



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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June 13, 2023

Charter School Board  
Neighbors' Educational Opportunities, Inc.  
5201 US Highway 6  
Portage, IN 46368

We have reviewed the audit report of Neighbors' Educational Opportunities, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Neighbors' Educational Opportunities, Inc. as of June 30, 2021 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 State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Neighbors' Educational Opportunities, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Neighbors' Educational Opportunities, Inc.  
Portage, Indiana

We have audited the accompanying financial statements of Neighbors' Educational Opportunities, Inc. (the Corporation), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

Board of Directors  
Neighbors' Educational Opportunities, Inc.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neighbors' Educational Opportunities, Inc. as of June 30, 2021 and 2020, and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Indianapolis, Indiana  
November 15, 2021

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 399,891	\$ 257,924
Grants Receivable	221,967	115,494
Other Receivables	3,112	6,483
Total Current Assets	624,970	379,901
<b>PROPERTY AND EQUIPMENT</b>		
Land	835,000	835,000
Buildings and Improvements	3,995,999	3,995,999
Furniture and Equipment	547,244	457,844
Less: Accumulated Depreciation	(969,143)	(792,297)
Property and Equipment, Net	4,409,100	4,496,546
<b>OTHER ASSETS</b>		
Security Deposit	10,833	11,910
Total Assets	\$ 5,044,903	\$ 4,888,357
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 294,052	\$ 360,980
Accounts Payable and Accrued Expenses	128,293	140,210
Security Deposit	2,882	2,882
Total Current Liabilities	425,227	504,072
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	3,463,832	3,585,679
Loan Payable Under Paycheck Protection Program	312,200	321,700
Total Long-Term Liabilities	3,776,032	3,907,379
Total Liabilities	4,201,259	4,411,451
<b>NET ASSETS</b>		
Without Donor Restrictions	843,644	476,906
Total Liabilities and Net Assets	\$ 5,044,903	\$ 4,888,357

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 1,407,718	\$ 1,691,191
Grant Revenue	1,066,286	865,021
Student Fees	25,927	33,382
Rental Income	47,568	46,710
Contributions	66,465	26,096
Payroll Protection Program Income	321,700	-
Fundraising and Other Income	115,615	61,855
Total Revenue and Support	3,051,279	2,724,255
<b>EXPENSES</b>		
Program Services	1,977,559	1,910,489
Management and General	706,982	765,040
Total Expenses	2,684,541	2,675,529
<b>CHANGE IN NET ASSETS</b>	366,738	48,726
Net Assets - Beginning of Year	476,906	428,180
<b>NET ASSETS - END OF YEAR</b>	\$ 843,644	\$ 476,906

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,108,990	\$ 347,685	\$ 1,456,675	\$ 1,052,216	\$ 393,707	\$ 1,445,923
Employee Benefits	132,869	67,385	200,254	145,537	66,589	212,126
Staff Development	-	-	-	31,640	-	31,640
Authorizer Oversight Fees	-	38,359	38,359	-	48,173	48,173
Educational Content	48,572	-	48,572	66,159	-	66,159
Food Costs	17,277	-	17,277	30,953	-	30,953
Equipment	53,153	-	53,153	33,910	-	33,910
Classroom Office Supplies	27,223	12,480	39,703	50,754	7,939	58,693
Professional Services	111,458	54,170	165,628	96,426	34,021	130,447
Occupancy	110,314	-	110,314	104,907	-	104,907
Contracted IT Services	79,832	-	79,832	76,436	-	76,436
Travel	203	3,974	4,177	6	2,306	2,312
Insurance	-	24,398	24,398	-	23,130	23,130
Advertising	-	16,775	16,775	-	9,772	9,772
Depreciation	176,846	-	176,846	176,846	-	176,846
Interest	1,801	133,195	134,996	-	172,307	172,307
Other	109,021	8,561	117,582	44,699	7,096	51,795
<b>Total Functional Expenses</b>	<b><u>\$ 1,977,559</u></b>	<b><u>\$ 706,982</u></b>	<b><u>\$ 2,684,541</u></b>	<b><u>\$ 1,910,489</u></b>	<b><u>\$ 765,040</u></b>	<b><u>\$ 2,675,529</u></b>

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 366,738	\$ 48,726
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	176,846	176,846
Gain on Extinguishment of Debt	(321,700)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(106,473)	(48,007)
Other Receivables and Security Deposit	4,448	38,129
Accounts Payable and Accrued Expenses	(11,917)	(17,436)
Net Cash Provided by Operating Activities	107,942	198,258
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(89,400)	(53,945)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan Payable Under Paycheck Protection Program	312,200	321,700
Principal Payments of Notes Payable	(188,775)	(271,790)
Net Cash Provided by Financing Activities	123,425	49,910
 <b>NET CHANGE IN CASH</b>	141,967	194,223
Cash - Beginning of Year	257,924	63,701
 <b>CASH - END OF YEAR</b>	\$ 399,891	\$ 257,924
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 134,996	\$ 159,492

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Neighbors' Educational Opportunities, Inc. (the Corporation) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The Corporation operates a public alternative charter high school established under Indiana Code 20-24 that served approximately 219 students during 2020-2021. The Corporation also operates a comprehensive adult education program and an official testing site for the State of Indiana's High School Equivalency diploma.

**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 conditional resources provided under the Indiana Charter Schools Act. Under the Act, the Corporation 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 Corporation's revenue is the product of cost reimbursement grants. Therefore, the Corporation recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2021, the Corporation does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

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.

**Grant, Contribution, and Fundraising Revenue**

The School receives income from grants, contributions, and fundraising 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.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Rental Income**

Rentals income is recognized when the rental event takes place and/or time period occurs.

**Cash and Cash Equivalents**

Cash equivalents include money market funds and time deposits with maturities of three months or less at the date of purchase.

**Grants Receivable**

Grants receivable relate primarily to activities funded under federal grants and legislation enacted by the state of Indiana. The Corporation believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful accounts is deemed necessary. Student fees receivable, included in other receivables, relate to unpaid student fees from the 2020-2021 school year. The Corporation believes that all balances will be collected.

**Security Deposits**

Security deposits consist of required deposits made with the local utility companies.

**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 \$1,000 are charged to expense as incurred.

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

Buildings and Improvements	37.5 Years
Furniture and Equipment	3 to 7 Years

**Impairment of Long-Lived Assets**

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

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Taxes on Income**

The Corporation has received a determination from the U.S. Internal Revenue Service stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the Corporation would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2021 and 2020, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

Professional accounting standards require the Corporation 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 Corporation 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 Corporation are subject to examination by the Internal Revenue Service and state taxing authorities, generally for three years after they were filed.

**Recently Issued Accounting Pronouncements**

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. The Corporation is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

**Subsequent Events**

The Corporation evaluated subsequent events through November 15, 2021, 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.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note payable to Indiana State Board of Education, payable \$57,633 semi-annually (January 1 and July 1) plus interest at 1.00% per annum, due July 2026	\$ 831,252	\$ 982,389
Note payable to 1st Source Bank, payable in monthly installments \$21,230 including interest at 4.25% per annum, with a balloon payment due March 2026, secured by mortgage on Corporation facilities.	2,776,732	2,964,270
EIDL note payable to 1st Source Bank, payable in monthly installments, beginning in September 2022, of \$641 including interest at 2.75% per annum, due September 2051, secured by property owned by Corporation	149,900	-
Total	<u>3,757,884</u>	<u>3,946,659</u>
Less: Current Portion	<u>(294,052)</u>	<u>(360,980)</u>
Long-Term Portion	<u>\$ 3,463,832</u>	<u>\$ 3,585,679</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 294,052
2023	300,809
2024	307,238
2025	313,945
2026	2,334,789
Thereafter	207,051
Total	<u>\$ 3,757,884</u>

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 3 LOAN PAYABLE UNDER THE PAYCHECK PROTECTION PROGRAM**

In February of 2021, the Corporation received a second round of the payroll protection program loan from 1<sup>st</sup> Source Bank in the amount of \$312,200, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the Corporation fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Corporation will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2021, principal and interest payments will be required through the maturity date in April 2022.

**NOTE 4 LEASES**

The Corporation leases equipment under operating lease agreements that expire in 2023 and 2025. Expense under these operating leases was \$28,418 and \$24,890 for the years ended June 30, 2021 and 2020, respectively.

A schedule of minimum lease obligations are as follows for the years ending June 30:

<u>Year Ending June 30.</u>	<u>Amount</u>
2022	\$ 27,538
2023	27,538
2024	17,824
2025	2,161
2026	-
Total	<u>\$ 75,061</u>

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 5 RETIREMENT PLAN**

The Corporation provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) and the Indiana Public Employees' Retirement Fund (PERF), both of which are a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2021 and 2020, the Corporation contributed 5.5% of compensation for eligible teaching personnel to TRF and 11.2% for other employees to PERF. Should the Corporation elect to withdraw from TRF or PERF, it could be subject to a withdrawal fee. The Corporation's contributions represent an insignificant percentage of the total contributions received by TRF and PERF. As of June 30, 2020 (the latest year reported), TRF and PERF were approximately 101% and 83% funded, respectively.

The Corporation maintains a Section 403(b) retirement plan. Employees may contribute up to 100% of their compensation provided they are at least 18 years of age and have at least 30 days of employment. There is no provision for an employer match.

Retirement plan expenses totaled \$35,927 and \$37,110 during the years ended June 30, 2021 and 2020, respectively.

**NOTE 6 COMMITMENTS**

The Corporation operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the Corporation 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 \$38,359 and \$48,173 for the years ended June 30, 2021 and 2020, respectively. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent.

**NOTE 7 RISKS AND UNCERTAINTIES**

The Corporation provides educational instruction services to families residing in Porter 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 Corporation. Additionally, the Corporation is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the Corporation.

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2021 and 2020, 98% and 95% of the receivable balance was due from the state of Indiana, respectively.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)**

The Corporation 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, the Corporation has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the Corporation, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results. During the 2020-2021 school year, the Corporation operated using a hybrid model allowing students to learn both remotely and in person. Management believes the Corporation is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

**NOTE 8 LIQUIDITY**

Under ASU 2016-14, the Corporation is required to disclose the assets it has available at June 30, 2020 and 2019 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the Corporation include cash, grants, and student fees receivable. Financial assets available at June 30, 2021 and 2020 were \$624,970 and \$379,901, respectively.

From time to time, the Corporation receives donor-restricted contributions. Because donor restrictions require resources to be used in a particular manner or in a future period, the Corporation 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 Corporation'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 9 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 the Corporation 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 is required.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 10 EXTINGUISHMENT OF DEBT**

In April 2020, the Corporation received proceeds in the amount of \$321,700 to fund payroll, rent, and utilities through the Paycheck Protection Program (the "PPP Loan"). The PPP loan was formally forgiven by the U.S. Small Business Administration (SBA) in November of 2020. Accordingly, the Corporation recognized a gain on the extinguishment of debt of \$321,700 during the year ended June 30, 2021. This amount is included in income on the accompanying statement of income.

The SBA may review funding eligibility and usage of funds in compliance with the program based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Corporation's financial position.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**COMBINING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 319,106	\$ 80,785	\$ 399,891
Grants Receivable	92,825	129,142	221,967
Other Receivables	1,455	1,657	3,112
Interfund Receivable	76,793	-	76,793
Total Current Assets	490,179	211,584	701,763
<b>PROPERTY AND EQUIPMENT</b>			
Land	835,000	-	835,000
Buildings and Improvements	3,995,999	-	3,995,999
Furniture and Equipment	525,902	21,342	547,244
Less: Accumulated Depreciation	(969,143)	-	(969,143)
Property and Equipment, Net	4,387,758	21,342	4,409,100
<b>OTHER ASSETS</b>			
Security Deposit	10,833	-	10,833
Total Assets	\$ 4,888,770	\$ 232,926	\$ 5,121,696
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current Portion of Notes Payable	\$ 294,052	\$ -	\$ 294,052
Accounts Payable and Accrued Expenses	127,861	432	128,293
Interfund Payable	-	76,793	76,793
Short-Term Note Payable	2,882	-	2,882
Total Current Liabilities	424,795	77,225	502,020
<b>LONG-TERM LIABILITIES</b>			
Notes Payable, Net of Current Portion	3,473,547	(9,715)	3,463,832
Loan Payable Under Paycheck Protection Program	312,200	-	312,200
Total Long-Term Liabilities	3,785,747	(9,715)	3,776,032
Total Liabilities	4,210,542	67,510	4,278,052
<b>NET ASSETS</b>			
Without Donor Restrictions	678,228	165,416	843,644
Total Liabilities and Net Assets	\$ 4,888,770	\$ 232,926	\$ 5,121,696

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Charter School</u>	<u>Adult Education Program</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
State Education Support	\$ 1,407,718	\$ -	\$ 1,407,718
Grant Revenue	608,780	457,506	1,066,286
Student Fees	22,109	3,818	25,927
Rental Income	47,568	-	47,568
Contributions	66,465	-	66,465
Fundraising and Other Income	6,594	109,021	115,615
Total Revenue and Support	<u>2,480,934</u>	<u>570,345</u>	<u>3,051,279</u>
<b>EXPENSES</b>			
Program Services	1,629,368	348,191	1,977,559
Management and General	582,503	124,479	706,982
Total Expenses	<u>2,211,871</u>	<u>472,670</u>	<u>2,684,541</u>
<b>CHANGES IN NET ASSETS</b>	269,063	97,675	366,738
Net Assets - Beginning of Year	<u>409,165</u>	<u>67,741</u>	<u>476,906</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 678,228</u>	<u>\$ 165,416</u>	<u>\$ 843,644</u>

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.  
OTHER REPORT  
YEAR ENDED JUNE 30, 2021**

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

Supplemental Audit Report of Neighbors' Educational Opportunities, 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*.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

