

BLOOMINGTON MONTESSORI ASSOCIATION, INC.

FINANCIAL STATEMENTS

**For the Year Ended
July 31, 2025**

BLOOMINGTON MONTESSORI ASSOCIATION, INC.

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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, 2025 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, 2025, 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.

Ernst & Young LLP

February 3, 2026
Frankfort, IL

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
July 31, 2025

Assets

Current Assets

Cash and cash equivalents	\$ 645,966
Investments	526,911
Accounts receivable	1,627
Prepaid expenses	8,908
Other assets	2,208
Total current assets	<u>1,185,620</u>

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	<u>2,606,376</u>
Less accumulated depreciation	<u>(1,460,829)</u>
Net property and equipment	<u>1,145,547</u>

Total Assets \$ 2,331,167

Liabilities and Net Assets

Current Liabilities

Notes payable - current	\$ 66,944
Accounts payable	2,999
Deferred revenue	244,853
Total current liabilities	<u>314,796</u>

Notes payable - long term	<u>367,241</u>
Total liabilities	<u>682,037</u>

Net Assets Without Donor Restrictions 1,649,130

Total Liabilities and Net Assets \$ 2,331,167

See independent auditor's report and notes to the financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended July 31, 2025

Public Support and Revenue

Program income	\$ 1,916,526
Government grants	700
Fundraising	<u>69,659</u>
Total public support and revenue	<u>1,986,885</u>

Expenses

Program services	1,586,391
Management and general	283,476
Fundraising	<u>55,693</u>
Total expenses	<u>1,925,560</u>

Income from operations	<u>61,325</u>
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Other income (expense)

Employer Retention Credit	111,278
Interest income	33,506
Investment gain (loss)	9,651
Interest expense	<u>(19,198)</u>
Net other income (expense)	<u>135,237</u>

Change in net assets without donor restrictions	196,562
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Net assets without donor restrictions

Beginning of Year	<u>1,452,568</u>
End of Year	<u><u>\$ 1,649,130</u></u>

See independent auditor's report and notes to the financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended July 31, 2025

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 1,054,844	\$ 252,625	\$ 36,281	\$ 1,343,750
Payroll taxes	94,580	22,651	3,253	120,484
Computer and network	7,698	-	-	7,698
School activities	56,497	-	-	56,497
Professional fees	3,741	8,200	-	11,941
Curriculum	16,155	-	-	16,155
Staff development and training	27,214	-	-	27,214
Occupancy	85,950	-	-	85,950
Kitchen expenses	58,182	-	-	58,182
Insurance	17,208	-	-	17,208
Equipment rental and maintenance	92,633	-	-	92,633
Marketing	3,963	-	-	3,963
Office expenses	20,212	-	-	20,212
Events and supplies	-	-	16,159	16,159
Depreciation	47,514	-	-	47,514
Total Functional Expenses	<u><u>\$ 1,586,391</u></u>	<u><u>\$ 283,476</u></u>	<u><u>\$ 55,693</u></u>	<u><u>\$ 1,925,560</u></u>

See independent auditor's report and notes to the financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended July 31, 2025

Cash Flows from Operating Activities

Change in net assets	\$ 196,562
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	47,514
Realized/unrealized (gain) loss on investments	12,151
(Increase) decrease in:	
Accounts receivable	5,473
Prepaid expenses	(1,487)
Other assets	413
(Decrease) increase in:	
Accounts payable	(4,594)
Deferred revenue	(20,565)
Net cash provided by (used in) operating activities	<u>235,467</u>

Cash Flows from Financing Activities

Purchases of investments	(92,901)
Proceeds from sale of investments	32,549
Repayments of note payable	(64,752)
Net cash provided by (used in) financing activities	<u>(125,104)</u>

Net increase (decrease) in cash and cash equivalents 110,363

Cash and cash equivalents, beginning of year 535,603

Cash and cash equivalents, end of year \$ 645,966

See independent auditor's report and notes to the financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2025

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 \$3,963 in 2025.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2025

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, 2025 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, 2025.

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.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2025

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 2025 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, 2025 no in-kind donations were received that required disclosure in the financial statements.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2025

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, 2025 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.

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 February 3, 2026, 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.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2025

Note 2 – Financial Assets and Liquidity Resources (cont.)

The School has \$1,172,877 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, 2025. 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.

BLOOMINGTON MONTESSORI ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
July 31, 2025

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 \$526,911 at July 31, 2025.

As of July 31, 2025 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 \$19,198 for the year ended July 31, 2025.

Total outstanding loan	\$ 434,185
Less: Current portion of long-term debt	<u>(66,944)</u>
Net long-term debt	<u><u>\$ 367,241</u></u>

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

<u>July 31,</u>	
2026	\$ 66,944
2027	70,019
2028	73,236
2029	76,600
2030	80,119
Thereafter	<u>67,267</u>
	<u><u>\$ 434,185</u></u>

BLOOMINGTON MONTESSORI ASSOCIATION, INC.

NOTES TO FINANCIAL STATEMENTS

July 31, 2025

Note 5 – Employee Retention Credit

The CARES Act provides an employee retention credit (“CARES Employee Retention credit”), which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The tax credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages per employee through December 31, 2020. Additional relief provisions were passed by the United States government, which extend and slightly expand the qualified wage caps on these credits through December 31, 2021. Based on these additional provisions, the tax credit is now equal to 70% of qualified wages paid to employees during a quarter, and the limit on qualified wages per employee has been increased to \$10,000 of qualified wages per quarter. The Organization qualified for the tax credit under the CARES Act under both provisions. During the year ended July 31, 2025, the Organization recorded \$111,278 related to the CARES Employee Retention Credit included in Other Income on the Organization’s Statement of Operations. This amount included \$24,452 of interest income from the United States Treasury.