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March 29, 2021


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

We have reviewed the audit report of Montessori Academy at Geist, Inc. which was opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Montessori Academy at Geist, Inc. as of June 30, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

The Financial Statements and Independent Auditors' Report and the Supplemental Audit Report are filed in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2020 AND 2019



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**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2020 AND 2019**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS	4
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENTS OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION	16
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS	17
OTHER REPORT	18



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Montessori Academy at Geist, Inc. and GMA Holding, LLC as of June 30, 2020, and the changes in its net assets, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The 2019 consolidated financial statements of Montessori Academy at Geist, Inc. and GMA Holding, LLC were audited by other auditors whose report dated January 30, 2020 expressed an unmodified opinion on those statements.

The supplementary information is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 25, 2021

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

ASSETS	2020	2019
CURRENT ASSETS		
Cash	\$ 891,615	\$ 403,725
Accounts Receivable:		
Grants	13,120	24,000
Other	19,439	19,419
Due from Affiliated Entity	50,265	-
Prepaid Expenses	18,389	12,000
Total Current Assets	992,828	459,144
PROPERTY AND EQUIPMENT		
Land	546,248	546,248
Construction in Progress	580,336	2,659,465
Building	5,843,916	-
Leasehold Improvements	193,435	184,893
Furniture and Equipment	305,404	293,031
Textbooks	12,505	26,602
Less: Accumulated Depreciation	(479,871)	(380,132)
Property and Equipment, Net	7,001,973	3,330,107
OTHER ASSETS		
Security Deposit	-	11,000
Total Assets	\$ 7,994,801	\$ 3,800,251
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 354,899	\$ 218,137
Accounts Payable and Accrued Expenses	141,661	102,500
Construction Costs Payable	-	511,121
Deferred Revenue	-	54,965
Due to Affiliated Entity	18,379	845
Total Current Liabilities	514,939	887,568
LONG-TERM LIABILITIES		
Payroll Protection Program Loan	300,000	-
Notes Payable, Net of Current Portion	5,518,446	1,417,889
Less: Unamortized Debt Issuance Costs	(64,756)	(83,257)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	5,753,690	1,334,632
Total Liabilities	6,268,629	2,222,200
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Total Liabilities and Net Assets	\$ 7,994,801	\$ 3,800,251

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
REVENUE AND SUPPORT		
State Education Support	\$ 2,262,845	\$ 2,431,022
Grant Revenue	408,265	335,998
Student Fees	71,587	95,170
Investment Income	-	16,519
Contribution Income	6,309	-
Other Income	100,109	92,257
Total Revenue and Support	<u>2,849,115</u>	<u>2,970,966</u>
EXPENSES		
Program Services	1,943,600	2,060,964
Management and General	757,394	555,522
Total Expenses	<u>2,700,994</u>	<u>2,616,486</u>
CHANGE IN NET ASSETS	148,121	354,480
Net Assets - Beginning of Year	<u>1,578,051</u>	<u>1,223,571</u>
NET ASSETS - END OF YEAR	<u>\$ 1,726,172</u>	<u>\$ 1,578,051</u>

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, 2020 AND 2019**

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Salaries and Wages	\$ 1,157,149	\$ 221,045	\$ 1,378,194	\$ 1,181,980	\$ 331,518	\$ 1,513,498
Employee Benefits	132,301	23,271	155,572	151,116	61,530	212,646
Professional Services	211,895	115,297	327,192	140,350	31,388	171,738
Authorizer Oversight Fees	-	66,317	66,317	-	65,769	65,769
Staff Development and Recruitment	-	-	-	2,329	-	2,329
Food Costs	1,225	-	1,225	2,719	-	2,719
Property Rental and Equipment	28,053	-	28,053	17,395	-	17,395
Classroom, Kitchen, and Office Supplies	50,753	39,922	90,675	64,412	-	64,412
Occupancy	293,953	-	293,953	453,101	-	453,101
Depreciation	26,690	73,049	99,739	21,722	-	21,722
Insurance	-	26,853	26,853	-	36,376	36,376
Interest	-	165,035	165,035	-	15,814	15,814
Repairs and Maintenance	8,886	-	8,886	10,455	-	10,455
Information Technology	595	-	595	-	-	-
Student Transportation	6,745	-	6,745	-	-	-
Advertising	-	429	429	-	-	-
Other	25,355	26,176	51,531	15,385	13,127	28,512
Total Functional Expenses	\$ 1,943,600	\$ 757,394	\$ 2,700,994	\$ 2,060,964	\$ 555,522	\$ 2,616,486

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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 148,121	\$ 354,480
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	99,739	21,722
Amortization	18,501	-
Changes in Operating Assets and Liabilities:		
Grants Receivable	10,880	(24,000)
Other Receivable	(20)	(7,962)
Due from/to Affiliated Entity	(32,731)	5,948
Prepaid Expenses	(6,389)	26,126
Security Deposit	11,000	-
Accounts Payable and Accrued Expenses	39,161	(9,416)
Deferred Revenue	(54,965)	5,120
Refundable Advances	-	(10,375)
Net Cash Provided by Operating Activities	<u>233,297</u>	<u>361,643</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Construction in Progress Payments	(511,121)	(2,058,467)
Purchases of Property and Equipment	<u>(3,771,605)</u>	<u>(15,430)</u>
Net Cash Used by Investing Activities	<u>(4,282,726)</u>	<u>(2,073,897)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Notes Payable	(262,681)	(218,137)
Issuance of Notes Payable	4,800,000	-
Debt Issuance Costs	-	(92,508)
Net Cash Provided (Used) by Financing Activities	<u>4,537,319</u>	<u>(310,645)</u>
NET CHANGE IN CASH	487,890	(2,022,899)
Cash - Beginning of Year	<u>403,725</u>	<u>2,426,624</u>
CASH - END OF YEAR	<u>\$ 891,615</u>	<u>\$ 403,725</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 165,035</u>	<u>\$ 16,905</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH TRANSACTIONS		
Construction in Progress in Payables	<u>\$ -</u>	<u>\$ 511,121</u>

See accompanying Notes to Consolidated Financial Statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Montessori Academy at Geist, Inc. (GMA) is a public benefit not-for-profit 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 2018-2019 school year, GMA served approximately 375 students in grades kindergarten 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. During the year ended June 30, 2019, GMA Holding, LLC began construction of the new school facility. As of June 30, 2020 and 2019, construction in progress totaled \$580,336 and \$2,659,465, respectively. Total project cost, including land, was approximately \$7,000,000. The School moved into the building in November and December 2019.

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.

Change in Accounting Principle

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB Accounting Standards Codification (ASC) 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable the financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the School's reported historical revenue. The early implementation of the standard did not significantly impact the School's financial statements.

In June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject other guidance and (2) determining whether a contribution is conditional. The financial statements reflect the application of ASU 2018-08 beginning January 1, 2019. The new guidance does not require prior period results to be restated. The implementation of this standard did not significantly impact the School's financial statements.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services.

Cash and Equivalents

Cash consists of cash held in bank accounts and cash equivalents consists of short-term, highly liquid investment with original maturities of three months or less. There were no cash equivalents at June 30, 2020 and 2019.

Grants Receivable and Revenue

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

Other Accounts Receivable

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

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions, Grants, and Fees

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

Due from (to) Affiliated Entity

The School pays expenses and salaries for the Geist Montessori Pre- Kindergarten (Pre-K) program, which is a separate entity from the School. Several times during the year, Pre-K pays the School the balance of the account. In addition, Pre-K's annual net revenues in excess of expenses is contributed to the School and reported in other income (\$-0- and \$60,000 for 2020 and 2019, respectively). As of June 30, 2020, Pre-K owed the School \$50,265. As of June 30, 2020 and 2019, the School owed Pre-K \$18,379 and \$845, respectively.

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, 2020 and 2019 was \$27,752 and \$9,251, respectively, and is included in construction in progress during the construction phase and interest expense thereafter. As provided by ASU 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

Montessori Academy at Geist, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. GMA Holding, LLC is in the process of applying for the provision of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. The School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2020 and 2019, no accounting for federal and state income taxes was required to be included in the accompanying consolidated 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. Tax years ending after 2015 are open to audit for both federal and state purposes.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	20 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.

Deferred Revenue

Deferred revenue consists of student fee deposits received as part of the enrollment process that apply to the subsequent academic school year.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previous reported net assets.

Subsequent Events

The School evaluated subsequent events through February 25, 2021, 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.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 2 PAYROLL PROTECTION PROGRAM LOAN

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

NOTE 3 NOTES PAYABLE

Notes payable were comprised of the following at June 30:

<u>Description</u>	<u>2020</u>	<u>2019</u>
Note payable to First Financial bank, payable in \$11,136 monthly installments plus interest at 4.95% with balloon payment of \$3,950,027 due January 2024.	\$ 4,455,456	\$ -
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>1,417,889</u>	<u>1,636,026</u>
Total	5,873,345	1,636,026
Less: Current Portion	<u>(354,899)</u>	<u>(218,137)</u>
Long-Term Portion	<u>\$ 5,518,446</u>	<u>\$ 1,417,889</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.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 3 NOTES PAYABLE (CONTINUED)

As discussed in Note 1, during 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 4.95% and 4.44% at June 30, 2020 and 2019, respectively). On February 1, 2020, the construction loan converts 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 or were waived at June 30, 2020.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 354,899
2022	362,300
2023	369,713
2024	4,132,710
2025	218,137
Thereafter	327,205
Total	<u>\$ 5,764,964</u>

NOTE 4 LEASES

The School leases its education facilities and certain items of office equipment under operating leases for terms from three to seven years. The facility leases include options to renew and provisions for rate escalation based on the Consumer Price Index. Under one facility lease, the School is responsible for insurance, taxes, repairs, and utilities. Another facility lease provides for early termination by the School subject to a buyout provision. Due to the completion of the new school facility, both of the facility lease agreements were terminated in December 2019. The School paid a buyout fee of \$68,442. Expense under operating leases for the years ended June 30, 2020 and 2019 were \$229,850 and \$416,998, respectively.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 13,996
2022	13,996
2023	13,996
2024	13,996
2025	4,665
Total	<u>\$ 60,649</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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, 2020 and 2019, 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, 2019 (the latest year reported), TRF was approximately 102% 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 2020 and 2019.

Retirement plan expense for the years ended June 30, 2020 and 2019 was \$26,140 and \$31,671, 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 \$66,317 and \$65,769 for the years ended June 30, 2020 and 2019, respectively. The charter remains in effect until June 30, 2021, and is renewable thereafter by mutual consent.

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.

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 7 RISKS AND UNCERTAINTIES (CONTINUED)

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

During the year ended June 30, 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the School, COVID-19 has impacted various parts of its 2020 and 2021 operations and financial results, including an increase in nutrition funding. Management believes the School is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing and are still developing.

NOTE 8 LIQUIDITY

Under ASU 2016-14 the School is required to disclose the assets it has available at June 30, 2019 to meet its cash needs for general expenditures within one year of the date of the consolidated statement of financial position. Financial assets for the School include cash, grants receivables, and accounts receivables.

	<u>2020</u>	<u>2019</u>
Financial Assets	\$ 974,439	\$ 447,144
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>\$ 974,439</u>	<u>\$ 447,144</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, 2020 AND 2019**

NOTE 10 CONTINGENT LIABILITIES

The School is involved in various disputes in the normal course of business. Management believes these disputes are without substantial merit and should not result in settlements which would have a material adverse effect on the School's financial position and that any significant potential settlement against the school would be covered under the insurance policy.

SUPPLEMENTARY INFORMATION

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

ASSETS	Montessori Academy at Geist, Inc.	GMA Holding, LLC	Eliminations	Total
CURRENT ASSETS				
Cash	\$ 608,787	\$ 282,828	\$ -	\$ 891,615
Accounts Receivable:				
Grants	13,120	-	-	13,120
Other	19,439	-	-	19,439
Due from Affiliated Entity	2,892,346	-	(2,842,081)	50,265
Prepaid Expenses	18,389	-	-	18,389
Total Current Assets	<u>3,552,081</u>	<u>282,828</u>	<u>(2,842,081)</u>	<u>992,828</u>
PROPERTY AND EQUIPMENT				
Land	-	546,248	-	546,248
Construction in Progress	-	580,336	-	580,336
Building	-	5,843,916	-	5,843,916
Leasehold Improvements	193,435	-	-	193,435
Furniture and Equipment	305,404	-	-	305,404
Textbooks	12,505	-	-	12,505
Less: Accumulated Depreciation	(406,822)	(73,049)	-	(479,871)
Property and Equipment, Net	<u>104,522</u>	<u>6,897,451</u>	<u>-</u>	<u>7,001,973</u>
Total Assets	<u>\$ 3,656,603</u>	<u>\$ 7,180,279</u>	<u>\$ (2,842,081)</u>	<u>\$ 7,994,801</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Current Portion of Notes Payable	\$ 218,137	\$ 136,762	\$ -	\$ 354,899
Accounts Payable and Accrued Expenses	140,611	1,050	-	141,661
Due to Affiliated Entity	-	2,860,460	(2,842,081)	18,379
Total Current Liabilities	<u>358,748</u>	<u>2,998,272</u>	<u>(2,842,081)</u>	<u>514,939</u>
LONG-TERM LIABILITIES				
Payroll Protection Program Loan	300,000	-	-	300,000
Notes Payable, Net of Current Portion	1,199,752	4,318,694	-	5,518,446
Less: Unamortized Debt Issuance Costs	-	(64,756)	-	(64,756)
Total Long-Term Liabilities, Net of Unamortized Debt Issuance Costs	<u>1,499,752</u>	<u>4,253,938</u>	<u>-</u>	<u>5,753,690</u>
Total Liabilities	1,858,500	7,252,210	(2,842,081)	6,268,629
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,798,103</u>	<u>(71,931)</u>	<u>-</u>	<u>1,726,172</u>
Total Liabilities and Net Assets	<u>\$ 3,656,603</u>	<u>\$ 7,180,279</u>	<u>\$ (2,842,081)</u>	<u>\$ 7,994,801</u>

**MONTESSORI ACADEMY AT GEIST, INC.
AND GMA HOLDING, LLC
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)**

	Montessori Academy at Geist, Inc.	GMA Holding, LLC	Eliminations	Total
REVENUE AND SUPPORT				
State Education Support	\$ 2,262,845	\$ -	\$ -	\$ 2,262,845
Grant Revenue	408,265	-	-	408,265
Student Fees	71,587	-	-	71,587
Contributions	6,309	-	-	6,309
Other Income	100,109	155,000	(155,000)	100,109
Total Revenue and Support	<u>2,849,115</u>	<u>155,000</u>	<u>(155,000)</u>	<u>2,849,115</u>
EXPENSES				
Program Services	2,098,600	-	(155,000)	1,943,600
Management and General	532,558	224,836	-	757,394
Total Expenses	<u>2,631,158</u>	<u>224,836</u>	<u>(155,000)</u>	<u>2,700,994</u>
CHANGE IN NET ASSETS	217,957	(69,836)	-	148,121
Net Assets - Beginning of Year	<u>1,580,146</u>	<u>(2,095)</u>	<u>-</u>	<u>1,578,051</u>
NET ASSETS - END OF YEAR	<u>\$ 1,798,103</u>	<u>\$ (71,931)</u>	<u>\$ -</u>	<u>\$ 1,726,172</u>

**MONTESSORI ACADEMY AT GEIST, INC.
OTHER REPORT
JUNE 30, 2020**

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*.

