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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 supplemental report for the Montessori Academy at Geist, Inc. prepared by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2023 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 and 4. Management's response is on page 6.

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

Tammy R. White, CPA
Deputy State Examiner

**SUPPLEMENTAL AUDIT REPORT
MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
JULY 1, 2023 TO JUNE 30, 2024**



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**MONTESSORI ACADEMY AT GEIST, INC.
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**MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
SCHOOL OFFICIALS
JULY 1, 2023 TO JUNE 30, 2024**

<u>Office</u>	<u>Official</u>	<u>Term</u>
Board President	Debi Dobbins	07/01/2023 – 06/30/2024
Executive Director	Jennifer Gosch	07/01/2023 – 06/30/2024
Assistant Executive Director	Jamie Rahmany	07/01/2023 – 06/30/2024



INDEPENDENT AUDITORS' REPORT

Board of Directors
Montessori Academy at Geist, Inc.
McCordsville, Indiana

We have audited the consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC (collectively, the School) as of and for the year ended June 30, 2024, and have issued our report thereon dated February 27, 2025. As part of our audit, we tested the School's compliance with provisions of the *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools* issued by the Indiana State Board of Accounts and related provisions of laws, regulations, contracts, and grant agreements. Reported in the Audit Results and Comments are matters where we believe the School was not in compliance with those provisions.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 27, 2025

MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024

PREPARATION OF FINANCIAL STATEMENTS IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) – MATERIAL WEAKNESS AND SIGNIFICANT DEFICIENCIES

An audit adjustment to beginning net assets related to the Employee Retention Credit (ERC) grant program for \$278,991 in the previous fiscal year was detected as a result of audit procedures. Given the uncertain nature of the ERC program and School eligibility under IRS audit, the receipts under this program were adjusted into grant income and to a refundable advance as of June 30, 2023, and also adjusted into beginning net assets as of June 30, 2024. The total ERC claim was recognized as grants receivable and grant revenue of \$278,991. As a result, these accounts were materially misstated and are considered a material weakness in internal controls. Proper procedures around grant receivables and related loss contingencies are an important element of internal controls.

Three audit adjustments were made related to the School's interest rate swap derivative valuation for \$103,084, accrued interest payables and expenses for the new debt acquired for \$24,800, and to accounts payable and expenses for \$21,933 in the current fiscal year as a result of audit procedures. A balance of the derivative was not recorded at its fair value as of year-end in accordance with the applicable financial reporting framework. Additionally, the associated interest expense incurred was not accrued for during the fiscal year. This resulted in a \$127,884 understatement of liabilities and expenses. Additionally, the accrual accounting lacked appropriate review for cutoff of payables and expenses as of June 30, 2024. Costs for legal fees incurred during the fiscal year had not been accrued as of year-end. Both of these adjustments were material, but not pervasive in nature to the overall consolidated financial statements and are considered significant deficiencies in internal controls. Proper procedures around recording the fair value of derivatives, accruing interest expenses, and review of cutoff for payables and expenses are an important element of internal controls.

Indiana Code 20-24-7-1 provides that "...The state examiner shall establish guidelines and prescribe reporting requirements for organizers under this section that are consistent with generally accepted accounting principles (GAAP)..."

Charter schools shall have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records, and financial statements about incorrect decision making. (Accounting and Uniform Compliance Guidelines for Indiana Charter Schools, Part 10)

**MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
AUDIT RESULTS AND COMMENTS
JULY 1, 2023 TO JUNE 30, 2024**

AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Enrollment documents and attendance records are required to be maintained by the School in accordance with guidance by the Indiana Department of Education (IDOE). The School has a written policy stating the documents required to be obtained at enrollment. During our testing of ADM, we noted there was one (1) student out of 60 students tested where the School did not maintain consistent and complete enrollment records.

Officials shall maintain records (enrollment applications, attendance records, reporting forms, etc.) which substantiate the number of students claimed for ADM. A student claimed for ADM must be an "eligible pupil." An eligible pupil is a student that is enrolled and attending. IC 20-43-1-11: "'Eligible pupil' refers to an individual who qualifies as an eligible pupil under IC 20- 43-4-1." IC 20-43-1-11.5 defines "Enrolled" as registered with a school corporation to attend educational programs offered by or through the school corporation; and attending these educational programs or receiving education services. IC 20-43-1-7.5 defines "Attending" as physical or virtual presence of a student with the expectation of continued services in the education programs for which the student is registered.

The Organizer is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools, Part 9)

**MONTESSORI ACADEMY AT GEIST, INC.
HANCOCK COUNTY, INDIANA
EXIT CONFERENCE
JULY 1, 2023 TO JUNE 30, 2024**

The contents of this report were provided to Jennifer Gosch, Executive Director, Jamie Rahmany, Assistant Director, and Stephanie Edwards, Operations Manager, on January 8, 2025.

February 26, 2025



Many improvements have been made over the last several years to the systems of operations and organization at Geist Montessori Academy. As we continue to strengthen our systems, we understand there were a few audit findings for this past year. Our response to the findings is as follows:

ADM Testing

One student from the ADM sample did not have all of the required documents for enrollment. To address this, our Registrar will complete an audit of all student files to ensure that each file contains the required documents. Should a student file be missing any of the required documents, parents of students with incomplete files will be contacted to provide the missing documentation within a designated time frame. All attempts to reach parents of students with incomplete files will be documented and placed in the student file for record-keeping purposes.

Preparation of Financial Statements

Geist Montessori Academy qualified for, and received, ERC funding in the amount of \$278,991 for COVID-19 relief. Upon auditing these funds, it was found that the ERC funds were documented incorrectly on our financial reporting statements. These funds should have been recorded on the previous audit (2023) but instead were recorded on the 2024 audit. Since finding this mistake, Geist Montessori Academy has restated financial statements to properly reflect the correct time frame of ERC fund deposits.

In the fall of 2024, Geist Montessori Academy began the process of refinancing the property loan. Geist Montessori Academy went through the entire loan refinance process with Charter School Capital (now operating under the name Grow Schools), however, towards the end of the process, Charter School Capital informed GMA that they could not meet the deadline requirements of the current loan and then withdrew from their partnership with GMA. During the refinance process, the School Board President at the time hired a third-party law firm to review the refinancing documents without consulting the finance department within GMA first for approval. GMA later received an unexpected invoice from the law firm in the amount of \$21,933.46 for legal fees. After addressing this with the School Board, measures were put into place to ensure that any future financial matters be sent to the finance department at GMA for approval before the School Board may move forward with any potential partnerships outside of GMA.

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Stephanie Edwards, Operations Manager, sedwards@gma.k12.in.us



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