



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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February 5, 2025

Charter School Board  
East Chicago Urban Enterprise Academy, Inc.  
Lake County, Indiana

We have reviewed the audit report of East Chicago Urban Enterprise Academy, Inc., 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 East Chicago Urban Enterprise Academy, Inc. 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.

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 Audit Report of East Chicago Urban Enterprise Academy, Inc., 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

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

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



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
East Chicago Urban Enterprise Academy, Inc.  
East Chicago, Indiana

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of East Chicago Urban Enterprise Academy, Inc. (the School), 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 the School 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 audit in accordance with auditing standards generally accepted 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 the School and to meet our other ethical responsibilities, in accordance with the 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 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 the School'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 the School'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 the School'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 audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying 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 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 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 December 18, 2024, on our consideration of the 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 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 the School'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 the School's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
December 18, 2024

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2024 AND 2023**

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 2,221,727	\$ 1,199,265
Grants and Accounts Receivable	1,015,434	886,493
Prepaid Expenses	56,854	45,636
Total Current Assets	3,294,015	2,131,394
<b>PROPERTY AND EQUIPMENT</b>		
Buildings and Improvements	2,408,538	2,408,538
Furniture and Equipment	1,211,232	1,077,045
Less: Accumulated Depreciation	(1,980,070)	(1,755,065)
Property and Equipment, Net	1,639,700	1,730,518
<b>OTHER ASSETS</b>		
Security Deposit	7,803	7,803
Right-of-Use Asset - Operating	566,530	827,487
Total Other Assets	574,333	835,290
Total Assets	\$ 5,508,048	\$ 4,697,202
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 119,229	\$ 110,472
Accounts Payable and Accrued Expenses	557,250	441,076
Deferred Revenue	398,061	101,356
Current Portion of Lease Liability - Operating	278,501	265,383
Total Current Liabilities	1,353,041	918,287
<b>LONG-TERM LIABILITIES</b>		
Lease Liability - Operating	298,024	570,586
Notes Payable, Net of Current Portion	96,018	223,620
Total Long-Term Liabilities	394,042	794,206
Total Liabilities	1,747,083	1,712,493
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
	3,760,965	2,984,709
Total Liabilities and Net Assets	\$ 5,508,048	\$ 4,697,202

See accompanying Notes to Financial Statements.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 3,774,764	\$ 3,448,001
Grant Revenue	3,952,755	3,408,314
Student Fees	32,776	9,247
Contributions	41,149	1,277
Other Income	20,803	54,928
Total Revenue and Support	7,822,247	6,921,767
<b>EXPENSES</b>		
Program Services	5,769,896	5,123,581
Management and General	1,276,095	1,040,941
Total Expenses	7,045,991	6,164,522
<b>CHANGE IN NET ASSETS</b>	776,256	757,245
Net Assets - Beginning of Year	2,984,709	2,227,464
<b>NET ASSETS - END OF YEAR</b>	\$ 3,760,965	\$ 2,984,709

See accompanying Notes to Financial Statements.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 2,659,218	\$ 326,510	\$ 2,985,728	\$ 2,669,439	\$ 224,297	\$ 2,893,736
Employee Benefits	900,073	83,292	983,365	744,182	64,699	808,881
Professional Services	472,688	19,886	492,574	314,038	8,797	322,835
Depreciation	225,005	-	225,005	236,661	-	236,661
Classroom, Kitchen, and Office Supplies	436,375	-	436,375	278,817	-	278,817
Food Costs	357,899	-	357,899	177,061	-	177,061
Insurance	-	37,337	37,337	-	42,657	42,657
Occupancy	386,613	-	386,613	398,254	-	398,254
Authorizer Oversight Fees	-	70,918	70,918	-	66,146	66,146
Management Services	-	674,789	674,789	-	600,580	600,580
Property Rental and Maintenance	43,271	-	43,271	66,100	-	66,100
Contract Services	-	-	-	1,795	-	1,795
Interest	-	22,403	22,403	-	20,945	20,945
Advertising	-	9,183	9,183	-	12,077	12,077
Travel	22,594	-	22,594	24,294	-	24,294
Information Technology	222,919	-	222,919	175,277	-	175,277
Other	43,241	31,777	75,018	37,663	743	38,406
<b>Total Functional Expenses</b>	<b><u>\$ 5,769,896</u></b>	<b><u>\$ 1,276,095</u></b>	<b><u>\$ 7,045,991</u></b>	<b><u>\$ 5,123,581</u></b>	<b><u>\$ 1,040,941</u></b>	<b><u>\$ 6,164,522</u></b>

See accompanying Notes to Financial Statements.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 776,256	\$ 757,245
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Noncash Lease Expense	1,513	8,482
Depreciation	225,005	236,661
Changes in Operating Assets and Liabilities:		
Grants Receivable	(128,941)	(477,443)
Prepaid Expenses	(11,218)	(7,859)
Security Deposit	-	55,895
Accounts Payable and Accrued Expenses	116,174	131,353
Deferred Revenue	296,705	41,733
Net Cash Provided by Operating Activities	1,275,494	746,067
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(134,187)	(280,248)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Notes Payable	(118,845)	(98,482)
<b>NET CHANGE IN CASH</b>	1,022,462	367,337
Cash - Beginning of Year	1,199,265	831,928
<b>CASH - END OF YEAR</b>	\$ 2,221,727	\$ 1,199,265
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 22,403	\$ 20,945

See accompanying Notes to Financial Statements.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

East Chicago Urban Enterprise Academy, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 serving approximately 428 students in grades kindergarten through eighth and is sponsored by Ball State University.

**Accounting Estimates**

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

**Revenue Recognition**

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2024, 2023, and 2022, the School had \$398,061, \$101,356, and \$59,623, respectively of conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met and are included as deferred revenue in the statement of financial position.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

**Cash**

The School considers all demand accounts to be cash.

**Grants Receivable and Revenue**

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

**Contributions, Grants, and Fees**

The School receives income from contributions, student fees, and fundraising events 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.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

**Taxes on Income**

East Chicago Urban Enterprise Academy, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2024 and 2023, no accounting for federal and state income taxes was included in the accompanying financial statements.

Professional accounting standards require the School to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. The School has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of the School are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

**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. 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:

<u>Asset Category</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$25,000	5 to 40 Years
Furniture and Equipment:		
Individual Items	\$5,000	3 to 7 Years
Aggregate of Similar or Identical Items on a Single Purchase Order	\$12,500	3 to 7 Years

**Impairment of Long-Lived Assets**

On an ongoing basis, the School reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. The School 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.

**Leases**

The School determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

**Leases (Continued)**

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's 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 the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School 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, the School 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.

The School 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.

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

In evaluating contracts to determine if they qualify as a lease, the School considers factors such as if the School has obtained substantially all of the rights to the underlying asset through exclusivity, if the School 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.

**Adoption of New 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.

**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.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

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

**Subsequent Events**

The School evaluated subsequent events through December 18, 2024, 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 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Mortgage note payable in monthly installments of \$10,538 including interest at 4.75% through February 2022, thereafter payable in monthly installments of \$10,437 including interest at a variable rate based on One-Year Treasury Constant Maturity rate plus margin of 3.00%, adjustable annually, through March 2026, secured by a mortgage on School facilities and all School assets.	\$ 215,247	\$ 334,092
Less: Current Portion	<u>(119,229)</u>	<u>(110,472)</u>
Long-Term Portion	<u>\$ 96,018</u>	<u>\$ 223,620</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 119,229
2026	96,018
2027	-
Total	<u>\$ 215,247</u>

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 3 LEASES**

The School leases various equipment and facilities from third parties under a long-term, noncancelable lease agreement. The leases expire at various times through 2026. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$286,919 for the year ended June 30, 2024 and 2023 .

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost	\$ 286,919	\$ 286,919
Other Information:		
Operating Cash Flows from Operating Leases	\$ 285,407	\$ 287,437
Weighted-Average Remaining Lease Term - Operating Leases	2.1 Years	3 Years
Weighted-Average Discount Rate - Operating Leases	2.87%	2.87%

A maturity analysis of annual discounted cash flows for lease liabilities as of June 30, 2024 is as follows:

<u>Year Ending June 30,</u>	<u>Operating</u>
2025	\$ 278,501
2026	279,218
2027	35,564
Undiscounted Cash Flows	593,283
Less: Present Value Discount	(16,758)
Total Present Value	<u>\$ 576,525</u>
Short-Term Lease Liability	\$ 278,501
Long-Term Lease Liability	298,024
Total	<u>\$ 576,525</u>

**NOTE 4 RETIREMENT PLANS**

Retirement benefits for School employees are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are cost-sharing multiple-employer defined benefit retirement plans governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Substantially all full-time employees are eligible to participate.

Contribution requirements of plan members are established by the INPRS Board. Under the plans, the School contributes 7.5% of compensation for teaching faculty to TRF and 11.2% of compensation for other employees to PERF. The School's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2023 (the latest year reported), TRF and PERF were approximately 95% and 85% funded, respectively.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 4 RETIREMENT PLANS (CONTINUED)**

Retirement plan expense was \$238,547 and \$212,227 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 5 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. Payments under this charter agreement were \$70,918 and \$66,146 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2026 and is renewable thereafter by mutual consent.

The School has contracted with The Leona Group, LLC to provide financial, management, administrative and educational programming services. Under the terms of the agreement, the School agrees to pay an amount equal to 10% of revenues, as defined, for such services. The contract will expire June 30, 2026. Payments under this agreement were \$674,789 and \$600,580 for the years ended June 30, 2024 and 2023, respectively.

**NOTE 6 RISKS AND UNCERTAINTIES**

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

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

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2024, substantially all of the receivable balance was due from the state of Indiana. In addition, bank deposits are maintained primarily at Peoples Bank, and are insured up to the Federal Deposit Insurance Corporation (FDIC) limit.

**NOTE 7 FUNCTIONAL EXPENSE REPORTING**

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

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2024 AND 2023**

**NOTE 8 LIQUIDITY**

Under ASU 2016-14, the School 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 School's financial assets include cash and grants receivable. Financial assets at June 30, 2024 and 2023 total \$3,237,161 and \$2,085,758, respectively, all of which are available to meet cash needs for general expenditures within one year.

While the School has \$3,237,161 and \$2,085,758 in financial assets available to meet cash needs for general expenditures within one year, it also has \$1,353,041 and \$918,287 in current liabilities as of June 30, 2024 and 2023, respectively, which must be paid using these available financial assets, future year state tuition support, or some combination of the two.

From time to time, the School receives donor restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the School 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 the School'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.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.  
OTHER REPORT  
JUNE 30, 2024**

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

Supplemental Audit Report of  
East Chicago Urban Enterprise Academy, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.



**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  
East Chicago Urban Enterprise Academy, Inc.  
East Chicago, Indiana

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 East Chicago Urban Enterprise Academy (the School), which comprise the statement of financial position at June 30, 2024, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 18, 2024.

***Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that have not been identified.

***Report on 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 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*.

***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  
December 18, 2024



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

Board of Directors  
East Chicago Urban Enterprise Academy  
East Chicago, Indiana

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

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

We have audited East Chicago Urban Enterprise Academy's (the School) 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 the School's major federal programs for the year ended June 30, 2024. The School'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, the School 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 auditing standards generally accepted 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 the School 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 the School'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 the School'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 the School' 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 the School'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 the School compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School'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 the School' 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.

### **Report on 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 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.

Board of Directors  
East Chicago Urban Enterprise Academy, Inc.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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  
December 18, 2024

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2024**

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Passed-through Indiana Department of Education - Child Nutrition Cluster:				
National School Breakfast Program	10.553	N/A	\$ -	\$ 90,027
Cash Assistance - National School Lunch Program	10.555	N/A	-	271,832
After School Snack Program	10.555	N/A	-	2,682
Total Child Nutrition Cluster			-	364,541
Fresh Fruit and Vegetable Program	10.582	N/A	-	12,801
Total U.S. Department of Agriculture			-	377,342
<b>Department of Education</b>				
Passed-through Indiana Department of Education:				
Title I, Part A 2122	84.010	S010A220014	-	31,489
Title I, Part A 2223	84.010	S010A230014	-	601,379
Total Title I, Part A			-	632,868
Special Education Cluster (IDEA):				
Special Education Grants to States IDEA, Part B 2324	84.027	H027A230084	-	88,649
Special Education Grants to States IDEA, Part B Preschool	84.027	H173A230104	-	1,422
Special Education Grants to States IDEA, ARP	84.027X	H027X210084	-	22,221
IDEA Part B 611 Total			-	112,292
Special Education Grants to States IDEA, ARO	84.173X	H173X210104	-	1,649
Total Special Education Cluster			-	113,941
Supporting Effective Instruction State Grants, Title II - Part A:				
Title II, Part A 2223	84.367	S367A220013	-	16,992
Title II, Part A 2324	84.367	S367A230013	-	29,036
Total Title II, Part A			-	46,028

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**  
**JUNE 30, 2024**

Federal Agency/Pass-Through Agency/Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
<b>Department of Education (Continued)</b>				
Passed-through Indiana Department of Education (Continued):				
Student Support & Academic Enrichment - Title IV:				
Title IV 2122	84.424	S424A210015	\$ -	\$ 9,928
Title IV 2223	84.424	S424A220015	-	24,713
Title IV 2324	84.424	S424A230015	-	8,358
Total Title IV			<u>-</u>	<u>42,999</u>
Education Stabilization Fund Program:				
COVID-19 ESSER Formula Fund II	84.425D	S425D210013	-	50,107
COVID-19 ESSER Formula Fund III - ARP	84.425U	S425U210013	-	1,999,594
Total Education Stabilization Fund Program			<u>-</u>	<u>2,049,701</u>
Total U.S. Department of Agriculture			<u>-</u>	<u>2,885,537</u>
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 3,262,879</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2024**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of East Chicago Urban Enterprise Academy, Inc. 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 2 CFR 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 East Chicago Urban Enterprise Academy, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of East Chicago Urban Enterprise Academy, Inc.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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.

The School has elected not to use the 10-percent de minimus indirect cost rate to recover indirect costs as allowed under the Uniform Guidance.

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**YEAR ENDED JUNE 30, 2024**  
(SEE INDEPENDENT AUDITORS' REPORT)

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

**Financial Statements**

- |  |            |   |  |
|--|------------|---|--|
| 1. Type of auditors' report issued:                      | Unmodified |   |  |
| 2. Internal control over financial reporting:            |            |   |  |
| • Material weakness(es) identified?                      | _____ yes  | _____ <input checked="" type="checkbox"/> no            |  |
| • Significant deficiency(ies) identified?                | _____ yes  | _____ <input checked="" type="checkbox"/> none reported |  |
| 3. Noncompliance material to financial statements noted? | _____ yes  | _____ <input checked="" type="checkbox"/> no            |  |

**Federal Awards**

- |   |            |   |  |
|---|------------|---|--|
| 1. Internal control over major federal programs:  |            |   |  |
| • Material weakness(es) identified?   | _____ yes  | _____ <input checked="" type="checkbox"/> no            |  |
| • Significant deficiency(es) identified?  | _____ yes  | _____ <input checked="" type="checkbox"/> 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)? | _____ yes  | _____ <input checked="" type="checkbox"/> no            |  |

**Identification of Major Federal Programs**

**Assistance Listing Number**  
84.425

**Name of Federal Program or Cluster**  
Education Stabilization Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes      \_\_\_\_\_  no

**EAST CHICAGO URBAN ENTERPRISE ACADEMY, INC.**  
**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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Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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

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Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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