

**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

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***Section III – Findings and Questioned Costs – Major Federal Programs (Continued)***

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**2024 – 004: Reporting**

Federal Agency: U.S. Department Education  
Federal Program Name: Education Stabilization Fund  
Assistance Listing Number: 84.425  
Pass-Through Agency: Indiana Department of Education  
Pass-Through Numbers: S425D210013, S425D210013, S425W210015  
Award Period: July 1, 2023 – June 30, 2024  
Type of Finding:

- Material Weakness in Internal Control Over Compliance
- Other Matters

**Criteria or specific requirement:** Grantees must submit an annual performance report with data on expenditures, planned expenditures, subrecipients, and uses of funds, including for mandatory reservations. Amounts reports must be supported by the unit's records. Per 2 CFR 200.303, The non-Federal entity must: (a) Establish and maintain effective internal control over the federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States of the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

**Condition:** While performing audit procedures, it was noted that NWILCS did not file the required annual report that was due during the audit period.

**Questioned costs:** None.

**Context:** During audit testing, it was noted that the annual reporting was not completed by NWILCS as required during the audit period.

**Cause:** The reporting requirement was missed due to management's oversight.

**Effect:** NWILCS has not fully followed compliance attributes with the reporting requirements set forth by the Compliance Supplement. Personnel need to reinforce policies to ensure control procedures are in place to ensure all required grant compliance items are reviewed, approved, and completed in accordance with grant requirements.

**Repeat finding:** No.

**Recommendation:** We recommend that NWILCS implement procedures and controls to ensure the required reports are accurate and completed timely.

**Views of responsible officials:** There is no disagreement with the audit finding.



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**NORTHWEST INDIANA LIGHTHOUSE CHARTER SCHOOLS  
CORRECTIVE ACTION PLAN  
YEAR ENDED JUNE 30, 2024**

United States Department of Education

Northwest Indiana Lighthouse Charter Schools (NWILCS) respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 01, 2023 - June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**MATERIAL WEAKNESS**

2024-001      Audit Adjustments

Recommendation: We recommend that management review controls related to financial statement preparation review at the end of each period. Financial statement preparation should include a review of reconciliations and balances to ensure that financial statement line items are properly stated and classified. Internally prepared financial statements should also be reviewed by members of management outside the finance department on a periodic (monthly or quarterly).

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

NWILCS will include in its revised financial policies that financial statements and reconciliation of balances are to be done on a monthly basis to ensure financial statement line items are properly stated and classified. NWILCS strives to provide monthly financial statements for review by the finance committee prior to submission to the full board for acceptance.

Name of the contact person responsible for corrective action: David Sevier

The process is currently in place and was demonstrated at the January 2025 Board Meeting.



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## MATERIAL WEAKNESS

### 2024-002 Interfund Activity

Recommendation: We recommend that management review controls related to interfund activity on a regular basis (monthly or quarterly) to ensure that total activity accurately reflects both Gary and East Chicago on a standalone basis and is reasonable.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

NWILCS is currently drafting a plan to review interfund activity on a quarterly basis to be shared with the finance committee and board for any potential action or at least updates on interfund balances.

Name of the contact person responsible for corrective action: David Sevier

Planned completion date for corrective action plan: March 31, 2025.

## FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

### UNITED STATES DEPARTMENT OF EDUCATION

### 2024-003 Education Stabilization Funds – Assistance Listing No. 84.425

Recommendation: We recommend NWILCS ensure policies and procedures for payroll expenditures for grant programs be charged to the federal grant based on approved hours worked in the program.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

NWILCS has just brought its accounting operations in house as of October 1, 2024 and is working on policy and procedures to ensure that proper recording of payroll occurs. In addition, we are working with ADP to create a file to be loaded directly into our accounting system after each payroll. This will help reduce the number of possible errors.

Name of the contact person responsible for corrective action: David Sevier

Planned completion date for corrective action plan: May 31, 2025



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UNITED STATES DEPARTMENT OF EDUCATION

2024-004 Education Stabilization Funds – Assistance Listing No. 84.425

Recommendation: We recommend that NWILCS implement procedures and controls to ensure the required reports are accurate and completed timely.

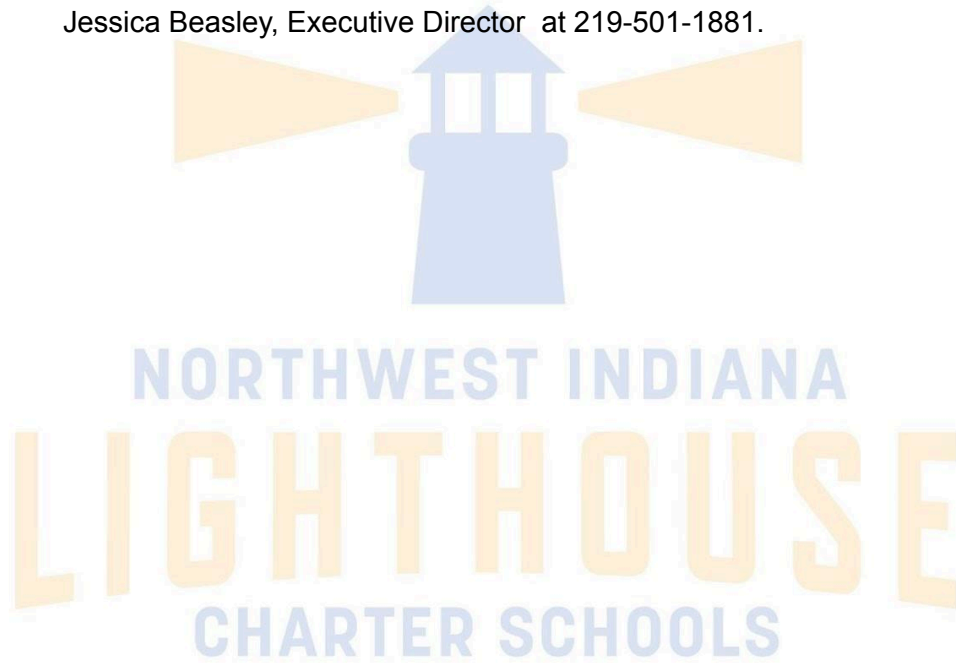
Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

NWILCS will revise our policy and procedures to ensure required reports are done accurately and completed timely. This was demonstrated during the completion of the annual reports for the Education Stabilization Funds this past December 2024. We provided accurate and timely reports by the stated deadlines required by the vendor.

Name of the contact person responsible for corrective action: David Sevier

Planned completion date for corrective action plan: Completed in December 2024

If the United States Department of Education has questions regarding this plan, please call Jessica Beasley, Executive Director at 219-501-1881.



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