



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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August 18, 2023

Charter School Board
Montessori Academy at Geist, Inc.
6058 W 900 N
McCordsville, IN 46055

We have reviewed the audit report of Montessori Academy at Geist, 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 Montessori Academy at Geist, 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 State Board of Accounts.

In addition to the report presented herein, a Supplemental Audit Report for Montessori Academy at Geist, Inc. was prepared in accordance with the guidelines established by the State Board of Accounts.

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

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

Tammy R. White, CPA
Deputy State Examiner

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2022 AND 2021



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**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Montessori Academy at Geist, Inc.
and GMA Holding, LLC
McCordsville, Indiana

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, (collectively, the School) which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the School 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 Consolidated Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-a-Matter Regarding Correction of an Error

As discussed in Note 2 to the consolidated financial statements, certain errors resulting in understatement of amounts previously reported for long-term liabilities as of June 30, 2021, were discovered by management of the entity during the current year. Accordingly, amounts reported for long-term liabilities, related revenue and expenses, and net assets have been restated in the 2021 consolidated financial statements now presented. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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
Montessori Academy at Geist, Inc.
and GMA Holding, LLC

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
July 11, 2023

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021**

	2022	(As Restated) 2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 246,226	\$ 559,403
Accounts Receivable:		
Grants	20,419	20,168
Other	19,439	19,439
Prepaid Expenses	10,121	18,099
Total Current Assets	296,205	617,109
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Building	6,526,561	6,526,560
Building Improvements	206,477	206,477
Furniture and Equipment	321,370	305,404
Textbooks	12,507	12,507
Less: Accumulated Depreciation	(849,600)	(660,135)
Property and Equipment, Net	6,763,563	6,937,061
OTHER ASSETS		
Interest Rate Swap	5,295	-
Total Assets	\$ 7,065,063	\$ 7,554,170
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 369,051	\$ 362,301
Accounts Payable and Accrued Expenses	128,610	123,277
Total Current Liabilities	497,661	485,578
LONG-TERM LIABILITIES		
Paycheck Protection Program Loan	-	300,000
Interest Rate Swap	-	277,121
Notes Payable, Net of Current Portion	4,788,325	5,156,772
Less: Unamortized Debt Issuance Costs	(27,754)	(46,255)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	4,760,571	5,687,638
Total Liabilities	5,258,232	6,173,216
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total Liabilities and Net Assets	\$ 7,065,063	\$ 7,554,170

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	(As Restated) 2021
REVENUE AND SUPPORT		
State Education Support	\$ 1,455,545	\$ 1,727,232
Grant Revenue	448,740	415,710
Student Fees	47,524	35,348
Contribution Income	4,115	2,805
Change in Value of Interest Rate Swap	282,416	(277,121)
Other Income	513,364	237,110
Total Revenue and Support	2,751,704	2,141,084
EXPENSES		
Program Services	1,500,260	1,514,932
Management and General	825,567	971,370
Total Expenses	2,325,827	2,486,302
CHANGE IN NET ASSETS	425,877	(345,218)
Net Assets - Beginning of Year	1,380,954	1,726,172
NET ASSETS - END OF YEAR	\$ 1,806,831	\$ 1,380,954

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022			2021 (As Restated)		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 904,397	\$ 232,324	\$ 1,136,721	\$ 945,403	\$ 292,031	\$ 1,237,434
Employee Benefits	150,266	40,100	190,366	136,931	52,317	189,248
Professional Services	177,299	81,572	258,871	225,076	93,959	319,035
Authorizer Oversight Fees	-	40,459	40,459	-	42,360	42,360
Food Costs	1,792	-	1,792	1,302	-	1,302
Property Rental and Equipment	47,438	-	47,438	43,483	-	43,483
Classroom, Kitchen, and Office Supplies	64,004	4,769	68,773	51,663	9,779	61,442
Occupancy	57,481	-	57,481	65,187	-	65,187
Depreciation	26,300	163,164	189,464	27,056	153,209	180,265
Insurance	-	10,565	10,565	-	45,545	45,545
Interest	-	240,263	240,263	-	269,300	269,300
Repairs and Maintenance	61,223	-	61,223	1,317	-	1,317
Information Technology	-	-	-	475	-	475
Advertising	-	1,080	1,080	-	-	-
Other	10,060	11,271	21,331	17,039	12,870	29,909
Total Functional Expenses	<u>\$ 1,500,260</u>	<u>\$ 825,567</u>	<u>\$ 2,325,827</u>	<u>\$ 1,514,932</u>	<u>\$ 971,370</u>	<u>\$ 2,486,302</u>

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	(As Restated) 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 425,877	\$ (345,218)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	189,464	180,265
Amortization	18,501	18,501
Change in Value of Interest Rate Swap	(282,416)	277,121
Forgiveness of Paycheck Protection Program Loan	(300,000)	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	(251)	(7,048)
Due from/to Affiliated Entity	-	31,886
Prepaid Expenses	7,978	290
Accounts Payable and Accrued Expenses	5,333	(18,384)
Net Cash Provided by Operating Activities	64,486	137,413
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,966)	(115,353)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(361,697)	(354,272)
NET CHANGE IN CASH	(313,177)	(332,212)
Cash - Beginning of Year	559,403	891,615
CASH - END OF YEAR	\$ 246,226	\$ 559,403
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 246,248	\$ 269,300

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montessori Academy at Geist, Inc. (GMA) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. GMA operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. During the 2021-2022 school year, GMA served approximately 220 students in grades preschool to eight by providing an alternative to the traditional public schools.

Effective December 26, 2018, GMA formed GMA Holding, LLC, a wholly owned subsidiary of the School. GMA Holding, LLC was established to own land and construct a school building for use by the School.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Montessori Academy at Geist, Inc. and GMA Holding, LLC, collectively referred to as the "School." All significant intercompany transactions and balances have been eliminated in consolidation.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. As of June 30, 2022 and 2021, the School 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.

Cash and Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2022 and 2021.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants Receivable and Revenue

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

Other Accounts Receivable

Other accounts receivable relate to student fees. The School believes that all amounts are collectible, thus an allowance for doubtful accounts is not deemed necessary.

Contributions, Grants, and Fees

The School receives income from contributions, student fees, and fundraising events that support certain school activities. These receipts are reported as restricted support in that they are received with stipulations that limit their use. When a donor restriction expires, that is, when the purpose or time restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions.

Debt Issuance Cost

During January 2019, GMA Holding, LLC entered into a construction loan agreement with First Financial Bank, with maximum borrowings of \$4,500,000. Total costs incurred to secure the financing were \$92,508. Amortization is provided on a straight-line basis over the term of the agreement (60 months). Accumulated amortization as of June 30, 2022 and 2021 was \$64,754 and \$46,253, respectively, and was included in construction in progress during the construction phase and interest expense thereafter. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

Montessori Academy at Geist, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. The School 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 consolidated financial statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxes on Income (Continued)

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, and minor replacement costs 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	40 Years
Leasehold Improvements	9 to 12 Years
Furniture and Equipment	3 to 5 Years
Textbooks	3 Years

Impairment of Long-Lived Assets

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

Recently Issued Accounting Pronouncements

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

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The School evaluated subsequent events through July 11, 2023, the date these consolidated financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the consolidated financial statements or related disclosures would be required.

Subsequent to year-end, the School received a settlement in the amount of \$395,000 for damages to the building.

NOTE 2 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR

During the year ended June 30, 2022, the School determined it had been incorrectly accounting for an interest rate swap associated with the note payable to First Financial Bank as described in Note 4. Previously, the School had recorded payments for the interest expenses on the interest rate swap as payments on the outstanding principal balance and not recognizing the market value of the interest rate swap. The School did not include \$141,000 of interest expense and did not include the market value of the interest rate swap of (\$277,121) in liabilities for the year ended June 30, 2021.

The following consolidated statement of financial position line items for fiscal year 2021 were affected by the restatement:

	June 30, 2021		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Interest Rate Swap	\$ -	\$ 277,121	\$ 277,121
Notes Payable, Net of Current Portion	5,015,772	141,000	5,156,772
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	5,269,517	418,121	5,687,638
Total Liabilities	5,755,095	418,121	6,173,216
Net Assets Without Donor Restrictions	1,799,075	(418,121)	1,380,954

The following consolidated statement of activities and changes in net assets line items for fiscal year 2021 were affected by the restatement:

	June 30, 2021		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Change in Value of Interest Rate Swap	\$ -	\$ (277,121)	\$ (277,121)
Total Revenue and Support	2,418,205	(277,121)	2,141,084
Management and General	830,370	141,000	971,370
Total Expenses	2,345,302	141,000	2,486,302
Change in Net Assets	72,903	(418,121)	(345,218)
Net Assets - End of Year	1,799,075	(418,121)	1,380,954

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR (CONTINUED)

The following consolidated statement of functional expense line items for fiscal year 2021 were affected by the restatement:

	June 30, 2021		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Interest	\$ 128,300	\$ 141,000	\$ 269,300
Total Management and General Expenses	830,370	141,000	971,370
Total Expenses	2,345,302	141,000	2,486,302

The following consolidated statement of cash flow line items for fiscal year 2021 were affected by the restatement:

	June 30, 2021		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Change in Net Assets	\$ 72,903	\$ (418,121)	\$ (345,218)
Change in Value of Interest Rate Swap	-	277,121	277,121
Net Cash Provided By Operating Activities	278,413	(141,000)	137,413
Principal Payments of Notes Payable	(495,272)	141,000	(354,272)
Net Cash Used By Financing Activities	(495,272)	141,000	(354,272)
Cash Paid for Interest	128,300	141,000	269,300

NOTE 3 PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, the School received a loan from First Financial Bank in the amount of \$300,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over eighteen 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. The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the School fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. To the extent that all or part of the PPP Loan is not forgiven, the Organization will be required to pay interest on the PPP Loan at a rate of 1.0% per annum, and commencing in November 2020, principal and interest payments were required through the maturity date in April 2022. As of July 26, 2021, the loan was fully forgiven and is included in other income in the consolidated statement of activities.

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.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2022</u>	<u>(As Restated) 2021</u>
Note payable to First Financial bank, payable in \$11,136 monthly installments plus interest at 4.95% with balloon payment of \$3,950,027 due January 2024.	\$ 4,175,760	\$ 4,319,320
Note payable to State Board of Education, payable \$109,068 semi-annually (January 1 and July 1) plus interest at 1% per annum. Due July 2026.	<u>981,616</u>	<u>1,199,753</u>
Total	5,157,376	5,519,073
Less: Current Portion	<u>(369,051)</u>	<u>(362,301)</u>
Long-Term Portion	<u>\$ 4,788,325</u>	<u>\$ 5,156,772</u>

The note payable to the State Board of Education is the result of the Common School Funds Charter School Innovation Fund Advancement program. This note is secured by the School's future tuition support payments on the School's basic grant.

In January 2019, GMA Holding, LLC entered into an agreement with First Financial Bank for a construction loan of \$4,500,000. Borrowings accrue interest at 2.00% above LIBOR (a total of 3.06% and 2.09% at June 30, 2022 and 2021, respectively). On February 1, 2020, the construction loan converted to a 48-month term note, using a 240-month amortization period. The loan is subject to certain covenants of which management believes it was in compliance at June 30, 2022.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 369,051
2024	4,242,984
2025	218,137
2026	218,137
2027	109,067
Total	<u>\$ 5,157,376</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 5 LEASES

The School leases certain items of office equipment under operating leases for terms from three to seven years with the leases expiring in 2023.

Future minimum lease obligations under noncancelable operating leases with initial lease terms in excess of one year are as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 1,169

NOTE 6 INTEREST RATE SWAP

In February 2020, the GMA Holding LLC entered into an interest rate swap transaction with First Financial Bank. This is guaranteed by GMA. GMA Holding, LLC uses the interest rate swap to convert its variable rate debt to a fixed rate as a cash-flow hedge. GMA Holding, LLC is exposed to credit loss in the event of nonperformance by the counterparty to the interest rate swap agreement. However, GMA Holding, LLC does not anticipate nonperformance by the counterparty.

The agreement that took effect on February 5, 2021 (in conjunction with the conversion of the construction loan to term) effectively changes GMA Holding, LLC's interest rate exposure on its floating rate note payable to 4.95%. This interest rate swap agreement matures on January 31, 2024. This agreement had a total notional principal in the amount of \$4,034,760 and \$4,178,320 at June 30, 2022 and 2021, respectively.

The effective portion of the gain or loss on the interest rate swap is reported as revenues and expenses in the consolidated statement of activities and change in net assets in the same period or periods during which the hedged transaction affects the consolidated statement of activities and change in net assets. Gains and losses on the interest rate swap representing either hedge ineffectiveness, or excluded from the assessment of hedge effectiveness, is recognized in the consolidated statement of activities and change in net assets as revenue and expenses.

NOTE 7 RETIREMENT PLAN

The School provides retirement benefits covering substantially all full-time employees. Retirement benefits for teaching personnel are provided by the Indiana State Teachers' Retirement Fund (TRF) which is a cost-sharing multiple-employer defined benefit retirement plan governed by the state of Indiana and administered by the Indiana Public Retirement System (INPRS) Board. Contribution requirements of plan members are determined annually by the INPRS Board. For the years ended June 30, 2022 and 2021, the School contributed 5.5% of compensation for eligible teaching personnel. Should the School elect to withdraw from TRF, it could be subject to a withdrawal fee. The School's contributions represent an insignificant percentage of the total contributions received by TRF. As of June 30, 2021 (the latest year reported), TRF was approximately 95% funded.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 RETIREMENT PLAN (CONTINUED)

Retirement benefits for School employees are provided under a Section 403(b) defined contribution retirement plan. Under the plan, the School matches 100% of each participant's contributions not to exceed 7% of compensation for the plan year. Additional contributions may be made to the plan at the discretion of the board of directors. No discretionary contributions were made in 2022 and 2021.

Retirement plan expense for the years ended June 30, 2022 and 2021 was \$44,781 and \$38,006, respectively.

NOTE 8 COMMITMENTS

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. Expense under this charter agreement was \$40,459 and \$42,360 for the years ended June 30, 2022 and 2021, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

NOTE 9 RISKS AND UNCERTAINTIES

The School provides educational instruction services to families residing in Hancock 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. Changes in state or federal legislation could significantly affect the School. Additionally, the School is subject to monitoring and audit by state and federal agencies. Those examinations may result in additional liability to be imposed on the School.

Financial instruments that potentially subject the School to concentrations of credit risk consist principally of receivables from the state of Indiana and cash deposits. Cash deposits are maintained at First Financial Bank and are insured up to the Federal Deposit Insurance Corporation insurance limit. From time to time during the year the School's deposit accounts exceed this limit.

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its operations and financial results. For the year ended June 30, 2021, the School operated with a hybrid learning model allowing students to enroll remotely and in person. Management believes the School 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.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 10 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available to meet its cash needs for general expenditures within one year of the date of the consolidated statement of financial position. Financial assets for the School include cash, grants receivables, and other accounts receivables.

	<u>2022</u>	<u>2021</u>
Financial Assets	\$ 286,084	\$ 599,010
Less: Those Unavailable for General Expenditures Within One Year	<u>-</u>	<u>-</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 286,084</u>	<u>\$ 599,010</u>

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

NOTE 11 FUNCTIONAL EXPENSE REPORTING

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

SUPPLEMENTARY INFORMATION

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA	Eliminations	Total
	School	Pre-K	Total	Holding, LLC		
ASSETS						
CURRENT ASSETS						
Cash	\$ 69,945	\$ -	\$ 69,945	\$ 176,281	\$ -	\$ 246,226
Accounts Receivable:						
Grants	20,419	-	20,419	-	-	20,419
Other	19,439	-	19,439	-	-	19,439
Due from Affiliated Entity	2,826,410	136,879	2,963,289	-	(2,963,289)	-
Prepaid Expenses	10,121	-	10,121	-	-	10,121
Total Current Assets	<u>2,946,334</u>	<u>136,879</u>	<u>3,083,213</u>	<u>176,281</u>	<u>(2,963,289)</u>	<u>296,205</u>
PROPERTY AND EQUIPMENT						
Land	-	-	-	546,248	-	546,248
Building	-	-	-	6,526,561	-	6,526,561
Leasehold Improvements	206,477	-	206,477	-	-	206,477
Furniture and Equipment	321,370	-	321,370	-	-	321,370
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	(460,178)	-	(460,178)	(389,422)	-	(849,600)
Property and Equipment, Net	<u>80,176</u>	<u>-</u>	<u>80,176</u>	<u>6,683,387</u>	<u>-</u>	<u>6,763,563</u>
OTHER ASSETS						
Interest Rate Swap	-	-	-	5,295	-	5,295
Total Assets	<u>\$ 3,026,510</u>	<u>\$ 136,879</u>	<u>\$ 3,163,389</u>	<u>\$ 6,864,963</u>	<u>\$ (2,963,289)</u>	<u>\$ 7,065,063</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Current Portion of Notes Payable	\$ 218,137	\$ -	\$ 218,137	\$ 150,914	\$ -	\$ 369,051
Accounts Payable and Accrued Expenses	111,966	-	111,966	16,644	-	128,610
Construction Costs Payable	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Due to Affiliated Entity	136,879	-	136,879	2,826,410	(2,963,289)	-
Total Current Liabilities	<u>466,982</u>	<u>-</u>	<u>466,982</u>	<u>2,993,968</u>	<u>(2,963,289)</u>	<u>497,661</u>
LONG-TERM LIABILITIES						
Payroll Protection Program Loan	-	-	-	-	-	-
Interest Rate Swap	-	-	-	-	-	-
Notes Payable, Net of Current Portion	763,479	-	763,479	4,024,846	-	4,788,325
Less: Unamortized Debt Issuance Costs	-	-	-	(27,754)	-	(27,754)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>763,479</u>	<u>-</u>	<u>763,479</u>	<u>3,997,092</u>	<u>-</u>	<u>4,760,571</u>
Total Liabilities	1,230,461	-	1,230,461	6,991,060	(2,963,289)	5,258,232
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,796,049</u>	<u>136,879</u>	<u>1,932,928</u>	<u>(126,097)</u>	<u>-</u>	<u>1,806,831</u>
Total Liabilities and Net Assets	<u>\$ 3,026,510</u>	<u>\$ 136,879</u>	<u>\$ 3,163,389</u>	<u>\$ 6,864,963</u>	<u>\$ (2,963,289)</u>	<u>\$ 7,065,063</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA Holding, LLC	Eliminations	Total
	School	Pre-K	Total			
REVENUE AND SUPPORT						
State Education Support	\$ 1,455,545	\$ -	\$ 1,455,545	\$ -	\$ -	\$ 1,455,545
Grant Revenue	448,740	-	448,740	-	-	448,740
Student Fees	47,524	-	47,524	-	-	47,524
Contributions	4,115	-	4,115	-	-	4,115
Change in Value of Interest Rate Swap	-	-	-	282,416	-	282,416
Other Income	343,503	169,861	513,364	372,000	(372,000)	513,364
Total Revenue and Support	<u>2,299,427</u>	<u>169,861</u>	<u>2,469,288</u>	<u>654,416</u>	<u>(372,000)</u>	<u>2,751,704</u>
EXPENSES						
Program Services	1,795,024	77,236	1,872,260	-	(372,000)	1,500,260
Management and General	433,993	-	433,993	391,574	-	825,567
Total Expenses	<u>2,229,017</u>	<u>77,236</u>	<u>2,306,253</u>	<u>391,574</u>	<u>(372,000)</u>	<u>2,325,827</u>
CHANGE IN NET ASSETS	70,410	92,625	163,035	262,842	-	425,877
Net Assets - Beginning of Year (As Restated)	<u>1,725,639</u>	<u>44,254</u>	<u>1,769,893</u>	<u>(388,939)</u>	<u>-</u>	<u>1,380,954</u>
NET ASSETS - END OF YEAR	<u>\$ 1,796,049</u>	<u>\$ 136,879</u>	<u>\$ 1,932,928</u>	<u>\$ (126,097)</u>	<u>\$ -</u>	<u>\$ 1,806,831</u>

**MONTESSORI ACADEMY AT GEIST, INC.
OTHER REPORT
JUNE 30, 2022**

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

Supplemental Audit Report of Montessori Academy at Geist, 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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