BLOOMINGTON MONTESSORI ASSOCATION, INC.

FINANCIAL STATEMENTS

For the Year Ended
July 31, 2024

BLOOMINGTON MONTESSORI ASSOCATION, INC.

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EIFEL RAMBO ADVISORY GROUP
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

Board of Directors
Bloomington Montessori Association, Inc.
Chicago, IL

Opinion
We have audited the accompanying financial statements of Bloomington Montessori Association, Inc. (a not-for-profit organization), which comprise the statement of financial position as of July 31, 2024 and the related statements of activities, functional expenses, and cash flows for the year 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 Bloomington Montessori Association, Inc. as of July 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bloomington Montessori Association, Inc. 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 Bloomington Montessori Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted 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, including omissions, 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 generally accepted 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 Bloomington Montessori Association, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bloomington Montessori Association, Inc. 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.

Eifel Rambo Advisory Group, LTD.

November 8, 2024
Frankfort, IL

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
July 31, 2024

Assets	
Current Assets	
Cash and cash equivalents	$ 535,603
Investments	478,711
Accounts receivable	7,100
Prepaid expenses	7,421
Other assets	2,621
Total current assets	1,031,456
Property and Equipment	
Land	118,852
Building	2,025,874
Building improvements	99,424
Equipment	272,919
Furniture and fixtures	89,307
Total property and equipment	2,606,376
Less accumulated depreciation	(1,413,316)
Net property and equipment	1,193,060
Total Assets	$ 2,224,516
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	$ 7,593
Deferred revenue	265,418
Notes payable - current	63,994
Total current liabilities	337,005
Notes payable - long term	434,943
Total liabilities	771,948
Net Assets Without Donor Restrictions	1,452,568
Total Liabilities and Net Assets	$ 2,224,516

See independent accountant's compilation report and notes to financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2024

Public Support and Revenue	
Program income	$ 1,898,044
Government grants	7,200
Fundraising	72,976
Total public support and revenue	1,978,220
Expenses	
Program services	1,624,225
Management and general	210,242
Fundraising	61,534
Total expenses	1,896,001
Income from operations	82,219
Other income (expense)	
Interest income	43,306
Interest expense	(21,758)
Net other income (expense)	21,548
Change in net assets without donor restrictions	103,767
Net assets without donor restrictions	
Beginning of Year	1,348,801
End of Year	$ 1,452,568

See independent accountant's compilation report and notes to financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	$ 1,064,982	$ 192,834	$ 34,638	$ 1,292,454
Payroll taxes	96,140	17,408	3,127	116,675
Computer and network	4,308	-	-	4,308
School activities	55,012	-	-	55,012
Professional fees	16,660	-	-	16,660
Curriculum	15,608	-	-	15,608
Staff development and training	13,262	-	-	13,262
Occupancy	74,740	-	-	74,740
Kitchen expenses	90,004	-	-	90,004
Insurance	14,540	-	-	14,540
Equipment rental and maintenance	115,339	-	-	115,339
Food	5,098	-	-	5,098
Office expenses	18,122	-	-	18,122
Events and supplies	-	-	23,769	23,769
Depreciation	40,410		-	40,410
Total Functional Expenses	$ 1,624,225	$ 210,242	$ 61,534	$ 1,896,001

See independent accountant's compilation report and notes to financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended July 31, 2024

Cash Flows from Operating Activities	
Change in net assets	$ 103,767
Adjustments to reconcile change in net assets to net cash provided by (used in)operating activities	
Depreciation	40,411
Realized/unrealized (gain) loss on investments	(14,837)
(Increase) decrease in:	
Accounts receivable	(6,375)
Prepaid expenses	196
Other assets	382
(Decrease) increase in:	
Accounts payable	2,158
Deferred revenue	9,603
Net cash provided by (used in) operating activities	135,305
Cash Flows from Financing Activities	
Purchases of property and equipment	(6,095)
Purchases of invesments	(463,874)
Repayments of note payable	(62,161)
Net cash provided by (used in) financing activities	(532,130)
Net increase (decrease) in cash and cash equivalents	(396,825)
Cash and cash equivalents, beginning of year	932,428
Cash and cash equivalents, end of year	$ 535,603

See independent accountant's compilation report and notes to financial statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization
Bloomington Montessori Association, Inc. (School) was established by a small group of teachers dedicated to offering a Montessori education for students from families committed to this method of education.

It is the mission of the School to provide for the physical, intellectual, emotional and spiritual education of children following the methods and philosophy of Dr. Maria Montessori. The School accepts and encourages the individuality of all its community members. People of all cultures, races, religions, nationalities, origin, disabilities and genders are welcomed in the belief that the children, parents, staff, and visitors will be enriched by the differences and be made aware of the interrelatedness of all peoples in all societies. The School does not discriminate on the basis of race, color, sexual orientation or national or ethnic origin. It is Maria Montessori's global approach to education that the School believes to be the true Education for Life.

Income Tax Status
The School was granted an exemption from federal income tax by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The School qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(ii) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax-exempt purpose of the School and the nature in which it operates is described above. The School continues to operate in compliance with its tax-exempt purpose.

The School's annual information and income tax returns filed with the federal and state governments are subject to examination generally for three years after filing.

Basis of Accounting
The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant accounts receivable, payable, and other liabilities.

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the year. Actual results could differ from those estimates.

Advertising
The School's policy is to expense advertising costs as they are incurred. Total advertising costs were $0 in 2024.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Basis of Presentation
The School reports information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions, as required by Generally Accepted Accounting Principles (GAAP). Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Items that affect this net asset category principally consist of gifts without restrictions, including those designated by the Board and related expenses associated with the core activities of the School.

With Donor Restrictions – Net assets subject to donor-imposed restrictions that will be met either by actions of the School or the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met, endowment gifts, pledges, and investment returns on endowment funds. Expirations of restrictions on net assets with donor restrictions, including reclassification of restricted gifts, are reported as net assets released from restrictions.

Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the School, including gifts and pledges wherein donors stipulate that the corpus of the gift be held in perpetuity and that only the income be made available for program operations.

Cash and Cash Equivalents
Cash and cash equivalents consist of bank deposits and money market funds in federally insured accounts. At times, account balances may exceed the Federal Deposit Insurance Corporation's (FDIC) limits.

For purposes of the Statement of Cash Flows, the School consider all highly liquid debt instruments, if any, purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable
Account receivable are stated at the amount the School expects to collect. The School has tracked historical loss information for its receivables and compiled historical credit loss percentages for different aging categories. Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at July 31, 2024 because the composition of the receivables at that date is consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). However, management has determined that the current and reasonable and supportable forecasted economic conditions have remained steady as compared with the economic conditions included in the historical information. Accordingly, there is no allowance for expected credit loss at July 31, 2024.

Deferred Tuition and Fees
Tuition and fees paid in advance of the upcoming school year have been included in deferred tuition and fees in the accompanying statement of financial position and will be recognized as revenue when the new school year begins.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Property and Equipment

Expenditures for property and equipment, and items which substantially increase the useful lives of existing assets, are capitalized at cost. The School capitalizes all expenditures and contributions of property and equipment over $1,000. Any donated property and equipment are recorded at their estimated fair value when received. Depreciation is computed on the straight-line method at rates designed to depreciate the costs of assets over the estimated useful lives as follows:

Building	20 - 30 years
Building improvements	20 years
Furniture and fixtures	5 - 15 years

Support and Revenue

The School reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the School reports the support as unrestricted. Contributions are recognized when cash or other assets, or notification of a beneficial interest is received. Special events are recognized when the event occurs.

The School reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the School reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. During 2024 no such gifts were received.

The school recognizes revenue from student tuition and fees during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students: therefore, the revenue is recognized ratably over the course of the academic year of specific academic program duration.

In-Kind Contributions

In addition to receiving cash contributions, the School may receive in-kind contributions of goods and materials from various donors. It is the policy of the School to record the estimated fair market value of certain in-kind donations as an expense or asset, if capitalized, in its financial statements, and similarly increase donation revenue by a like amount. For the year ended July 31, 2024 no in-kind donations were received that required disclosure in the financial statements.

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the current year, no donated services meeting these criteria were received.

Many individuals also volunteer their time and perform a variety of tasks that assist Bloomington Montessori Association, Inc., but these services do not meet the criteria for recognition as contributed services. As such, the value of these donated services is not reflected in the financial statements.

Certain Vulnerabilities and Concentrations

During the fiscal year ending July 31, 2024 the School received the majority of its revenue from students and their families. Any negative change in student enrollment could have an impact on future revenues.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to the specific program or supporting service. Expenses related to more than one function are allocated to program expenses and supporting services on the basis of periodic time and expense reviews made by management.

Adoption of New Accounting Standard

On August 1, 2023, the School adopted FASB Accounting Standards Update 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. There was no material impact on the School’s results of operations or financial condition upon adoption of the new standard.

Subsequent Events

Accounting principles generally accepted in the United States of America establish general standards of accounting for, and disclosure of, events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The School has evaluated subsequent events through November 8, 2024, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed.

Note 2 – Financial Assets and Liquidity Resources

The School regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the School considers all expenditures related to its operations undertaken to support those activities to be general expenditures.

The School has $1,014,314 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash and cash equivalents for the year ended July 31, 2024. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The School has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 – Fair Value Measurements

GAAP define fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. These standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

> Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
>
> Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
>
> Level 3: Valuation derived from valuation techniques, in which one or more significant inputs are unobservable.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for fair value measurement of investments:

> *Mutual Funds and ETFs*: Valued at the daily closing price as reported by the mutual fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Note 3 – Fair Value Measurements (cont.)

Assets measured on a recurring basis:

Assets measured at fair value on a recurring basis consist of mutual funds and ETFs totaling $478,711 at July 31, 2024.

As of July 31, 2024 the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are mutual funds and ETFs. Fair value for Level 1 investments include investments in mutual funds and ETFs that are listed on a national market or exchange, that are valued at the last sales price or, if there is no sale and the market is still considered active, at the last transaction price before year-end.

Note 4 – Notes Payable

The School took out a note payable from Indiana University Credit Union dated June 15, 2016 with an original balance of $927,159 and monthly payments of $7,093 including interest of 4.50%. Outstanding principal will be due at maturity in June 15, 2031 and is secured by all assets of the School. Cash paid for interest totaled $21,758 for the year ended July 31, 2024.

Total outstanding loan	$ 498,937
Less: Current portion of long-term debt	(63,994)
Net long-term debt	$ 434,943

Future maturities of long-term debt are summarized as follows:

July 31,	
2025	$ 63,994
2026	66,934
2027	70,009
2028	74,225
2029	76,589
Thereafter	147,186
	$ 498,937