



STATE OF INDIANA
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July 7, 2023

Charter School Board
Community Montessori, Inc.
4102 St. Joseph Rd.
New Albany, IN 47150

We have reviewed the report prepared by Community Montessori, Inc. and opined upon by CliftonLarsonAllen LLP, Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Community Montessori, Inc. as of June 30, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding included in the report on pages 27 and 28. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on page 30.

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 Community Montessori, Inc., was prepared in accordance with the guidelines established by the State Board of Accounts.

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

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

Tammy R. White, CPA
State Examiner

**COMMUNITY MONTESSORI, INC.
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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Montessori, Inc. (the School), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and change in net assets, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the School as of June 30, 2022 and 2021, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Illinois Wesleyan 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
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Illinois Wesleyan 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2023, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 30, 2023

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 4,120,361	\$ 3,740,248
Investments	1,064,902	1,126,687
Accounts Receivable, Net of Allowance	1,006,008	485,226
Prepaid Expenses	-	34,117
Total Current Assets	6,191,271	5,386,278
PROPERTY AND EQUIPMENT		
Land	150,296	150,296
Buildings and Improvements	12,931,307	12,810,447
Furniture and Equipment	169,195	94,421
Less: Accumulated Depreciation	(4,449,840)	(4,119,784)
Property and Equipment, Net	8,800,958	8,935,380
Total Assets	\$ 14,992,229	\$ 14,321,658
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Notes Payable	\$ 285,926	\$ 277,227
Accounts Payable and Accrued Expenses	403,746	445,363
Deferred Revenue	164,404	127,621
Total Current Liabilities	854,076	850,211
LONG-TERM LIABILITIES		
Notes Payable, Net of Current Portion	4,475,648	4,751,467
Less: Unamortized Debt Issuance Costs	(38,827)	(41,427)
Total Long-Term Notes Payable, Net of Unamortized Debt Issuance Costs	4,436,821	4,710,040
Total Liabilities	5,290,897	5,560,251
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Without Donor Restrictions	9,699,617	8,759,692
With Donor Restrictions	1,715	1,715
Total Net Assets	9,701,332	8,761,407
Total Liabilities and Net Assets	\$ 14,992,229	\$ 14,321,658

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
State Education Support	\$ 3,819,883	\$ -	\$ 3,819,883	\$ 3,617,333	\$ -	\$ 3,617,333
Program Fees	224,787	-	224,787	480,291	-	480,291
Grant Revenue	1,403,853	-	1,403,853	968,186	-	968,186
Student Fees	151,536	-	151,536	101,830	-	101,830
Contributions	80,206	-	80,206	50,197	1,000	51,197
Fundraising	19,289	-	19,289	11,217	-	11,217
Investment Gain (Loss), Net	(56,851)	-	(56,851)	39,618	-	39,618
Interest Income	-	-	-	4,580	-	4,580
Gain on Extinguishment of Payroll Protection Program Loan	-	-	-	536,200	-	536,200
Other	22,230	-	22,230	9,779	-	9,779
Net Assets Released from Restrictions	-	-	-	31,676	(31,676)	-
Total Revenue and Support	<u>5,664,933</u>	<u>-</u>	<u>5,664,933</u>	<u>5,850,907</u>	<u>(30,676)</u>	<u>5,820,231</u>
EXPENSES						
Program Services	4,008,242	-	4,008,242	3,841,325	-	3,841,325
Management and General	689,935	-	689,935	623,613	-	623,613
Fundraising	26,831	-	26,831	16,855	-	16,855
Total Expenses	<u>4,725,008</u>	<u>-</u>	<u>4,725,008</u>	<u>4,481,793</u>	<u>-</u>	<u>4,481,793</u>
CHANGE IN NET ASSETS	939,925	-	939,925	1,369,114	(30,676)	1,338,438
Net Assets - Beginning of Year	<u>8,759,692</u>	<u>1,715</u>	<u>8,761,407</u>	<u>7,390,578</u>	<u>32,391</u>	<u>7,422,969</u>
NET ASSETS - END OF YEAR	<u>\$ 9,699,617</u>	<u>\$ 1,715</u>	<u>\$ 9,701,332</u>	<u>\$ 8,759,692</u>	<u>\$ 1,715</u>	<u>\$ 8,761,407</u>

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 2,345,360	\$ 364,775	\$ -	\$ 2,710,135	\$ 2,287,932	\$ 380,809	\$ -	\$ 2,668,741
Employee Benefits	528,579	67,772	-	596,351	461,977	63,733	-	525,710
Staff Development and Recruitment	62,797	-	-	62,797	33,860	-	-	33,860
Professional Services	188,936	26,264	-	215,200	136,069	17,622	-	153,691
Program Expenses	30,291	-	-	30,291	13,660	-	-	13,660
Authorizer Oversight Fees	-	-	-	-	-	91,514	-	91,514
Dues, Licenses, and Subscriptions	-	161,651	-	161,651	-	17,631	-	17,631
Advertising	-	1,598	-	1,598	-	50	-	50
Travel	-	3,204	-	3,204	-	2,621	-	2,621
Information Technology	53,085	-	-	53,085	168,547	-	-	168,547
Minor Equipment	-	-	-	-	9,335	-	-	9,335
Supplies	115,624	5,750	-	121,374	79,405	2,879	-	82,284
Occupancy	200,316	-	-	200,316	182,290	-	-	182,290
Depreciation	330,056	-	-	330,056	307,151	-	-	307,151
Interest	153,198	-	-	153,198	161,099	-	-	161,099
Insurance	-	38,435	-	38,435	-	33,870	-	33,870
Fundraising	-	-	26,831	26,831	-	-	16,855	16,855
Other	-	20,486	-	20,486	-	12,884	-	12,884
Total Functional Expenses	\$ 4,008,242	\$ 689,935	\$ 26,831	\$ 4,725,008	\$ 3,841,325	\$ 623,613	\$ 16,855	\$ 4,481,793

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 939,925	\$ 1,338,438
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	330,056	307,151
Amortization	2,600	2,602
(Gain) Loss on Investments, Net	56,851	(39,618)
Gain on Payroll Protection Program Loan Extinguishment	-	(536,200)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(520,782)	(474,954)
Prepaid Expenses	34,117	(995)
Accounts Payable and Accrued Expenses	(41,617)	69,606
Deferred Revenue	36,783	(24,532)
Net Cash Provided by Operating Activities	837,933	641,498
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	4,934	-
Purchase of Property and Equipment	(195,634)	(20,480)
Construction in Process	-	(558,014)
Net Cash Used by Investing Activities	(190,700)	(578,494)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Repayment of Notes Payable	(267,120)	(268,778)
NET CHANGE IN CASH AND CASH EQUIVALENTS	380,113	(205,774)
Cash and Cash Equivalents - Beginning of Year	3,740,248	3,946,022
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,120,361	\$ 3,740,248
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 150,598	\$ 158,497

See accompanying Notes to Financial Statements.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Community Montessori, Inc. (the School) is a public benefit nonprofit organization incorporated under the laws of the state of Indiana. The School operates a public charter school established under Indiana Code 20-24 and is sponsored by Ball State University. The School also provides an early childhood education program for children ages three and four on a fee basis. For 2021-2022 School year, the School served approximately 520 students in preschool through high school.

Accounting Estimates

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

Revenue Recognition

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

A portion of the School's revenue is the product of cost reimbursement grants. Therefore, the School recognizes revenue under these grants in the amounts of costs and expenses at the time they are incurred. Amounts received prior to incurring qualifying expenditures are reported as deferred revenues in the statement of financial position. As of June 30, 2022 and 2021, the School does not have any conditional grants that have not been recognized as revenue in the statement of activities because conditions have not been met.

Revenue from student fees is recognized when the control of the promised good or service is transferred to the student, in an amount that reflects the consideration expected to be entitled in exchange for those goods or services. Amounts received prior to the service is performed is reported as deferred revenues in the statement of financial position. As of June 30, 2022, 2021 and 2020, the School has \$164,404, \$127,621, and \$152,153, respectively, of deferred revenue from student fees.

Grant, Contribution, and Fundraising Revenue

The School receives income from grants, contributions, and fundraising that support certain school activities. Such revenue received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The School reports gifts of cash and other assets and grants as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as Net Assets Released from Restrictions.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Grants and Accounts Receivable

Grants receivable relate primarily to activities funded under grants and legislation enacted by the state of Indiana. The School believes that it is operating in compliance with regulatory requirements and as such no allowance for doubtful account is deemed necessary with regard to grant receivables. Accounts receivable relate primarily to program fees collected annually from the School's students. These accounts receivable are reviewed for collectability annually. As of June 30, 2022 and 2021, no allowance was deemed necessary relating to program fees.

Investments

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

Property and Equipment

Purchases of assets and expenditures that materially increase value or extend useful lives are capitalized and are included in the accounts at cost. Routine maintenance and repairs, minor replacement costs, and equipment purchases with a unit cost of less than \$5,000 are charged to expense as incurred.

Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method. The estimated useful lives generally are as follows:

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

Impairment of Long-Lived Assets

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

Deferred Revenue

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

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs include expenses incurred as part of the July 2016 refinancing of long-term debt. Amortization of the \$52,041 in debt issuance costs is provided on a straight-line basis over the 20-year term of the related notes payable. Accumulated amortization was \$13,214 and \$10,614 as of June 30, 2022 and 2021, respectively. As provided by ASU 2015- 03, *Simplifying the Presentation of Debt Issuance Costs*, debt issuance costs are presented as a direct deduction from the carrying amount of the related debt liability.

Taxes on Income

The School has received a determination from the U.S. Internal Revenue Service (IRS) stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, the School would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended June 30, 2022 and 2021, no accounting for federal and state income taxes was required to be included in the accompanying financial statements.

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

Recently Issued Accounting Pronouncements

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

Subsequent Events

The School evaluated subsequent events through March 30, 2023, 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.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 LEGISLATIVE FUNDING CHANGES

In 2013, the Indiana legislature passed amendments to the Indiana Charter Schools Act that altered the manner in which charter schools are funded. Prior to enactment, charter schools received funding in the calendar year following the start of the academic School year. As such, the School followed the practice of recognizing at June 30 of each year a receivable for payments to be made to the School in the subsequent July through December time period, which represented amounts due for services rendered. Effective July 1, 2013, charter school funding is paid following the state of Indiana fiscal year of July to June, which is similar to the School's academic year. As part of this legislative amendment, the funding owed to the School under prior legislation for the period July 2013 to December 2013 was suspended. This elimination of funding resulted in a nonoperating loss of \$1,477,941.

In the same session, the Indiana legislature appropriated funding from the Indiana general fund to repay Indiana Common School Fund loans and accrued interest outstanding as of June 30, 2013 on behalf of charter schools. The School applied for and received repayment of its indebtedness under these obligations as of June 30, 2013. The repayment of debt resulted in nonoperating income of \$861,897 comprised of the following:

Repayment of Common School Fund Loans	\$ 733,133
Repayment of Accrued Interest on Common School Fund Loans	128,764
Total	<u>\$ 861,897</u>

The School believes that it has been adversely affected by the legislative changes relating to the elimination of funding and is pursuing relief through its elected representatives and the Indiana Department of Education. The prospect for success is unknown as of June 30, 2022. The School continued to carry a receivable of \$1,477,941 relating to the funding reduction, offset by a collectability allowance in the same amount, through the year ended June 30, 2021.

NOTE 3 INVESTMENTS

The School held the following investments as of June 30:

	<u>2022</u>	<u>2021</u>
Mutual Funds:		
MFS Corporate Bond A	\$ 132,357	\$ 155,704
MFS Diversified Income A	143,770	160,372
MFS limited Maturity A	132,457	138,851
MFS Total Return Bond A	131,312	148,326
Certificate of Deposit	525,006	523,434
Total	<u>\$ 1,064,902</u>	<u>\$ 1,126,687</u>

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS

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

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2022 and 2021.

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

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

Following is a description of the nature of the categories of mutual funds by major security type:

Fixed Income Funds: This asset class is generally comprised of investment options in bonds or debt of a company or governmental entity.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	\$ 132,357	\$ 132,357	\$ -	\$ -
MFS Diversified Income A	143,770	143,770	-	-
MFS Limited Maturity A	132,457	132,457	-	-
MFS Total Return Bond A	131,312	131,312	-	-
Total Held at Fair Value	539,896	539,896	-	-
Certificates of Deposit	525,006	-	-	-
Total Investment	\$ 1,064,902	\$ 539,896	\$ -	\$ -
	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Mutual Funds:				
MFS Corporate Bond A	\$ 155,704	\$ 155,704	\$ -	\$ -
MFS Diversified Income A	160,372	160,372	-	-
MFS limited Maturity A	138,851	138,851	-	-
MFS Total Return Bond A	148,326	148,326	-	-
Total Held at Fair Value	603,253	603,253	-	-
Certificates of Deposit	523,434	-	-	-
Total Investment	\$ 1,126,687	\$ 603,253	\$ -	\$ -

NOTE 5 NOTES PAYABLE

Notes payable consisted of the following as of June 30:

<u>Description</u>	2022	2021
Note payable to German American Bancorp, payable \$33,498 monthly, including interest at 2.99% per annum, maturing in July 2036.	\$ 4,603,480	\$ 4,861,625
Note payable to German American Bancorp. payable \$2,108 monthly, including interest at 3.88% per annum, maturing in July 2036.	158,094	167,069
Total	4,761,574	5,028,694
Less: Current Portion	(285,926)	(277,227)
Long-Term Portion	\$ 4,475,648	\$ 4,751,467

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 5 NOTES PAYABLE (CONTINUED)

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 285,926
2024	297,047
2025	306,238
2026	390,133
2027	302,508
Thereafter	3,179,722
Total	<u>\$ 4,761,574</u>

NOTE 6 DEBT EXTINGUISHMENT

In April 2020, the School received proceeds in the amount of \$536,200 to fund payroll, rent, and utilities through the Paycheck Protection Program (the PPP Loan). The PPP Loan was formally forgiven by the U.S. Small Business Administration (SBA) on November 2, 2020. Accordingly, the School recognized a gain on the extinguishment of debt of \$536,200 during the year ended June 30, 2021. This amount is included in the 2021 statement of activities as Gain on Extinguishment of Payroll Protection Program Loan.

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

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Scholarships	<u>\$ 1,715</u>	<u>\$ 1,715</u>

During 2022 and 2021, net assets of -\$0- and \$31,676, respectively, were released from restriction by incurring expenses satisfying the restricted purposes or due to the passage of time.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 COMMITMENTS AND CONTINGENCIES

The School operates under a charter granted by Ball State University. As the sponsoring organization, Ball State University exercises certain oversight responsibilities. Under this charter, the School has agreed to pay to Ball State University an annual administrative fee equal to 3% of state tuition support received. The charter remains in effect until June 30, 2022 and is renewable thereafter by mutual consent. Expense under this agreement was \$95,188 and \$91,514 for the years ended June 30, 2022 and 2021, respectively.

NOTE 9 RELATED PARTY TRANSACTIONS

The School purchased various supplies from a company whose owner is related to a management employee of the School. Total purchases for the years ended June 30, 2022 and 2021 were \$16,061 and \$13,310, respectively.

NOTE 10 LEASES

The School leases equipment under operating lease agreements that expire in 2027. Expense under these operating leases was \$3,390 and \$4,165 for the years ended June 30, 2022 and 2021, respectively.

A schedule of minimum lease obligations are as follows for the year ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 3,024
2024	3,024
2025	3,024
2026	3,024
2027	1,260
Total	<u>\$ 13,356</u>

NOTE 11 RETIREMENT PLANS

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

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 11 RETIREMENT PLANS (CONTINUED)

All nonteaching personnel are eligible to enroll in a defined contribution Section 403(b) plan. Teaching personnel can also opt to participate in the 403(b) plan in lieu of TRF. Under the 403(b) plan, the School will provide a 3%-6% match of an employee's contribution, depending on years of service. Retirement plan expense under all plans was \$50,106 and \$35,008 for the years ended June 30, 2022 and 2021, respectively.

NOTE 12 RISKS AND UNCERTAINTIES

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

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

The School primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance School (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, the School has not experienced losses in any of these accounts.

During the year ended June 30, 2020, the World Health Organization declared the spread of the Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, business, and communities. Specific to the School, COVID-19 has impacted various parts of its operations and financial results, including an increased demand for virtual learning options. 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.

COMMUNITY MONTESSORI, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 13 LIQUIDITY

Under ASU 2016-14, the School is required to disclose the assets it has available at June 30, 2022 and 2021 to meet its cash needs for general expenditures within one year of the date of the statement of financial position. Financial assets for the School include cash and cash equivalents, investments, and accounts receivable.

	2022	2021
Financial Assets	\$ 6,191,271	\$ 5,352,161
Less: Those Unavailable for General Expenditures Within One Year, Due to:		
Restrictions by Donor with Time or Purpose	(1,715)	(1,715)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 6,189,556	\$ 5,350,446

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 14 FUNCTIONAL EXPENSE REPORTING

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

**COMMUNITY MONTESSORI, INC.
OTHER REPORT
YEAR ENDED JUNE 30, 2022**

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

Supplemental Audit Report of Community Montessori, Inc.

The Supplemental Audit Report contains the results of compliance testing required by the Indiana State Board of Accounts under its *Guidelines for the Audits of Charter Schools Performed by Private Examiners* pertaining to matters addressed in its *Accounting and Uniform Compliance Guidelines Manual for Indiana Charter Schools*.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Montessori, Inc. (the School), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 30, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control. Accordingly, we do not express an opinion on the effectiveness of the School's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

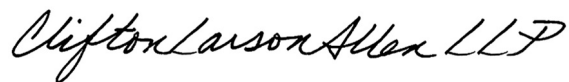
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 30, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL
OVER COMPLIANCE, AND REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Montessori, Inc.'s (the School) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School's major federal programs for the year ended June 30, 2022. The School's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the School complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the School's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

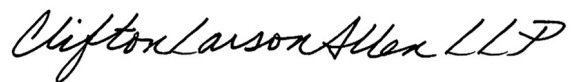
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the School's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The School's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the School as of and for the year ended June 30, 2022, and have issued our report thereon dated March 30, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
March 30, 2023

COMMUNITY MONTESSORI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Passed through Indiana Department of Education:				
Title II-A FFY 2019	84.367	S367A200013	\$ -	\$ 8,719
Title II-A FFY 2020	84.367	S367A200013	-	9,294
Title II-A FFY 2021	84.367	S367A200013	-	9,780
Subtotal			-	27,793
Charter School Program: Quality Counts 6890	84.282	U282A210017	-	592,000
Charter Facilities Incentive Grant - Keys to Quality 6891	84.282	S282D19002	-	44,876
Subtotal			-	636,876
SPED Part B 619 FY22 6902	84.137	H173A210104	-	2,272
SPED Part B 611 FY22 6902	84.027	H027A190084	-	85,505
Total U.S. Department of Education			-	752,446
Federal Communications Commission				
Emergency Connectivity Funds	32.009	BEAR200202299-001	-	42,920
U.S. Department of Homeland Security				
Federal Emergency Management Agency 7945	97.048	FEMA-4515-DR-IN	-	19,781
Total Expenditures of Federal Awards			\$ -	\$ 815,147

See accompanying Notes to Schedule of Expenditures of Federal Awards.

COMMUNITY MONTESSORI, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Montessori, Inc. under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of Community Montessori, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows Community Montessori, Inc.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Community Montessori, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**COMMUNITY MONTESSORI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Type of auditors’ report issued: Unmodified
2. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? x yes _____ none reported
3. Type of auditors’ report issued on compliance for major federal programs: Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

ALN Number(s)
84.282

Name of Federal Program or Cluster
Charter Schools

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualify as low-risk auditee?

_____ yes x no

COMMUNITY MONTESSORI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Section II – Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

Our audit did not disclose any matters that are required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2022 – 001: Procurement and Suspension and Debarment

Federal agency: U.S. Department of Education

Federal program title: Charter Schools

ALN Number: 84.282

Pass-Through Agency: Indiana Department of Education

Pass-Through Number(s): U282A210017, S282D190002

Award Period: July 1, 2021 through June 30, 2022

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: Title 2, Subtitle A, Chapter 2 Part 200, Subpart D, section 200.318 of the Code of Federal Regulations requires Universities to have a written procurement policy that includes certain requirements as it relates to procuring good and services using federal dollars. Additionally, 2 CFR 180.995 requires that the University has a written policy where Universities should perform a check to ensure vendors are not debarred.

Condition: During our testing, it was noted that the School does not have a procurement and suspension and debarment policy in place that meets the federal requirements when acquiring goods with the federal funding. Also, it was noted during testing that the School did not verify that vendors utilized for federal program activities were not suspended or debarred.

Questioned costs: None

Context: The School did not have a formal, written policy that met the procurement, and suspension and debarment federal requirements.

Cause: The School was unaware of this federal requirement as this was the first federal compliance audit required.

Effect: Without written policies it is likely that required steps in the process may be missed.

Repeat finding: No

COMMUNITY MONTESSORI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2022

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2022 – 001: Procurement and Suspension and Debarment (Continued)

Recommendation: We recommend that the School prepare and adopt a formal, written procurement and suspension and debarment policy that meets federal standards.

Views of responsible officials: There is no disagreement with the audit finding.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

**COMMUNITY MONTESSORI, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2022**

U.S Department of Education and Federal Communications Commission

Community Montessori, Inc. respectfully submits the following corrective action plan for the year ended June 30, 2022.

Audit period: July 01, 2021 - June 30, 2022

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings in the current year that require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Education

2022-001 Charter Schools – Assistance Listing No. 84.282

Recommendation: We recommend that the School prepare and adopt a formal, written procurement and suspension and debarment policy that meets federal standards.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: We plan to create a procurement protocol to present to the Board of Directors for approval.

Name(s) of the contact person(s) responsible for corrective action: Barbara Burke Fondren

Planned completion date for corrective action plan: by June 30, 2023

If the U.S. Department of Education has questions regarding this plan, please call Barbara Burke Fondren, Director, at 812-948-1000, ext. 1101.