



Paul D. Joyce, CPA  
State Examiner

## INDIANA STATE BOARD OF ACCOUNTS

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April 9, 2025

Charter School Board  
Montessori Academy at Geist, Inc.  
Hancock County, Indiana

We have reviewed the audit report of the Montessori Academy at Geist, Inc., which was 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 the Montessori Academy at Geist, 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 Audit Report for the Montessori Academy at Geist, 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

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

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED JUNE 30, 2024 AND 2023**



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**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
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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, 2024 and 2023, 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, 2024 and 2023, 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 10 to the consolidated financial statements, certain errors resulting in understatement of amounts previously reported for grants receivable as of June 30, 2023 were discovered by management of the School during the current year. Accordingly, amounts reported for grants receivable, related revenue, and net assets have been restated in the 2024 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:

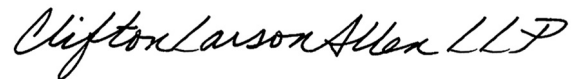
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures 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 and opinion on the consolidated financial statements as a whole. The accompanying consolidating financial statements are presented for purposes of additional analysis and are 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  
February 27, 2025

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2024 AND 2023**

	2024	(As Restated) 2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,239,146	\$ 633,515
Accounts Receivable:		
Grants	-	379,304
Other	1,005	-
Prepaid Expenses	6,473	3,279
Total Current Assets	1,246,624	1,016,098
<b>PROPERTY AND EQUIPMENT</b>		
Land	546,248	546,248
Building	6,504,810	6,504,810
Building Improvements	411,883	333,269
Furniture and Equipment	321,370	321,370
Textbooks	12,507	12,507
Less: Accumulated Depreciation	(1,234,737)	(1,034,294)
Property and Equipment, Net	6,562,081	6,683,910
<b>OTHER ASSETS</b>		
Interest Rate Swap Asset	-	62,120
Right-of-Use Asset - Operating, Net	-	25,926
Right-of-Use Asset - Financing, Net	58,218	-
Total Assets	\$ 7,866,923	\$ 7,788,054
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Notes Payable	\$ 311,357	\$ 4,242,958
Accounts Payable and Accrued Expenses	273,742	184,415
Right-of-Use Liability - Operating, Current	-	13,294
Right-of-Use Liability - Financing, Current	13,707	-
Total Current Liabilities	598,806	4,440,667
<b>LONG-TERM LIABILITIES</b>		
Right-of-Use Liability - Operating, Noncurrent	-	12,632
Right-of-Use Liability - Financing, Noncurrent	45,256	-
Interest Rate Swap Liability	103,084	-
Notes Payable, Net of Current Portion	4,143,398	545,342
Less: Unamortized Debt Issuance Costs	-	(9,253)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	4,291,738	548,721
Total Liabilities	4,890,544	4,989,388
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
	2,976,379	2,798,666
Total Liabilities and Net Assets	\$ 7,866,923	\$ 7,788,054

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, 2024 AND 2023**

	2024	(As Restated) 2023
<b>REVENUE AND SUPPORT</b>		
State Education Support	\$ 2,236,195	\$ 1,809,163
Grant Revenue (as Restated)	772,869	759,374
Student Fees	53,161	15,232
Contribution Income	6,729	6,196
Change in Value of Interest Rate Swap	(165,204)	56,825
Other Income	551,468	661,923
Total Revenue and Support	3,455,218	3,308,713
<b>EXPENSES</b>		
Program Services	2,233,032	1,416,964
Management and General	1,044,473	899,914
Total Expenses	3,277,505	2,316,878
<b>CHANGE IN NET ASSETS</b>	177,713	991,835
Net Assets - Beginning of Year	2,798,666	1,806,831
<b>NET ASSETS - END OF YEAR</b>	\$ 2,976,379	\$ 2,798,666

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, 2024 AND 2023**

	2024			2023		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,482,566	\$ 306,786	\$ 1,789,352	\$ 917,690	\$ 248,711	\$ 1,166,401
Employee Benefits	307,577	81,464	389,041	152,227	59,750	211,977
Professional Services	138,372	97,127	235,499	132,094	101,467	233,561
Authorizer Oversight Fees	-	63,046	63,046	-	46,632	46,632
Food Costs	5,279	-	5,279	3,300	-	3,300
Property Rental and Equipment	56,906	-	56,906	39,175	-	39,175
Classroom, Kitchen, and Office Supplies	71,523	15,230	86,753	40,976	7,672	48,648
Occupancy	63,726	-	63,726	45,198	-	45,198
Depreciation	37,824	162,620	200,444	22,844	161,850	184,694
Insurance	-	33,036	33,036	-	26,979	26,979
Interest	-	217,763	217,763	-	232,754	232,754
Repairs and Maintenance	39,275	-	39,275	54,147	-	54,147
Lease Interest and Amortization	14,252	-	14,252	-	-	-
Student Transportation	-	-	-	900	-	900
Travel	5,222	-	5,222	307	-	307
Advertising	-	258	258	-	532	532
Other	10,510	67,143	77,653	8,107	13,566	21,673
<b>Total Expenses by Function</b>	<b><u>\$ 2,233,032</u></b>	<b><u>\$ 1,044,473</u></b>	<b><u>\$ 3,277,505</u></b>	<b><u>\$ 1,416,965</u></b>	<b><u>\$ 899,913</u></b>	<b><u>\$ 2,316,878</u></b>

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, 2024 AND 2023**

	2024	(As Restated) 2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 177,713	\$ 991,835
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	200,444	184,694
Amortization	9,253	18,501
Change in Value of Interest Rate Swap	103,084	(56,825)
Changes in Operating Assets and Liabilities:		
Grants Receivable	379,304	(358,885)
Other Receivable	(1,005)	19,439
ROU Lease Activity	745	-
Prepaid Expenses	(3,194)	6,842
Accounts Payable and Accrued Expenses	89,327	55,805
Net Cash Provided by Operating Activities	955,671	861,406
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(78,615)	(105,041)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments of Notes Payable	(4,242,958)	(369,076)
Issuance of Notes Payable	3,909,413	-
Proceeds Related to Terminated Interest Rate Swap	62,120	-
Net Cash Used by Financing Activities	(271,425)	(369,076)
 <b>NET CHANGE IN CASH</b>	605,631	387,289
Cash - Beginning of Year	633,515	246,226
 <b>CASH - END OF YEAR</b>	\$ 1,239,146	\$ 633,515
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	\$ 212,801	\$ 246,248
Lease Obligation Incurred for Use of Financing Assets	\$ 58,963	\$ -

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**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 2023 – 2024 school year, GMA served approximately 240 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, 2024 and 2023, the School does not have any conditional grants that have not been recognized as revenue in the consolidated statements of activities because conditions have not been met.

Revenue from student fees and other revenue 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 unpaid after the service is performed are reported as accounts receivable in the consolidated statements of financial position. As of June 30, 2024, 2023, and 2022, the School had \$1,005, \$-0-, and \$19,439, respectively, of accounts receivable from student fees. Amounts received prior to service being performed are reported as deferred revenues in the consolidated statements of financial position. As of June 30, 2024, 2023, and 2022, the School has \$6,430, \$5,774, and \$3,150, respectively, of deferred revenue from student fees.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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

**Cash and Equivalents**

Cash consists of cash held in bank accounts and cash equivalents consist of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2024 and 2023.

**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 credit losses 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 credit losses 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 consolidated 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, 2024 and 2023 was \$92,508 and \$83,255, respectively, and was included in construction in progress during the construction phase and interest expense thereafter. As provided by Accounting Standard Updated (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 (IRC) as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the IRC 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, 2024 and 2023, 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, 2024 AND 2023**

**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. For the year ended, June 30, 2024 and 2023, the School has not identified impairment in any long-lived assets.

**Changes in Accounting Principle**

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.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

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

**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 ROU assets – financing and lease liability – financing in the balance sheet.

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 February 27, 2025, 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.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 2 NOTES PAYABLE**

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Note payable to First Financial bank, payable in \$13,003 monthly installments plus interest at 4.95% with balloon payment of \$3,950,027 due in January 2024. This loan was terminated and replaced with Huntington note below.	\$ -	\$ 4,024,821
Note payable to Huntington bank, payable in variable monthly installments plus a variable interest rate due June 2029.	3,909,413	-
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>545,342</u>	<u>763,479</u>
Total	4,454,755	4,788,300
Less: Current Portion	<u>(311,357)</u>	<u>(4,242,958)</u>
Long-Term Portion	<u>\$ 4,143,398</u>	<u>\$ 545,342</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% at June 30, 2023). 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, 2023. In May of 2024, GMA Holding, LLC terminated the loan with First Financial Bank.

In May 2024, GMA Holding, LLC entered into an agreement with Huntington National Bank to refinance the construction loan previously held with First Financial Bank with a principal amount of \$3,909,413. Borrowings accrue interest at a variable rate based on the Secured Overnight Financing Rate (SOFR). As of June 30, 2024, the SOFR rate was 5.32%. The loan will mature in June 2029 and contains certain covenants, some of which management believes it was in compliance with at June 30, 2024. For the 2024 fiscal year, management obtained a bank waiver for any covenants out of compliance.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 2 NOTES PAYABLE (CONTINUED)**

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 311,357
2026	318,076
2027	216,212
2028	114,866
2029	3,494,244
Total	<u><u>\$ 4,454,755</u></u>

**NOTE 3 LEASES**

The School leases equipment from a third party under a long-term noncancelable lease agreement. The leases expire in August 2028. 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 \$18,917 and \$6,998 for the years ended June 30, 2024 and 2023, respectively.

	<u>2024</u>	<u>2023</u>
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets	\$ 13,070	\$ -
Interest on Lease Liabilities	1,182	-
Operating Lease Cost	4,665	6,998
Total Lease Cost	<u><u>\$ 18,917</u></u>	<u><u>\$ 6,998</u></u>
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flows from Finance Leases	\$ 1,182	\$ -
Operating Cash Flows from Operating Leases	\$ 4,665	\$ 6,998
Financing Cash Flows from Finance Leases	\$ 12,326	\$ -
Right-of-Use Obtained in Exchange for New Finance Lease Liabilities	\$ 71,288	\$ -
Right-of-Use Assets Terminated in Exchange for New Financing Lease Liabilities	\$ (14,882)	\$ -
Weighted-Average Remaining Lease Term - Finance Leases	4.1 Years	N/A
Weighted-Average Remaining Lease Term - Operating Leases	N/A	1.8 Years
Weighted-Average Discount Rate - Finance Leases	2.00%	N/A
Weighted-Average Discount Rate - Operating Leases	N/A	3.75%

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 3 LEASES (CONTINUED)**

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>Finance</u>	<u>Totals</u>
2025	\$ 14,736	\$ 14,736
2026	14,736	14,736
2027	14,736	14,736
2028	14,736	14,736
2029	2,456	2,456
Undiscounted Cash Flows	61,400	61,400
Less: Imputed Interest	(2,437)	(2,437)
Total Present Value	<u>\$ 58,963</u>	<u>\$ 58,963</u>
Short-Term Lease Liabilities	\$ 13,707	\$ 13,707
Long-Term Lease Liabilities	45,256	45,256
Total	<u>\$ 58,963</u>	<u>\$ 58,963</u>

**NOTE 4 INTEREST RATE SWAP**

In February 2020, 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 changed GMA Holding, LLC's interest rate exposure on its floating rate note payable to 4.95%. This interest rate swap agreement matured on January 31, 2024. This agreement had a total notional principal in the amount of \$-0- and \$3,883,821 at June 30, 2024 and 2023, respectively.

In May 2024, GMA Holding, LLC entered into a new interest rate swap transaction with Huntington National 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 May 30, 2024, effectively changed GMA Holding, LLC's interest rate exposure on its floating rate note payable to 2.30%. This interest rate swap agreement matures on June 5, 2029. This agreement had a total notional principal in the amount of \$3,909,413 on June 30, 2024.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 4 INTEREST RATE SWAP (CONTINUED)**

The effective portion of the gain or loss on the interest rate swap is reported as revenues and expenses in the consolidated statements of activities and change in net assets in the same period or periods during which the hedged transaction affects the consolidated statements 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 statements of activities and change in net assets as revenue and expenses. The First Financial Bank agreement was terminated in connection with the new agreement with Huntington National Bank described in Note 2 resulting in an change in value of \$(165,204) being recorded for the year ending June 30, 2024.

**NOTE 5 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, 2024 and 2023, 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, 2023 (the latest year reported), TRF was approximately 85% funded.

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 2024 and 2023.

Retirement plan expense for the years ended June 30, 2024 and 2023 was \$77,321 and \$45,543, respectively.

**NOTE 6 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 \$63,046 and \$46,632 for the years ended June 30, 2024 and 2023, respectively. The charter remains in effect until June 30, 2027, and is renewable thereafter by mutual consent.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 7 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 Huntington National 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.

**NOTE 8 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 statements of financial position. Financial assets for the School include cash, grants receivables, and other accounts receivables.

	<u>2024</u>	<u>(As Restated) 2023</u>
Financial Assets	\$ 1,240,151	\$ 1,012,819
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>\$ 1,240,151</u>	<u>\$ 1,012,819</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 9 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.

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 10 PRIOR PERIOD RESTATEMENT – CORRECTION OF AN ERROR**

During the year ended June 30, 2024, the School determined that it had incorrectly accounted for grant activity associated with the Employee Retention Credit (ERC) grant program as described in Note 11. Previously, the School had not recognized the ERC receivable and revenue at the time the barrier had been met with the filing of the amended 941 filings in February 2023. The School did not include \$278,991 of grant receivable for the year ended June 30, 2023.

The following consolidated statement of financial position line items for fiscal year 2023 were affected by the restatement.

	June 30, 2023		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Grants Receivable	\$ 100,313	\$ 278,991	\$ 379,304
Total Current Assets	737,107	278,991	1,016,098
Total Assets	7,509,063	278,991	7,788,054
Net Assets Without Donor Restrictions	2,519,675	278,991	2,798,666
Total Liabilities and Net Assets	7,509,063	278,991	7,788,054

The following consolidated statement of activities and changes in net assets line items for fiscal year 2023 were affected by the restatement.

	June 30, 2023		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Revenue and Support:			
Grant Revenue	\$ 480,383	\$ 278,991	\$ 759,374
Total Revenue and Support	3,029,722	278,991	3,308,713
Change in Net Assets	712,844	278,991	991,835
Net Assets, End of Year	2,519,675	278,991	2,798,666

The following consolidated statement of cash flow items for fiscal year 2023 were affected by the restatement.

	June 30, 2023		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
Cash Flows from Operating Activities:			
Change in Net Assets	\$ 712,844	\$ 278,991	\$ 991,835
Changes in			
Operating Assets and Liabilities			
Grants Receivable	(79,894)	(278,991)	(358,885)

The following consolidating statement of activities and changes in net assets line items for fiscal year 2024 were affected by the restatement.

	June 30, 2024		
	<u>As Reported</u>	<u>Restatement</u>	<u>As Restated</u>
School Net Assets - Beginning of Year	\$ 2,264,372	\$ 278,991	\$ 2,543,363
Total Net Assets - Beginning of Year	2,519,675	278,991	2,798,666

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2024 AND 2023**

**NOTE 11 GOVERNMENT ASSISTANCE GRANT – 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 second quarter of 2020, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$86,007.

For the second quarter of 2021, the School complied with the conditions of ERC funding from the U.S. Treasury in the amount of \$192,984.

Grants related to this program are classified as grants receivable. The School recognized a grant receivable and related revenue of \$278,991, during the year ended June 30, 2023, as restated. The ERC funds have been received in full as of July 2023.

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

## **SUPPLEMENTARY INFORMATION**

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	Montessori Academy at Geist, Inc.			GMA	Eliminations	Total
	School	Pre-K	Total	Holding, LLC		
<b>CURRENT ASSETS</b>						
Cash	\$ 1,049,423	\$ -	\$ 1,049,423	\$ 189,723	\$ -	\$ 1,239,146
Accounts Receivable:						
Other	1,005	-	1,005	-	-	1,005
Due from Affiliated Entity	2,840,221	396,786	3,237,007	-	(3,237,007)	-
Prepaid Expenses	6,473	-	6,473	-	-	6,473
Total Current Assets	<u>3,897,122</u>	<u>396,786</u>	<u>4,293,908</u>	<u>189,723</u>	<u>(3,237,007)</u>	<u>1,246,624</u>
<b>PROPERTY AND EQUIPMENT</b>						
Land	-	-	-	546,248	-	546,248
Building	-	-	-	6,504,810	-	6,504,810
Leasehold Improvements	411,883	-	411,883	-	-	411,883
Furniture and Equipment	321,370	-	321,370	-	-	321,370
Textbooks	12,507	-	12,507	-	-	12,507
Less: Accumulated Depreciation	<u>(520,845)</u>	<u>-</u>	<u>(520,845)</u>	<u>(713,892)</u>	<u>-</u>	<u>(1,234,737)</u>
Property and Equipment, Net	<u>224,915</u>	<u>-</u>	<u>224,915</u>	<u>6,337,166</u>	<u>-</u>	<u>6,562,081</u>
<b>OTHER ASSETS</b>						
Investment In LLC	(350,629)	-	(350,629)	-	350,629	-
Right-of-Use Asset - Operating, Net	4,156,607	-	4,156,607	-	(4,156,607)	-
Right-of-Use Asset - Financing, Net	<u>58,218</u>	<u>-</u>	<u>58,218</u>	<u>-</u>	<u>-</u>	<u>58,218</u>
Total Assets	<u>\$ 7,986,233</u>	<u>\$ 396,786</u>	<u>\$ 8,383,019</u>	<u>\$ 6,526,889</u>	<u>\$ (7,042,985)</u>	<u>\$ 7,866,923</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Current Portion of Notes Payable	\$ 218,137	\$ -	\$ 218,137	\$ 93,220	\$ -	\$ 311,357
Accounts Payable and Accrued Expenses	248,942	-	248,942	24,800	-	273,742
Right of Use Liability - Operating, Current	185,081	-	185,081	-	(185,081)	-
Right of Use Liability - Financing, Current	13,707	-	13,707	-	-	13,707
Due to Affiliated Entity	<u>396,786</u>	<u>-</u>	<u>396,786</u>	<u>2,840,221</u>	<u>(3,237,007)</u>	<u>-</u>
Total Current Liabilities	<u>1,062,653</u>	<u>-</u>	<u>1,062,653</u>	<u>2,958,241</u>	<u>(3,422,088)</u>	<u>598,806</u>
<b>LONG-TERM LIABILITIES</b>						
Right of Use Liability - Operating, Noncurrent	3,971,526	-	3,971,526	-	(3,971,526)	-
Right of Use Liability - Financing, Noncurrent	45,256	-	45,256	-	-	45,256
Interest Rate Swap Liability	-	-	-	103,084	-	103,084
Notes Payable, Net of Current Portion	327,205	-	327,205	3,816,193	-	4,143,398
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>4,343,987</u>	<u>-</u>	<u>4,343,987</u>	<u>3,919,277</u>	<u>(3,971,526)</u>	<u>4,291,738</u>
Total Liabilities	<u>5,406,640</u>	<u>-</u>	<u>5,406,640</u>	<u>6,877,518</u>	<u>(7,393,614)</u>	<u>4,890,544</u>
<b>NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS</b>						
	<u>2,579,593</u>	<u>396,786</u>	<u>2,976,379</u>	<u>(350,629)</u>	<u>350,629</u>	<u>2,976,379</u>
Total Liabilities and Net Assets	<u>\$ 7,986,233</u>	<u>\$ 396,786</u>	<u>\$ 8,383,019</u>	<u>\$ 6,526,889</u>	<u>\$ (7,042,985)</u>	<u>\$ 7,866,923</u>

**MONTESSORI ACADEMY AT GEIST, INC.  
AND GMA HOLDING, LLC  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS  
YEAR ENDED JUNE 30, 2024  
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.			GMA	Eliminations	Total
	School	Pre-K	Total	Holding, LLC		
<b>REVENUE AND SUPPORT</b>						
State Education Support	\$ 2,236,195	\$ -	\$ 2,236,195	\$ -	\$ -	\$ 2,236,195
Grant Revenue	772,869	-	772,869	-	-	772,869
Student Fees	53,161	-	53,161	-	-	53,161
Contributions	6,729	-	6,729	-	-	6,729
Change in Value of Interest Rate Swap	-	-	-	(165,204)	-	(165,204)
Change in Investment in LLC	(239,544)	-	(239,544)	-	239,544	-
Other Income	256,141	295,327	551,468	372,000	(372,000)	551,468
Total Revenue and Support	<u>3,085,551</u>	<u>295,327</u>	<u>3,380,878</u>	<u>206,796</u>	<u>(132,456)</u>	<u>3,455,218</u>
<b>EXPENSES</b>						
Program Services	2,451,188	153,844	2,605,032	-	(372,000)	2,233,032
Management and General	598,133	-	598,133	446,340	-	1,044,473
Total Expenses	<u>3,049,321</u>	<u>153,844</u>	<u>3,203,165</u>	<u>446,340</u>	<u>(372,000)</u>	<u>3,277,505</u>
<b>CHANGE IN NET ASSETS</b>	36,230	141,483	177,713	(239,544)	239,544	177,713
Net Assets - Beginning of Year (As Restated)	<u>2,543,363</u>	<u>255,303</u>	<u>2,798,666</u>	<u>(111,085)</u>	<u>111,085</u>	<u>2,798,666</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,579,593</u>	<u>\$ 396,786</u>	<u>\$ 2,976,379</u>	<u>\$ (350,629)</u>	<u>\$ 350,629</u>	<u>\$ 2,976,379</u>

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