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State Examiner

INDIANA STATE BOARD OF ACCOUNTS

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February 5, 2025

Charter School Board
Community Montessori, Inc.
Floyd County, Indiana

We have reviewed the report prepared by Community Montessori, Inc. and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Community Montessori, Inc. as of June 30, 2024 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, CliftonLarsonAllen LLP prepared the audit report in accordance with guidelines established by the Indiana State Board of Accounts.

In addition to the report presented herein, a supplemental report for Community Montessori, Inc., was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

COMMUNITY MONTESSORI, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023



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**COMMUNITY MONTESSORI, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Montessori, Inc.
New Albany, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Montessori, Inc. (the School), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and change in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2024 and 2023, and the changes in 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 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.

Responsibilities of Management for the Financial Statements

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

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



CliftonLarsonAllen LLP

Indianapolis, Indiana
December 17, 2024

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,723,674	\$ 5,257,393
Investments	4,876,752	2,121,330
Accounts Receivable, Net	10,174	375,625
Prepaid Expenses	17,465	14,442
Total Current Assets	8,628,065	7,768,790
PROPERTY AND EQUIPMENT		
Land	150,296	150,296
Buildings and Improvements	13,569,296	13,413,401
Furniture and Equipment	227,188	189,609
Less: Accumulated Depreciation	(5,162,909)	(4,801,459)
Property and Equipment, Net	8,783,871	8,951,847
Operating Right of Use Asset, Net	7,069	9,854
Total Assets	\$ 17,419,005	\$ 16,730,491
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 284,467	\$ 275,651
Accounts Payable and Accrued Expenses	367,131	340,806
Operating Lease Liability - Current Portion	2,866	2,785
Deferred Revenue	205,975	47,658
Refundable Advances	-	1,235,193
Total Current Liabilities	860,439	1,902,093
LONG-TERM LIABILITIES		
Operating Lease Liability - Net of Current Portion	4,203	7,069
Notes Payable, Net of Current Portion	3,728,424	4,012,663
Less: Unamortized Debt Issuance Costs	(33,628)	(36,228)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	3,694,796	3,976,435
Total Liabilities	4,559,438	5,885,597
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Without Donor Restrictions:		
Without Donor Restrictions	12,853,352	10,838,679
With Donor Restrictions	6,215	6,215
Total Net Assets	12,859,567	10,844,894
Total Liabilities and Net Assets	\$ 17,419,005	\$ 16,730,491

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	\$ 120,201	\$ -	\$ 120,201	\$ 3,939,466	\$ -	\$ 3,939,466
Program Fees	493,770	-	493,770	551,487	-	551,487
Grant Revenue	6,489,194	-	6,489,194	1,152,461	-	1,152,461
Student Fees	54,970	-	54,970	130,901	-	130,901
Contributions	41,617	-	41,617	5,081	-	5,081
Fundraising	15,836	-	15,836	29,707	5,000	34,707
Investment Gain, Net	188,304	-	188,304	85,271	-	85,271
Other	20,740	-	20,740	26,236	-	26,236
Net Assets Released from Restrictions	-	-	-	500	(500)	-
Total Revenue and Support	<u>7,424,632</u>	<u>-</u>	<u>7,424,632</u>	<u>5,921,110</u>	<u>4,500</u>	<u>5,925,610</u>
EXPENSES						
Program Services	4,604,076	-	4,604,076	4,036,817	-	4,036,817
Management and General	790,754	-	790,754	725,010	-	725,010
Fundraising	15,129	-	15,129	20,221	-	20,221
Total Expenses	<u>5,409,959</u>	<u>-</u>	<u>5,409,959</u>	<u>4,782,048</u>	<u>-</u>	<u>4,782,048</u>
CHANGE IN NET ASSETS	2,014,673	-	2,014,673	1,139,062	4,500	1,143,562
Net Assets - Beginning of Year	<u>10,838,679</u>	<u>6,215</u>	<u>10,844,894</u>	<u>9,699,617</u>	<u>1,715</u>	<u>9,701,332</u>
NET ASSETS - END OF YEAR	<u>\$ 12,853,352</u>	<u>\$ 6,215</u>	<u>\$ 12,859,567</u>	<u>\$ 10,838,679</u>	<u>\$ 6,215</u>	<u>\$ 10,844,894</u>

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2024 AND 2023

	2024				2023			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 2,702,840	\$ 508,138	\$ -	\$ 3,210,978	\$ 2,221,779	\$ 473,105	\$ -	\$ 2,694,884
Employee Benefits	544,207	93,679	-	637,886	488,786	77,676	-	566,462
Staff Development and Recruitment	48,141	-	-	48,141	27,084	-	-	27,084
Professional Services	269,388	22,050	-	291,438	386,165	24,250	-	410,415
Program Expenses	51,617	-	-	51,617	21,371	-	-	21,371
Dues, Licenses, and Subscriptions	-	77,652	-	77,652	-	77,949	-	77,949
Advertising	-	8,249	-	8,249	-	3,940	-	3,940
Travel	-	2,427	-	2,427	-	3,001	-	3,001
Information Technology	69,263	-	-	69,263	40,606	-	-	40,606
Supplies	171,419	1,876	-	173,295	163,859	3,259	-	167,118
Occupancy	256,596	-	-	256,596	196,959	-	-	196,959
Depreciation	361,450	-	-	361,450	351,619	-	-	351,619
Interest	129,155	-	-	129,155	138,589	-	-	138,589
Insurance	-	60,669	-	60,669	-	47,117	-	47,117
Fundraising	-	-	15,129	15,129	-	-	20,221	20,221
Other	-	16,014	-	16,014	-	14,713	-	14,713
Total Functional Expenses	\$ 4,604,076	\$ 790,754	\$ 15,129	\$ 5,409,959	\$ 4,036,817	\$ 725,010	\$ 20,221	\$ 4,782,048

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,014,673	\$ 1,143,562
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	361,450	351,619
Amortization	2,600	2,599
(Gain) Loss on Investments, Net	(188,304)	(85,271)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	365,451	630,383
Prepaid Expenses	(3,023)	(14,442)
Accounts Payable and Accrued Expenses	26,325	(62,940)
Refundable Advances	(1,235,193)	1,235,193
Deferred Revenue	158,317	(116,746)
Net Cash Provided by Operating Activities	1,502,296	3,083,957
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(2,677,000)	(971,157)
Proceeds from Sale of Investments	109,882	-
Purchase of Property and Equipment	(193,474)	(502,508)
Net Cash Used by Investing Activities	(2,760,592)	(1,473,665)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Notes Payable	(275,423)	(473,260)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(1,533,719)	1,137,032
Cash and Cash Equivalents - Beginning of Year	5,257,393	4,120,361
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 3,723,674	\$ 5,257,393
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 117,911	\$ 135,989

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Community Montessori, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School also provides an early childhood education program for children ages three and four on a fee basis. For 2023-2024 School year, the School served approximately 480 students in preschool through high school.

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 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. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2024 and 2023, the School has \$121,396 and \$-0-, respectively, of 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. Amounts received prior to the service is performed is reported as deferred revenues in the statement of financial position. As of June 30, 2024, 2023 and 2022, the School has \$84,579, \$47,658 and \$164,404, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose 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.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in bank accounts and short-term, highly liquid investments with original maturities of three months or less.

Grants and Accounts Receivable

Grants receivable relate primarily to activities funded under grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements however there is uncertainty as to the final determination of eligibility on the Employee Retention Credit (ERC) funding thus the School has fully allowed for this receivable at June 30, 2023 (see Note 2). Subsequent to the year ended June 30, 2024, the School's ERC tax appeal prevailed and recognized the revenue and as of June 30, 2024, thus removing the grants receivable and related allowance. Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. As of June 30, 2024 and 2023, no allowance was deemed necessary relating to program fees.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values on the statements of financial position. Unrealized gains and losses are included in the statement of activities and change in net assets. Investment income and gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law.

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:

Buildings and Improvements	40 Years
Furniture and Equipment	3 to 7 Years

Impairment of Long-Lived Assets

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

Deferred Revenue

Deferred revenue consists of early education program fee deposits and materials and supply fee deposits received as part of the enrollment process for the subsequent academic School year.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs include expenses incurred as part of the July 2016 refinancing of long-term debt. Amortization of the \$52,041 in debt issuance costs is provided on a straight-line basis over the 20-year term of the related notes payable. Accumulated amortization was \$18,413 and \$15,813 as of June 30, 2024 and 2023, respectively. 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

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

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

Adoption of New Accounting Standard

During the year ended June 30, 2024, the School adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended*, which modifies the measurement of expected credit losses. The School adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the School's financial statements but did change how the allowance for credit losses is determined.

Leases

The School determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the balance sheet.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the School's right to use an underlying asset for the lease term and lease liabilities represent the School's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the School will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. The School has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the School has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of all lease liabilities.

The School has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

Subsequent Events

The School evaluated subsequent events through December 17, 2024 **December 17, 2024**, the date these financial statements were available to be issued. Events occurring through that date have been evaluated to determine whether a change in the financial statements or related disclosures would be required.

NOTE 2 EMPLOYEE RETENTION CREDIT

The Employee Retention Credit (ERC) was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act in March 2020. It provided a per employee credit to eligible businesses based on a percentage of qualified wages and health insurance benefits paid for employees in an effort to help business retain their workforce and avoid layoffs. It is a refundable payroll tax credit that could be claimed quarterly if certain criteria were met.

For the fourth quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$349,281.

For the first, second, and third quarters of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$1,132,177.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and loss contingency of \$1,481,458 related to eligibility uncertainty and ongoing IRS audit of the ERC claim during the year ended June 30, 2023.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 EMPLOYER RETENTION CREDIT (CONTINUED)

During the year ended June 30, 2023, the School received ERC funding from the IRS in the amount of \$1,235,193. Due to the eligibility uncertainty and initial ruling on the IRS audit of the School's ERC claim, the School has classified these funds as refundable advances as of June 30, 2023.

Subsequent to the year ended June 30, 2024, the School's ERC tax appeal prevailed and the amount of \$1,235,193 was recognized as revenue for the year ended June 30, 2024.

The IRS may review funding eligibility of funds for compliance with program requirements based on dollar thresholds and other factors.

NOTE 3 INVESTMENTS

The School held the following investments as of June 30:

	2024	2023
Mutual Funds:		
Federated Govt Reserves A	\$ 20,564	\$ -
MFS Corporate Bond A	142,074	135,139
MFS Diversified Income A	160,240	148,979
MFS limited Maturity A	142,608	134,737
MFS Total Return Bond A	136,888	131,736
Pacific Life Fixed Annuity	1,073,172	1,035,584
Total	\$ 4,876,752	\$ 2,121,330

NOTE 4 FAIR VALUE MEASUREMENTS

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participants assumptions based on market data obtained from sources independent of the entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

Level 1 – quoted prices for identical assets or liabilities in active markets to which the School has access at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability and significant to the fair value measurement.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2024 and 2023.

Mutual Funds: Valued at the closing price, or net asset value, reported on the active market on which the individual securities are traded.

Annuity Contract: Valued at the underlying investment holdings, including items reported on active markets on which the individual securities are traded, fixed-income securities based on market prices or, if not available, is estimated using discounted cash flow techniques, and other investments with no readily available market prices is estimated using appropriate valuation techniques, including consideration of recent transactions in comparable securities or businesses.

Certificates of Deposit: Valued at cost adjusted for amortization of premium and discount to the maturity date using the level-yield method, which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the School's assets at fair value:

	June 30, 2024			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
Federated Govt Reserves A	\$ 20,564	\$ 20,564	\$ -	\$ -
MFS Corporate Bond A	142,074	142,074	-	-
MFS Diversified Income A	160,240	160,240	-	-
MFS Limited Maturity A	142,608	142,608	-	-
MFS Total Return Bond A	136,888	136,888	-	-
Total Held at Fair Value	<u>602,374</u>	<u>602,374</u>	-	-
Pacific Life	1,073,172	-	1,073,172	-
Certificates of Deposit	3,201,206	3,201,206	-	-
Total Investment	<u>\$ 4,876,752</u>	<u>\$ 3,803,580</u>	<u>\$ 1,073,172</u>	<u>\$ -</u>
	June 30, 2023			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	\$ 135,139	\$ 135,139	\$ -	\$ -
MFS Diversified Income A	148,979	148,979	-	-
MFS limited Maturity A	134,737	134,737	-	-
MFS Total Return Bond A	131,736	131,736	-	-
Total Held at Fair Value	<u>550,591</u>	<u>550,591</u>	-	-
Pacific Life	1,035,584	-	1,035,584	-
Certificate of Deposit	535,155	535,155	-	-
Total Investment	<u>\$ 2,121,330</u>	<u>\$ 1,085,746</u>	<u>\$ 1,035,584</u>	<u>\$ -</u>

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 5 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note payable to German American Bancorp, payable \$33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	\$ 4,012,891	\$ 4,288,314
Less: Current Portion	<u>(284,467)</u>	<u>(275,651)</u>
Long-Term Portion	<u>\$ 3,728,424</u>	<u>\$ 4,012,663</u>

Principal maturities of German American Bancorp notes payable are scheduled as follows for the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 284,467
2026	293,212
2027	302,225
2028	311,271
2029	321,084
Thereafter	<u>2,500,632</u>
Total	<u>\$ 4,012,891</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent contributions that have been received but not expended for the identified purposes or have been donated for use in future periods. Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2024</u>	<u>2023</u>
Scholarships	<u>\$ 6,215</u>	<u>\$ 6,215</u>

During the years ended June 30, 2024 and 2023, net assets of \$-0- and \$500, respectively, were released from restriction by incurring expenses satisfying the restricted purposes or due to the passage of time.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 7 COMMITMENTS AND CONTINGENCIES

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 2% of state tuition support received. The charter remains in effect until June 30, 2023 and is renewable thereafter by mutual consent. Expense under this agreement was \$65,371 and \$63,429 for the years ended June 30, 2024 and 2023, respectively.

NOTE 8 LEASES

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expires in 2027. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases. Lease expense associated with all third-party leases was \$3,024 for the years ended June 30, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Operating Lease Cost:	\$ 3,024	\$ 3,024
Total Lease Cost	<u>\$ 3,024</u>	<u>\$ 3,024</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 3,024	\$ 3,024
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ -	\$ 12,560
Weighted-Average Remaining Lease Term - Operating Leases	2.3 Years	4.5 Years
Weighted-Average Discount Rate - Operating Leases	2.87%	2.87%

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 3,024
2026	3,024
2027	1,260
Undiscounted Cash Flows	<u>7,308</u>
Less: Imputed Interest	(239)
Total Present Value	<u>\$ 7,069</u>
Short-Term Lease Liabilities	\$ 2,866
Long-Term Lease Liabilities	4,203
Total	<u>\$ 7,069</u>

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 9 RETIREMENT PLANS

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 part of 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, 2024 and 2023, the School contributed 6.0% 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, 2023 (the latest year reported), TRF was approximately 93% funded.

All nonteaching personnel are eligible to enroll in a defined contribution Section 403(b) plan. Teaching personnel can also opt to participate in the 403(b) plan in lieu of TRF. Under the 403(b) plan, the School will provide a 3%-6% match of an employee's contribution, depending on years of service. Retirement plan expense under all plans was \$54,381 and \$48,488 for the years ended June 30, 2024 and 2023, respectively.

NOTE 10 RISKS AND UNCERTAINTIES

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

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

The School 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 School has not experienced losses in any of these accounts.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 11 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2024 and 2023 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and cash equivalents, investments, and accounts receivable.

	2024	2023
Financial Assets	\$ 8,610,600	\$ 7,754,348
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restrictions by Donor with Time or Purpose	(6,215)	(6,215)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 8,604,385	\$ 7,748,133

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 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 the School has categorized expenses as program services, management and general, or fundraising according to the underlying nature of the expense. As such, no allocation of specific transactions between these categories was required.

**COMMUNITY MONTESSORI, INC
OTHER REPORT
YEAR ENDED JUNE 30, 2024**

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

Supplemental Audit Report of Community Montessori, 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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