



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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July 19, 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, 2021 to June 30, 2022. 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, 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 Neighbors' Educational Opportunities, 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

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2022 AND 2021**



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**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2022 AND 2021**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>STATEMENTS OF FINANCIAL POSITION</b>	<b>4</b>
<b>STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS</b>	<b>5</b>
<b>STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>6</b>
<b>STATEMENTS OF CASH FLOWS</b>	<b>7</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>COMBINING STATEMENT OF FINANCIAL POSITION</b>	<b>15</b>
<b>COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS</b>	<b>16</b>
<b>OTHER REPORT</b>	<b>17</b>



## INDEPENDENT AUDITORS' REPORT

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

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Corporation, 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). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation 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 the Corporation'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 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, we:


- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for a reasonable period of time.

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

Board of Directors  
Neighbors' Educational Opportunities, Inc.

### **Supplementary Information**

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. 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  
June 1, 2023

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 89,616	\$ 399,891
Grants Receivable	196,455	221,967
Other Receivables	4,406	3,112
Total Current Assets	290,477	624,970
<b>PROPERTY AND EQUIPMENT</b>		
Land	835,000	835,000
Buildings and Improvements	3,995,999	3,995,999
Furniture and Equipment	547,244	547,244
Less: Accumulated Depreciation	(1,145,989)	(969,143)
Property and Equipment, Net	4,232,254	4,409,100
<b>OTHER ASSETS</b>		
Security Deposit	7,443	10,833
Total Assets	\$ 4,530,174	\$ 5,044,903
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 316,642	\$ 294,052
Line of Credit	55,000	-
Accounts Payable and Accrued Expenses	102,754	128,293
Security Deposit	2,882	2,882
Total Current Liabilities	477,278	425,227
<b>LONG-TERM LIABILITIES</b>		
Notes Payable, Net of Current Portion	3,152,320	3,463,832
Loan Payable Under Paycheck Protection Program	-	312,200
Total Long-Term Liabilities	3,152,320	3,776,032
Total Liabilities	3,629,598	4,201,259
<b>NET ASSETS</b>		
Without Donor Restrictions	900,576	843,644
Total Liabilities and Net Assets	\$ 4,530,174	\$ 5,044,903

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.  
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 1,263,505	\$ 1,407,718
Grant Revenue	1,066,761	1,066,286
Student Fees	20,525	25,927
Rental Income	67,700	47,568
Contributions	40,548	66,465
Paycheck Protection Program Income	312,200	321,700
Fundraising and Other Income	3,940	115,615
Total Revenue and Support	<u>2,775,179</u>	<u>3,051,279</u>
<b>EXPENSES</b>		
Program Services	1,901,620	1,977,559
Management and General	816,627	706,982
Total Expenses	<u>2,718,247</u>	<u>2,684,541</u>
<b>CHANGE IN NET ASSETS</b>	56,932	366,738
Net Assets - Beginning of Year	<u>843,644</u>	<u>476,906</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 900,576</u>	<u>\$ 843,644</u>

See accompanying Notes to Financial Statements.



**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,039,549	\$ 418,711	\$ 1,458,260	\$ 1,108,990	\$ 347,685	\$ 1,456,675
Employee Benefits	154,986	79,334	234,320	132,869	67,385	200,254
Staff Development	2,930	-	2,930	-	-	-
Authorizer Oversight Fees	-	34,543	34,543	-	38,359	38,359
Educational Content	28,389	-	28,389	48,572	-	48,572
Food Costs	35,046	-	35,046	17,277	-	17,277
Equipment	27,445	-	27,445	53,153	-	53,153
Classroom Office Supplies	52,873	16,452	69,325	27,223	12,480	39,703
Professional Services	182,125	73,850	255,975	111,458	54,170	165,628
Occupancy	105,939	-	105,939	110,314	-	110,314
Contracted IT Services	81,552	-	81,552	79,832	-	79,832
Travel	10,605	204	10,809	203	3,974	4,177
Insurance	-	25,604	25,604	-	24,398	24,398
Advertising	-	30,146	30,146	-	16,775	16,775
Depreciation	176,846	-	176,846	176,846	-	176,846
Interest	-	124,913	124,913	1,801	133,195	134,996
Other	3,335	12,870	16,205	109,021	8,561	117,582
<b>Total Functional Expenses</b>	<b><u>\$ 1,901,620</u></b>	<b><u>\$ 816,627</u></b>	<b><u>\$ 2,718,247</u></b>	<b><u>\$ 1,977,559</u></b>	<b><u>\$ 706,982</u></b>	<b><u>\$ 2,684,541</u></b>

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 56,932	\$ 366,738
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	176,846	176,846
Gain on Extinguishment of Debt	(312,200)	(321,700)
Changes in Operating Assets and Liabilities:		
Grants Receivable	25,512	(106,473)
Other Receivables and Security Deposit	2,096	4,448
Accounts Payable and Accrued Expenses	(25,539)	(11,917)
Net Cash Provided (Used) by Operating Activities	(76,353)	107,942
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	-	(89,400)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Loan Payable Under Paycheck Protection Program	-	312,200
Net Borrowings on Line of Credit	55,000	-
Principal Payments of Notes Payable	(288,922)	(188,775)
Net Cash Provided (Used) by Financing Activities	(233,922)	123,425
<b>NET CHANGE IN CASH</b>	(310,275)	141,967
Cash - Beginning of Year	399,891	257,924
<b>CASH - END OF YEAR</b>	\$ 89,616	\$ 399,891
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 124,913	\$ 134,996

See accompanying Notes to Financial Statements.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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 230 students during 2021-2022. 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, 2022, 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 Corporation 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, 2022 AND 2021**

**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 2021-2022 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, 2022 AND 2021**

**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, 2022 and 2021, 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 Financial Accounting Standards Board issued Accounting Standards Board 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 June 1, 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.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2022</u>	<u>2021</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.	\$ 680,116	\$ 831,252
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.	2,638,946	2,776,732
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 due September 2051, secured by property owned by Corporation.	149,900	149,900
Total	<u>3,468,962</u>	<u>3,757,884</u>
Less: Current Portion	<u>(316,642)</u>	<u>(294,052)</u>
Long-Term Portion	<u>\$ 3,152,320</u>	<u>\$ 3,463,832</u>

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 316,642
2024	307,238
2025	313,945
2026	2,324,085
2027	79,702
Thereafter	127,350
Total	<u>\$ 3,468,962</u>

**NOTE 3 LINE OF CREDIT**

The Corporation maintains a revolving bank line of credit that expires on April 5, 2024. At June 30, 2022, there was a balance of \$55,000 borrowed against this line. Interest, which varies with the bank's prime rate with a floor of 3.25%, was 3.25% on June 30, 2022, and is payable monthly.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 4 LEASES**

The Corporation leases equipment under operating lease agreements that expire in 2023 and 2024. Expense under these operating leases was \$28,418 and \$24,890 for the years ended June 30, 2022 and 2021, 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>
2023	\$ 17,824
2024	2,161
Total	<u>\$ 19,985</u>

**NOTE 5 RETIREMENT PLAN**

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. Under the Plan, the Corporation matches up to 3% of each participant's contributions for the plan year.

Retirement plan expenses totaled \$14,353 and \$15,927 during the years ended June 30, 2022 and 2021, 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 \$34,543 and \$38,359 for the years ended June 30, 2022 and 2021, 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.

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist principally of receivables from the state of Indiana. At June 30, 2022 and 2021, 98% and 99% of the receivable balance was due from the state of Indiana, respectively.

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 operations and financial results. During the 2021-2022 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, 2022 and 2021, 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, 2022 and 2021, were \$290,477 and \$624,970, 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.



**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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.

**NOTE 10 EXTINGUISHMENT OF DEBT**

In February 2021, the Corporation received proceeds in the amount of \$312,200 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 January 2022. Accordingly, the Corporation recognized a gain on the extinguishment of debt of \$312,200 during the year ended June 30, 2022. This amount is included in income on the accompanying statement of income.

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, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Total
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 193,026	\$ (103,410)	\$ 89,616
Grants Receivable	107,326	89,129	196,455
Other Receivables	4,406	-	4,406
Interfund Receivable	-	-	-
Total Current Assets	304,758	(14,281)	290,477
<b>PROPERTY AND EQUIPMENT</b>			
Land	835,000	-	835,000
Buildings and Improvements	3,957,399	38,600	3,995,999
Furniture and Equipment	525,902	21,342	547,244
Less: Accumulated Depreciation	(1,145,989)	-	(1,145,989)
Property and Equipment, Net	4,172,312	59,942	4,232,254
<b>OTHER ASSETS</b>			
Security Deposit	7,443	-	7,443
Total Assets	\$ 4,484,513	\$ 45,661	\$ 4,530,174
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current Portion of Notes Payable	\$ 316,642	\$ -	\$ 316,642
Line of Credit	55,000	-	55,000
Accounts Payable and Accrued Expenses	102,754	-	102,754
Interfund Payable	22,080	(22,080)	-
Short-Term Note Payable	2,882	-	2,882
Total Current Liabilities	499,358	(22,080)	477,278
<b>LONG-TERM LIABILITIES</b>			
Notes Payable, Net of Current Portion	3,152,320	-	3,152,320
Loan Payable Under Paycheck Protection Program	-	-	-
Total Long-Term Liabilities	3,152,320	-	3,152,320
Total Liabilities	3,651,678	(22,080)	3,629,598
<b>NET ASSETS</b>			
Without Donor Restrictions	832,835	67,741	900,576
Total Liabilities and Net Assets	\$ 4,484,513	\$ 45,661	\$ 4,530,174

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.**  
**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2022**  
(SEE INDEPENDENT AUDITORS' REPORT)

	Charter School	Adult Education Program	Eliminations	Total
<b>REVENUE AND SUPPORT</b>				
State Education Support	\$ 1,263,505	\$ -	\$ -	\$ 1,263,505
Grant Revenue	629,713	437,048	-	1,066,761
Student Fees	20,219	306	-	20,525
Rental Income	345,029	-	(277,329)	67,700
Contributions	30,548	10,000	-	40,548
Payroll Protection Program Income	312,200	-	-	312,200
Fundraising and Other Income	3,940	-	-	3,940
Total Revenue and Support	<u>2,605,154</u>	<u>447,354</u>	<u>(277,329)</u>	<u>2,775,179</u>
<b>EXPENSES</b>				
Program Services	1,558,252	343,368	-	1,901,620
Management and General	892,295	201,661	(277,329)	816,627
Total Expenses	<u>2,450,547</u>	<u>545,029</u>	<u>(277,329)</u>	<u>2,718,247</u>
<b>CHANGES IN NET ASSETS</b>	154,607	(97,675)	-	56,932
Net Assets - Beginning of Year	<u>678,228</u>	<u>165,416</u>	<u>-</u>	<u>843,644</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 832,835</u>	<u>\$ 67,741</u>	<u>\$ -</u>	<u>\$ 900,576</u>

**NEIGHBORS' EDUCATIONAL OPPORTUNITIES, INC.  
OTHER REPORT  
YEAR ENDED JUNE 30, 2022**

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*.



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