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July 19, 2023

Charter School Board
Lighthouse Academies of Northwest Indiana, Inc.
3916 Pulaski St
East Chicago, IN 46312

We have reviewed the audit report of Lighthouse Academies of Northwest Indiana, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Lighthouse Academies of Northwest Indiana, Inc. as of June 30, 2022, 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 for Lighthouse Academies of Northwest Indiana, 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.

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

Tammy R. White, CPA
Deputy State Examiner

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

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LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
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YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Lighthouse Academies of Northwest Indiana, Inc. (LANWI), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 LANWI, as of June 30, 2022 and 2021, 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 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 LANWI 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 LANWI'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 LANWI'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 LANWI's ability to continue as a going concern for a reasonable period of time.

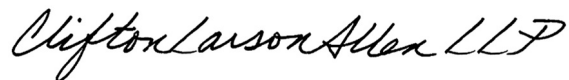
We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying 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 REPORT DATE, on our consideration of LANWI'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 LANWI'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 LANWI's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 30, 2023

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

| ASSETS | 2022 | 2021 |
|--|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | \$ 5,609,675 | \$ 5,628,830 |
| Cash - Restricted for Bond Interest | 319,003 | 308,225 |
| Accounts Receivable: | | |
| Grants | 3,218,128 | 941,702 |
| Other | 54,796 | 59,226 |
| Prepaid Expenses | 139,382 | 72,567 |
| Total Current Assets | 9,340,984 | 7,010,550 |
| PROPERTY AND EQUIPMENT, NET | 15,353,405 | 15,968,287 |
| OTHER ASSETS | | |
| Cash - Restricted for Debt Service | 1,689,288 | 1,689,288 |
| Cash - Restricted for Property Repairs and Replacement | 220,347 | 126,535 |
| Total Other Assets | 1,909,635 | 1,815,823 |
| Total Assets | \$ 26,604,024 | \$ 24,794,660 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current Portion of Bonds Payable | \$ 335,000 | \$ 335,000 |
| Accounts Payable and Accrued Expenses | 1,882,531 | 1,721,189 |
| Total Current Liabilities | 2,217,531 | 2,056,189 |
| LONG-TERM LIABILITIES | | |
| Bonds Payable | 18,378,332 | 18,725,000 |
| Less: Unamortized Debt Issuance Costs | (207,357) | (216,574) |
| Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs | 18,170,975 | 18,508,426 |
| Total Liabilities | 20,388,506 | 20,564,615 |
| NET ASSETS, WITHOUT DONOR RESTRICTIONS | 6,215,518 | 4,230,045 |
| Total Liabilities and Net Assets | \$ 26,604,024 | \$ 24,794,660 |

See accompanying Notes to Financial Statements.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

| | 2022 | 2021 |
|---------------------------------|---------------------|---------------------|
| REVENUE AND SUPPORT | | |
| State Education Support | \$ 14,446,499 | \$ 15,054,742 |
| Grant Revenue | 13,104,673 | 8,980,424 |
| In-Kind Contributions | 72,000 | 72,000 |
| Student Fees | 19,500 | 13,136 |
| Contributions | 14,464 | 108 |
| Interest | 10,874 | 235 |
| Other | 88,947 | 94,337 |
| Total Revenue and Support | 27,756,957 | 24,214,982 |
| EXPENSES | | |
| Program Services | 21,126,581 | 16,934,751 |
| Management and General | 4,644,903 | 3,741,939 |
| Total Expenses | 25,771,484 | 20,676,690 |
| CHANGES IN NET ASSETS | 1,985,473 | 3,538,292 |
| Net Assets - Beginning of Year | 4,230,045 | 691,753 |
| NET ASSETS - END OF YEAR | \$ 6,215,518 | \$ 4,230,045 |

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------|--------------------|-----------------------------|
| Salaries and Wages | \$ 8,701,796 | \$ 1,748,434 | \$ - | \$ 10,450,230 |
| Employee Benefits | 2,393,525 | 143,184 | - | 2,536,709 |
| Staff Development and Recruitment | 36,764 | 2,880 | - | 39,644 |
| Academic Services - Lighthouse | | | | |
| Academics | - | 2,010,165 | - | 2,010,165 |
| Authorizer Oversight Fee | - | 303,055 | - | 303,055 |
| Food Service | 937,906 | - | - | 937,906 |
| Transportation Service | 1,280,362 | - | - | 1,280,362 |
| Information Technology | 106,047 | - | - | 106,047 |
| Other Professional Services | 2,035,203 | 85,614 | - | 2,120,817 |
| Equipment Rental | 237,296 | - | - | 237,296 |
| Classroom, Kitchen, and Office | | | | |
| Supplies | 2,137,358 | 125,764 | - | 2,263,122 |
| Occupancy | 1,052,186 | 63,956 | - | 1,116,142 |
| Rent In-Kind | 72,000 | - | - | 72,000 |
| Depreciation | 614,882 | - | - | 614,882 |
| Interest | 1,349,503 | - | - | 1,349,503 |
| Other | 171,753 | 161,851 | - | 333,604 |
| | <u>171,753</u> | <u>161,851</u> | <u>-</u> | <u>333,604</u> |
| Total Functional Expenses | <u>\$ 21,126,581</u> | <u>\$ 4,644,903</u> | <u>\$ -</u> | <u>\$ 25,771,484</u> |

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------|--------------------|----------------------|
| Salaries and Wages | \$ 7,707,063 | \$ 1,214,898 | \$ - | \$ 8,921,961 |
| Employee Benefits | 2,099,545 | 169,673 | - | 2,269,218 |
| Staff Development and Recruitment | 77,184 | 2,177 | - | 79,361 |
| Academic Services - Lighthouse | | | | |
| Academics | - | 1,772,301 | - | 1,772,301 |
| Authorizer Oversight Fee | - | 427,668 | - | 427,668 |
| Food Service | 333,458 | - | - | 333,458 |
| Transportation Service | 373,136 | - | - | 373,136 |
| Information Technology | 224,134 | - | - | 224,134 |
| Other Professional Services | 1,087,847 | 52,737 | - | 1,140,584 |
| Equipment Rental | 116,543 | - | - | 116,543 |
| Classroom, Kitchen, and Office | | | | |
| Supplies | 1,893,391 | 48,008 | - | 1,941,399 |
| Occupancy | 857,382 | 11,000 | - | 868,382 |
| Rent In-Kind | 72,000 | - | - | 72,000 |
| Depreciation | 696,571 | - | - | 696,571 |
| Interest | 1,390,431 | - | - | 1,390,431 |
| Other | 6,066 | 43,477 | - | 49,543 |
| | <u>6,066</u> | <u>43,477</u> | <u>-</u> | <u>49,543</u> |
| Total Functional Expenses | <u>\$ 16,934,751</u> | <u>\$ 3,741,939</u> | <u>\$ -</u> | <u>\$ 20,676,690</u> |

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

| | <u>2022</u> | <u>2021</u> |
|---|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in Net Assets | \$ 1,985,473 | \$ 3,538,292 |
| Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities: | | |
| Depreciation | 614,882 | 696,571 |
| Amortization | 9,217 | 9,216 |
| Paycheck Protection Program Loan Forgiveness | - | (1,805,215) |
| Changes in Certain Assets and Liabilities: | | |
| Grants Receivable | (2,276,426) | (425,884) |
| Other Receivables | 4,430 | 5,248 |
| Prepaid Expenses | (66,815) | (69,383) |
| Accounts Payable and Accrued Expenses | 161,342 | 230,641 |
| Net Cash Provided by Operating Activities | <u>432,103</u> | <u>2,179,486</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of Property and Equipment | - | (126,007) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal Repayment of Bonds Payable | <u>(346,668)</u> | <u>(315,000)</u> |
| NET CHANGE IN CASH | 85,435 | 1,738,479 |
| Cash - Beginning of Year | <u>7,752,878</u> | <u>6,014,399</u> |
| CASH - END OF YEAR | <u>\$ 7,838,313</u> | <u>\$ 7,752,878</u> |
| CASH - END OF YEAR | | |
| Cash - Unrestricted | \$ 5,609,675 | \$ 5,628,830 |
| Cash - Restricted for Bond Interest | 319,003 | 308,225 |
| Cash - Restricted for Debt Service | 1,689,288 | 1,689,288 |
| Cash - Restricted for Property Repairs and Replacement | 220,347 | 126,535 |
| Total Cash - End of Year | <u>\$ 7,838,313</u> | <u>\$ 7,752,878</u> |
| SUPPLEMENTAL INFORMATION | | |
| Cash Paid for Interest | <u>\$ 1,340,286</u> | <u>\$ 1,381,406</u> |

See accompanying Notes to Financial Statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Lighthouse Academies of Northwest Indiana, Inc. (LANWI), 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 1,300 students in grades kindergarten through 12 and East Chicago Lighthouse Charter School served approximately 500 students in grades kindergarten through eight during the 2021 - 2022 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 LANWI's revenue is the product of cost reimbursement grants. Accordingly, LANWI recognizes revenue under these grants in the amount of costs and expenses at the time they are incurred.

Grants Revenue and Contributions

LANWI 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. LANWI did not have any conditional grants or contributions as of June 30, 2022 and 2021.

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, 2022 and 2021.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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. LANWI 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, LANWI reviews its long-lived assets for impairment whenever events or circumstances indicate that the carrying amount may be overstated. LANWI 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

LANWI 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 \$50,689 and \$41,472 as of June 30, 2022 and 2021, respectively. Amortization expense was \$9,217 and \$9,216 for the years ended June 30, 2022 and 2021, respectively. 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

LANWI 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, LANWI would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2022 and 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

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

Change in Accounting Principles

In June 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires Not-for-Profits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets. This standard did not significantly impact LANWI.

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. LANWI is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events

LANWI evaluated subsequent events through March 30, 2023, 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.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 was comprised of the following as of June 30:

| | 2022 | 2021 |
|--------------------------------|---------------|---------------|
| Land | \$ 1,245,200 | \$ 1,245,200 |
| Buildings and Improvements | 17,335,671 | 17,335,671 |
| Furniture and Equipment | 1,901,521 | 1,901,521 |
| Subtotal | 20,482,392 | 20,482,392 |
| Less: Accumulated Depreciation | (5,128,987) | (4,514,105) |
| Total | \$ 15,353,405 | \$ 15,968,287 |

NOTE 4 BONDS PAYABLE

LANWI 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 days 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.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 BONDS PAYABLE (CONTINUED)

LANWI was in compliance with the debt service coverage ratio covenants as of and for the year ended June 30, 2022.

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

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|----------------------|
| 2023 | \$ 335,000 |
| 2024 | 375,000 |
| 2025 | 400,000 |
| 2026 | 425,000 |
| 2027 | 455,000 |
| Thereafter | 16,930,689 |
| Total | <u>\$ 18,920,689</u> |

NOTE 5 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM

On April 13, 2020, LANWI received a loan from a financial institution in the amount of \$1,805,215 to fund payroll, rent, and utilities through the Paycheck Protection Program Flexibility Act of 2020 (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. On May 24, 2021, LANWI received full forgiveness of the PPP Loan from the bank and the Small Business Administration (SBA). Accordingly, LANWI recorded the extinguishment of debt as a gain on the statement of activities and changes in net assets for the year ended June 30, 2021. The SBA may review funding eligibility and usage of funds for compliance with program requirements 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 LANWI's financial position.

NOTE 6 LEASES

LANWI leases certain items of equipment under operating leases. Total lease expense under operating leases was \$117,931 and \$76,588 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments are as follows for the years ending June 30:

| <u>Year Ending June 30,</u> | <u>Amount</u> |
|-----------------------------|-------------------|
| 2023 | \$ 138,300 |
| 2024 | 28,750 |
| Total | <u>\$ 167,050</u> |

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 7 RETIREMENT PLAN

All LANWI personnel are employees of Lighthouse Academies, Inc., which provides management services to LANWI. LANWI personnel are eligible to participate in the Lighthouse Academies, Inc. Section 401(k) retirement plan. Under the plan, LANWI 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 LANWI Board of Directors. No discretionary contributions were made during the years ended June 30, 2022 and 2021. Retirement plan expense was \$94,118 and \$93,647 for the years ended June 30, 2022 and 2021, respectively.

NOTE 8 COMMITMENTS

LANWI 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, LANWI has agreed to pay an amount equal to 7.5% of revenue, as defined, for such services, plus any necessary travel costs. Expense under the agreements for both academic oversight and travel costs was \$2,010,165 and \$1,772,301 for the years ended June 30, 2022 and 2021, respectively. LANWI owed \$38,294 and \$80,564 to Lighthouse Academies, Inc. as of June 30, 2022 and 2021, respectively. This agreement remains in effect as long as the schools' charters remain in effect.

LANWI'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, LANWI 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 \$303,055 and \$427,668 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 RISKS AND UNCERTAINTIES

LANWI 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 LANWI. Additionally, LANWI 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 LANWI to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2022 and 2021, substantially all receivable balances were due from the state of Indiana.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 9 RISKS AND UNCERTAINTIES (CONTINUED)

LANWI 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, LANWI 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 LANWI, COVID-19 has impacted various parts of its operations and financial results, including an increase in federal funding. Management believes LANWI 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 10 LIQUIDITY

Under ASU 2016-14, the LANWI is required to disclose the assets it has available at June 30, 2022 and 2021 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. The LANWI's financial assets include cash, restricted cash, grants receivable, and other receivables.

| | <u>2022</u> | <u>2021</u> |
|--|---------------------|---------------------|
| Financial Assets | \$ 11,111,237 | \$ 8,753,806 |
| 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 | <u>(2,228,638)</u> | <u>(2,124,048)</u> |
| Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year | <u>\$ 8,882,599</u> | <u>\$ 6,629,758</u> |

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

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 IN-KIND RENT

The School leases a modular classroom under an operating lease with Lighthouse Academies, Inc. Beginning in the year ending June 30, 2021, Lighthouse Academies, Inc. provided rent abatement for the lease and therefore a donation to the School by allowing it to occupy the modular classroom for free, an amount which is below the fair market value for the rent. The fair market value of the contribution, as determined by the fair market value paid by the School prior to the school year ending June 30, 2022 and 2021, is \$72,000. The School is responsible for all repairs, maintenance, utilities, and insurance.

NOTE 12 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 LANWI 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.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
OTHER REPORT
JUNE 30, 2022**

The reports presented herein were prepared in addition to another official report prepared for Lighthouse Academies of Northwest Indiana, Inc. as listed below:

Supplemental Audit Report of Lighthouse Academies of Northwest Indiana, 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*.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

| ASSETS | <u>Gary</u> | <u>East Chicago</u> | <u>Eliminations</u> | <u>Total</u> |
|--|----------------------|-------------------------|---------------------|----------------------|
| CURRENT ASSETS | | | | |
| Cash | \$ 2,893,067 | \$ 2,716,608 | \$ - | \$ 5,609,675 |
| Cash - Restricted for Bond Interest | 255,202 | 63,801 | - | 319,003 |
| Accounts Receivable: | | | | |
| Grants | 2,471,382 | 746,746 | - | 3,218,128 |
| Other | 69,870 | 398,372 | (413,446) | 54,796 |
| Prepaid Expenses | 113,261 | 26,121 | - | 139,382 |
| Total Current Assets | <u>5,802,782</u> | <u>3,951,648</u> | <u>(413,446)</u> | <u>9,340,984</u> |
| PROPERTY AND EQUIPMENT, NET | 12,317,143 | 3,036,262 | - | 15,353,405 |
| OTHER ASSETS | | | | |
| Cash - Restricted for Debt Service | 1,351,430 | 337,858 | - | 1,689,288 |
| Cash - Restricted for Property Repairs and Replacement | 159,028 | 61,319 | - | 220,347 |
| Total Other Assets | <u>1,510,458</u> | <u>399,177</u> | <u>-</u> | <u>1,909,635</u> |
| Total Assets | <u>\$ 19,630,383</u> | <u>\$ 7,387,087</u> | <u>\$ (413,446)</u> | <u>\$ 26,604,024</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Current Portion of Bonds Payable | \$ 268,000 | \$ 67,000 | \$ - | \$ 335,000 |
| Accounts Payable and Accrued Expenses | 1,766,417 | 529,560 | (413,446) | 1,882,531 |
| Total Current Liabilities | <u>2,034,417</u> | <u>596,560</u> | <u>(413,446)</u> | <u>2,217,531</u> |
| LONG-TERM LIABILITIES | | | | |
| Bonds Payable | 14,792,665 | 3,585,667 | - | 18,378,332 |
| Less: Unamortized Debt Issuance Costs | (166,824) | (40,533) | - | (207,357) |
| Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs | <u>14,625,841</u> | <u>3,545,134</u> | <u>-</u> | <u>18,170,975</u> |
| Total Liabilities | 16,660,258 | 4,141,694 | (413,446) | 20,388,506 |
| NET ASSETS, WITHOUT DONOR RESTRICTIONS | | | | |
| | <u>2,970,125</u> | <u>3,245,393</u> | <u>-</u> | <u>6,215,518</u> |
| Total Liabilities and Net Assets | <u>\$ 19,630,383</u> | <u>\$ 7,387,087</u> | <u>\$ (413,446)</u> | <u>\$ 26,604,024</u> |

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINANCIAL POSITION BY SCHOOL
JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| ASSETS | <u>Gary</u> | <u>East Chicago</u> | <u>Eliminations</u> | <u>Total</u> |
|--|----------------------|-------------------------|---------------------|----------------------|
| CURRENT ASSETS | | | | |
| Cash | \$ 3,804,640 | \$ 1,824,190 | \$ - | \$ 5,628,830 |
| Cash - Restricted for Bond Interest | 246,580 | 61,645 | - | 308,225 |
| Accounts Receivable: | | | | |
| Grants | 491,625 | 450,077 | - | 941,702 |
| Other | 29,300 | 463,682 | (433,756) | 59,226 |
| Prepaid Expenses | 45,440 | 27,127 | - | 72,567 |
| Total Current Assets | <u>4,617,585</u> | <u>2,826,721</u> | <u>(433,756)</u> | <u>7,010,550</u> |
| PROPERTY AND EQUIPMENT, NET | 12,821,965 | 3,146,322 | - | 15,968,287 |
| OTHER ASSETS | | | | |
| Cash - Restricted for Debt Service | 1,351,430 | 337,858 | - | 1,689,288 |
| Cash - Restricted for Property Repairs and Replacement | 84,957 | 41,578 | - | 126,535 |
| Total Other Assets | <u>1,436,387</u> | <u>379,436</u> | <u>-</u> | <u>1,815,823</u> |
| Total Assets | <u>\$ 18,875,937</u> | <u>\$ 6,352,479</u> | <u>\$ (433,756)</u> | <u>\$ 24,794,660</u> |
| LIABILITIES AND NET ASSETS | | | | |
| CURRENT LIABILITIES | | | | |
| Current Portion of Bonds Payable | \$ 268,000 | \$ 67,000 | \$ - | \$ 335,000 |
| Accounts Payable and Accrued Expenses | 1,694,266 | 460,679 | (433,756) | 1,721,189 |
| Total Current Liabilities | <u>1,962,266</u> | <u>527,679</u> | <u>(433,756)</u> | <u>2,056,189</u> |
| LONG-TERM LIABILITIES | | | | |
| Bonds Payable | 15,070,000 | 3,655,000 | - | 18,725,000 |
| Less: Unamortized Debt Issuance Costs | (174,238) | (42,336) | - | (216,574) |
| Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs | <u>14,895,762</u> | <u>3,612,664</u> | <u>-</u> | <u>18,508,426</u> |
| Total Liabilities | 16,858,028 | 4,140,343 | (433,756) | 20,564,615 |
| NET ASSETS, WITHOUT DONOR RESTRICTIONS | | | | |
| | <u>2,017,909</u> | <u>2,212,136</u> | <u>-</u> | <u>4,230,045</u> |
| Total Liabilities and Net Assets | <u>\$ 18,875,937</u> | <u>\$ 6,352,479</u> | <u>\$ (433,756)</u> | <u>\$ 24,794,660</u> |

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

| | Gary | East Chicago | Eliminations | Total |
|---------------------------------|---------------------|---------------------|--------------|---------------------|
| REVENUE AND SUPPORT | | | | |
| State Education Support | \$ 10,383,820 | \$ 4,062,679 | \$ - | \$ 14,446,499 |
| Grant Revenue | 9,947,908 | 3,156,765 | - | 13,104,673 |
| In-Kind Contributions | 72,000 | - | - | 72,000 |
| Student Fees | 19,430 | 70 | - | 19,500 |
| Contributions | 14,464 | - | - | 14,464 |
| Interest | 8,699 | 2,175 | - | 10,874 |
| Other | 49,966 | 38,981 | - | 88,947 |
| Total Revenue and Support | <u>20,496,287</u> | <u>7,260,670</u> | <u>-</u> | <u>27,756,957</u> |
| EXPENSES | | | | |
| Program Services | 16,027,044 | 5,099,537 | - | 21,126,581 |
| Management and General | 3,517,027 | 1,127,876 | - | 4,644,903 |
| Fundraising | - | - | - | - |
| Total Expenses | <u>19,544,071</u> | <u>6,227,413</u> | <u>-</u> | <u>25,771,484</u> |
| CHANGES IN NET ASSETS | 952,216 | 1,033,257 | - | 1,985,473 |
| Net Assets - Beginning of Year | <u>2,017,909</u> | <u>2,212,136</u> | <u>-</u> | <u>4,230,045</u> |
| NET ASSETS - END OF YEAR | <u>\$ 2,970,125</u> | <u>\$ 3,245,393</u> | <u>\$ -</u> | <u>\$ 6,215,518</u> |

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS BY SCHOOL
YEAR ENDED JUNE 30, 2021
(SEE INDEPENDENT AUDITORS' REPORT)

| | Gary | East Chicago | Eliminations | Total |
|--|----------------------------|----------------------------|--------------------|----------------------------|
| REVENUE AND SUPPORT | | | | |
| State Education Support | \$ 10,863,542 | \$ 4,191,200 | \$ - | \$ 15,054,742 |
| Grant Revenue | 7,136,695 | 1,843,729 | - | 8,980,424 |
| In-Kind Contributions | 72,000 | - | - | 72,000 |
| Student Fees | 12,035 | 1,101 | - | 13,136 |
| Contributions | 108 | - | - | 108 |
| Interest | 188 | 47 | - | 235 |
| Other | 51,167 | 560,661 | (517,491) | 94,337 |
| Total Revenue and Support | <u>18,135,735</u> | <u>6,596,738</u> | <u>(517,491)</u> | <u>24,214,982</u> |
| EXPENSES | | | | |
| Program Services | 13,029,666 | 4,422,576 | (517,491) | 16,934,751 |
| Management and General | 2,778,782 | 963,157 | - | 3,741,939 |
| Fundraising | - | - | - | - |
| Total Expenses | <u>15,808,448</u> | <u>5,385,733</u> | <u>(517,491)</u> | <u>20,676,690</u> |
| CHANGES IN NET ASSETS | 2,327,287 | 1,211,005 | - | 3,538,292 |
| Net Assets (Deficit) - Beginning of Year | <u>(309,378)</u> | <u>1,001,131</u> | <u>-</u> | <u>691,753</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 2,017,909</u></u> | <u><u>\$ 2,212,136</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 4,230,045</u></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
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

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 Lighthouse Academies of Northwest Indiana, Inc. (LANWI), which comprise the statement of financial position as of June 30, 2022, 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 March 30, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered LANWI'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 LANWI' internal control. Accordingly, we do not express an opinion on the effectiveness of LANWI'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 were not identified.

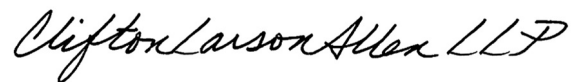
Board of Directors
Lighthouse Academies of Northwest Indiana, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether LANWI'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
March 30, 2023



**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
Lighthouse Academies of Northwest Indiana, Inc.
Wesley Chapel, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lighthouse Academies of Northwest Indiana, Inc.'s (LANWI) 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 LANWI's major federal programs for the year ended June 30, 2022. LANWI'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, LANWI 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, 2022.

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 LANWI 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 LANWI'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 LANWI'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 LANWI'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 LANWI'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 LANWI'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 LANWI'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 LANWI'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.

Report on Internal Control Over Compliance

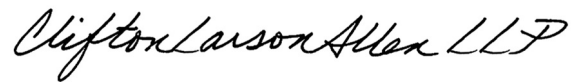
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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
Lighthouse Academies of Northwest Indiana, 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
March 30, 2023

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

| 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 |
|--|--|---|---------------------------------------|--|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass-Through Indiana Department of Education: | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Lunch Program | 10.553 | N/A | \$ - | \$ 318,450 |
| National School Lunch Program | 10.555 | N/A | - | 818,009 |
| Total Child Nutrition Cluster | | | <u>-</u> | <u>1,136,459</u> |
| Total U.S. Department of Agriculture | | | - | 1,136,459 |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass-Through Indiana Department of Education: | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | S010A210014, S010A220014 | - | 2,563,671 |
| Special Education Cluster | | | | |
| Special Education - Grants to States | 84.027 | H027A200084, H027A210084 | - | 372,060 |
| Special Education - Grants to States | 84.027 | H173A200104, H173A210104 | - | 1,530 |
| Total for Special Education Cluster | | | <u>-</u> | <u>373,590</u> |
| Supporting Effective Instruction to State Grants | 84.367 | S367A200013, S367A210013 | - | 74,739 |
| Student Support and Academic Enrichment Grants | 84.424 | S424A200015, S424A210015, S424A220015 | - | 205,617 |
| Education Stabilization Fund Program | | | | |
| COVID-19 ESSER Formula Fund I | 84.425D | S425D200013 | - | 419,518 |
| COVID-19 ESSER Formula Fund II | 84.425D | S425D210013 | - | 3,424,989 |
| COVID-19 ESSER Formula Fund III | 24.425U | S425U210013 | - | 2,605,031 |
| Total Education Stabilization Fund Program | | | <u>-</u> | <u>6,449,538</u> |
| Total U.S. Department of Education | | | <u>-</u> | <u>9,667,155</u> |
| Total Federal Awards Expended | | | <u>\$ -</u> | <u>\$ 10,803,614</u> |

See accompanying Notes to Schedule of Expenditures of Federal Awards.

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Lighthouse Academies of Northwest Indiana, Inc. (LANWI) under programs of the federal government for the year ended June 30, 2022. 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 LANWI, it is not intended to and does not present the financial position, changes in net assets or cash flows of LANWI.

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

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

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022
(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 x 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? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x 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 x no

Identification of Major Federal Programs

| Assistance Listing Number(s) | Name of Federal Program or Cluster |
|--|---|
| 10.CNC (10.553, 10.555) 84.425 | Child Nutrition Cluster 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? | _____ yes <u> x </u> no |

LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

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



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**LIGHTHOUSE ACADEMIES OF NORTHWEST INDIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2022**

U.S Department of Agriculture and U.S. Department of Education

Lighthouse Academies of Northwest Indiana, Inc. respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2022.

Audit period: July 01, 2020 through June 30, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2022 – 001 Schedule of Expenditures of Federal Awards Preparation

Condition: During testing, it was noted the School's draft SEFA did not properly identify items 1-3 as noted above. Additionally, the School did not complete the footnote disclosures related to the SEFA. We noted missing Assistance Listing Numbers, improper subtotalling, no name or pass-through identifying information, and missing subparts that are required to be identified under Assistance Listing 84.425. Additionally, the SEFA was not initially prepared on the same basis of accounting as the financial statements, i.e. accrual basis, thus resulting in an adjustment of approximately \$330,000.

Status: Corrected.

If the U.S Department of Agriculture or the U.S. Department of Education has questions regarding this schedule, please call Jessica Beasley, Executive Director/Superintendent at 219-501-1881.