

CITY GARDEN MONTESSORI SCHOOL
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION,
AND INDEPENDENT AUDITORS' REPORT
WITH ACCOMPANYING SINGLE AUDIT
AND UNIFORM GUIDANCE REPORTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

City Garden Montessori School

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Independent Auditors' Report

Board of Directors
City Garden Montessori School
St. Louis, Missouri

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of City Garden Montessori School (a nonprofit organization), which comprise the consolidated statements of assets, liabilities, and net assets – modified cash basis as of June 30, 2023 and 2022, the related consolidated statements of revenues, expenses and changes in net assets – modified cash basis, consolidated statements of functional expenses – modified cash basis, consolidated statements of cash flows – modified cash basis for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated statements of assets, liabilities, and net assets – modified cash basis of City Garden Montessori School as of June 30, 2023 and 2022, and its consolidated statements of revenues, expenses and changes in net assets – modified cash basis for the years then ended in accordance with the modified cash basis of accounting as described in Note A.

Basis for Opinion

We conducted our audits in accordance with 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of City Garden Montessori School and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Basis of Accounting

We draw attention to Footnote A of the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than generally accepted accounting principles accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with modified cash basis of accounting described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 City Garden Montessori 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Garden Montessori 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

The consolidating statements on pages 23 through 26 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The supplementary information on pages 27 through 30 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. This information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of City Garden Montessori 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 City Garden Montessori 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 City Garden Montessori School's internal control over financial reporting and compliance.

Schmersahl Treloar & Co.

St. Louis, Missouri
November 29, 2023

**CONSOLIDATED
FINANCIAL STATEMENTS**

City Garden Montessori School
CONSOLIDATED STATEMENTS OF ASSETS, LIABILITIES,
AND NET ASSETS - MODIFIED CASH BASIS

	ASSETS	
	June 30,	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 958,735	\$ 849,885
Restricted cash	<u>766,979</u>	<u>2,565,701</u>
Total Current Assets	1,725,714	3,415,586
PROPERTY AND EQUIPMENT, NET	14,636,581	11,848,139
BOND ISSUANCE COSTS, NET	710,781	715,446
NOTE RECEIVABLE	10,408,800	10,408,800
INVESTMENT IN SUBSIDIARY	<u>4,476</u>	<u>4,647</u>
Total Assets	<u>\$ 27,486,352</u>	<u>\$ 26,392,618</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current portion of long-term debt	<u>\$ 3,406,620</u>	<u>\$ 3,406,620</u>
LONG-TERM DEBT	<u>23,022,515</u>	<u>21,147,515</u>
Total Liabilities	26,429,135	24,554,135
NET ASSETS		
Without donor restrictions	<u>1,057,217</u>	<u>1,838,483</u>
Total Net Assets	<u>1,057,217</u>	<u>1,838,483</u>
Total Liabilities and Net Assets	<u>\$ 27,486,352</u>	<u>\$ 26,392,618</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
CONSOLIDATED STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support and Revenues						
Local program revenue	\$ 1,489,103	\$ 940,634	\$ 2,429,737	\$ 897,576	\$ 1,345,361	\$ 2,242,937
State program revenue	4,356,828	-	4,356,828	2,695,188	-	2,695,188
Federal program revenue	1,451,795	-	1,451,795	1,207,863	-	1,207,863
Preschool revenue and before and after care	769,117	-	769,117	550,258	-	550,258
Net assets released from restriction	<u>940,634</u>	<u>(940,634)</u>	<u>-</u>	<u>2,091,612</u>	<u>(2,091,612)</u>	<u>-</u>
Total Support and Revenue	<u>9,007,477</u>	<u>-</u>	<u>9,007,477</u>	<u>7,442,497</u>	<u>(746,251)</u>	<u>6,696,246</u>
EXPENSES						
Program services						
Charter school	5,093,757	-	5,093,757	3,757,695	-	3,757,695
Preschool	1,593,388	-	1,593,388	1,482,896	-	1,482,896
Management and general	2,752,284	-	2,752,284	2,113,529	-	2,113,529
Development	<u>349,314</u>	<u>-</u>	<u>349,314</u>	<u>350,534</u>	<u>-</u>	<u>350,534</u>
Total Expenses	<u>9,788,743</u>	<u>-</u>	<u>9,788,743</u>	<u>7,704,654</u>	<u>-</u>	<u>7,704,654</u>
Change in Net Assets	(781,266)	-	(781,266)	(262,157)	(746,251)	(1,008,408)
NET ASSETS, Beginning of year	<u>1,838,483</u>	<u>-</u>	<u>1,838,483</u>	<u>2,100,640</u>	<u>746,251</u>	<u>2,846,891</u>
NET ASSETS, End of year	<u>\$ 1,057,217</u>	<u>\$ -</u>	<u>\$ 1,057,217</u>	<u>\$ 1,838,483</u>	<u>\$ -</u>	<u>\$ 1,838,483</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2023

	Charter School							4209 Folsom Owner, LLC	4209 Folsom Managing Member, LLC	
	Program services									
	Charter School		Preschool							
	Instruction	Support Services	Total	Instruction	Management and general	Development	Total	Management and general	Management and general	Total
Salaries	\$ 2,238,216	\$ 896,297	\$ 3,134,513	\$ 882,776	\$ 334,786	\$ 182,590	\$ 4,534,665	\$ -	\$ -	\$ 4,534,665
Employee benefits and payroll taxes	727,657	268,935	996,592	289,931	133,512	46,688	1,466,723	-	-	1,466,723
Purchased services	203,686	368,556	572,242	375,449	699,290	95,454	1,742,435	-	-	1,742,435
Supplies	349,351	41,059	390,410	45,232	158,133	24,582	618,357	-	-	618,357
Interest	-	-	-	-	463,858	-	463,858	192,751	110,744	767,353
Depreciation and amortization	-	-	-	-	74,559	-	74,559	523,077	8,352	605,988
Other Expense	-	-	-	-	-	-	-	48,052	5,170	53,222
Total Expense	<u>\$ 3,518,910</u>	<u>\$ 1,574,847</u>	<u>\$ 5,093,757</u>	<u>\$ 1,593,388</u>	<u>\$ 1,864,138</u>	<u>\$ 349,314</u>	<u>\$ 8,900,597</u>	<u>\$ 763,880</u>	<u>\$ 124,266</u>	<u>\$ 9,788,743</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
For the Year Ended June 30, 2022

	Charter School							4209 Folsom Owner, LLC	4209 Folsom Managing Member, LLC	
	Program services									
	Charter School			Preschool						
	Instruction	Support Services	Total	Instruction	Management and general	Development	Total	Management and general	Management and general	Total
Salaries	\$ 1,575,331	\$ 518,846	\$ 2,094,177	\$ 632,686	\$ 314,269	\$ 209,280	\$ 3,250,412	\$ -	\$ -	\$ 3,250,412
Employee benefits and payroll taxes	546,571	154,143	700,714	207,416	105,174	40,717	1,054,021	-	-	1,054,021
Purchased services	198,048	347,687	545,735	481,784	620,407	92,695	1,740,621	-	-	1,740,621
Supplies	338,618	78,451	417,069	161,010	122,160	7,842	708,081	-	-	708,081
Interest	-	-	-	-	424,715	-	424,715	96,374	106,499	627,588
Depreciation and Amortization	-	-	-	-	80,991	-	80,991	152,427	17,368	250,786
Other Expense	-	-	-	-	-	-	-	72,908	237	73,145
Total Expense	<u>\$ 2,658,568</u>	<u>\$ 1,099,127</u>	<u>\$ 3,757,695</u>	<u>\$ 1,482,896</u>	<u>\$ 1,667,716</u>	<u>\$ 350,534</u>	<u>\$ 7,258,841</u>	<u>\$ 321,709</u>	<u>\$ 124,104</u>	<u>\$ 7,704,654</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
CONSOLIDATED STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	Years Ended June 30,	
	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(\$ 781,266)	(\$ 1,008,408)
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Depreciation and amortization	<u>605,988</u>	<u>250,786</u>
 Net Change in Cash and Cash Equivalents from Operating Activities	 (<u>175,278</u>)	 (<u>757,622</u>)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale of investments	-	25,302
Increase in investment in subsidiary	171	(4,546)
Purchases of property and equipment	<u>(3,342,915)</u>	<u>(7,590,457)</u>
 Net Change in Cash and Cash Equivalents from Investing Activities	 (<u>3,342,744</u>)	 (<u>7,569,701</u>)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term debt	1,875,000	-
Debt issuance costs	<u>(46,850)</u>	<u>-</u>
 Net Change in Cash and Cash Equivalents from Financing Activities	 <u>1,828,150</u>	 <u>-</u>
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (1,689,872)	 (8,327,323)
 CASH AND CASH EQUIVALENTS, Beginning of year	 <u>3,415,586</u>	 <u>11,742,909</u>
 CASH AND CASH EQUIVALENTS, End of year	 <u>\$ 1,725,714</u>	 <u>\$ 3,415,586</u>
 NON-CASH FINANCING ACTIVITIES		
 Cash paid for interest	 <u>\$ 767,353</u>	 <u>\$ 627,588</u>

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

City Garden Montessori School (the “School”), a not-for-profit corporation, is an independent publicly supported school located in the metropolitan area of the St. Louis Missouri Public School District. The School was organized in 2008 under Chapter 355 Revised Statutes of Missouri (RSMo) and governed by Senate Bill No. 781 of the 89th General Assembly of the Missouri legislature.

Under the RSMo, St. Louis University (Sponsor) granted the School an initial charter effective until June 30, 2018 and was extended through June 30, 2028. The Sponsorship agreement has a term of ten years provided that the School is in compliance with the terms of the charter agreement and unless a written notice of non-renewal is given by either party. During the term of the charter, the Sponsor may also terminate the charter if good cause is shown.

The School's charter provides for the education of students from diverse social and economic backgrounds in the target area surrounding the school in kindergarten and first through eighth grades. The School also provides Preschool services for children ages three through six.

The mission of City Garden Montessori School is to provide a high-quality education to a diverse student population, following the philosophy of Dr. Maria Montessori, and to cultivate young people who value and respect themselves, others, the environment, and the world community. This process of nurturing teaches students to be competent, creative, lifelong learners who practice compassion, respect, nonviolence, and sustainability. The School under current Missouri statutes is considered to be a local education agency (LEA). The consolidated financial statements include the basic consolidated financial statements and certain other supplementary information. A summary of the significant accounting policies is listed below.

Basis of Financial Statement Presentation

The accompanying consolidated financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America (GAAP). This basis of accounting differs from GAAP primarily because certain revenue and related assets (such as accounts receivable and revenue for billed or provided services not yet collected) have been recognized when received rather than when earned and certain expenses and related liabilities (such as accounts payable and expenses for goods or services received but not yet paid, and other accrued liabilities) have been recognized when paid rather than when the obligations were incurred.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Consolidation

The accompanying consolidated financial statements include the accounts of the School and its majority owned subsidiaries as of June 30:

	2023	2022
City Garden Montessori School Foundation, LLC	100%	100%
4209 Folsom Managing Member, LLC	100%	100%
4200 Folsom Owner, LLC	100%	100%
4209 Folsom Owner, LLC	90%	90%

The ownership interest in 4209 Folsom Owner, LLC noted above was transferred from City Garden Montessori School to 4209 Folsom Managing Member, LLC during the year ended June 30, 2020. The remaining 10% interest is held by a related party 4209 Folsom Prime Tenant, LLC at June 30, 2023 and 2022. City Garden Montessori School Foundation, LLC and 4200 Folsom Owner, LLC had limited activity during the years ended June 30, 2023 and 2022. Any assets and activity of these organizations are included under City Garden Montessori School in the supplementary consolidated financial statements.

All of the subsidiaries were formed for the purpose of receiving property tax credits and purchasing real estate. All significant intercompany accounts have been eliminated in the consolidation.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be satisfied by actions of the School or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions upon receipt based on the nature of the restrictions. When a 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 consolidated statements of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the School.

The School maintains cash deposits with financial institutions that are insured for all interest-bearing accounts up to \$250,000. Any non-interest-bearing accounts held are fully insured by FDIC. At this time, the School maintains cash deposits in excess of \$250,000. The School has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on cash.

Restricted cash primarily consists of amounts required to pay for construction related costs to 4209 Folsom Avenue.

Property and Leasehold Improvements

Property and leasehold improvements are recorded at cost. Purchases of property and leasehold improvements in excess of \$1,000 are capitalized. Depreciation and amortization for property and leasehold improvements is computed using the straight-line method over the estimated useful lives of the respective property and improvements which can range from 10 to 40 years.

Long-Term Obligations

Long-term debt is reported as liabilities in the consolidated statement of assets, liabilities, and net assets – modified cash basis. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

Use of Estimates

The preparation of the consolidated financial statements in conformity with the modified cash basis of accounting requires the management of the School to make estimates and assumptions that affect certain reported amounts of assets and liabilities and changes therein, and disclosures in the consolidated financial statements. Actual results could differ from those estimates.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Revenue Sources

The School is a Local Educational Agency which receives funds directly from the State of Missouri. In accordance with the funding provisions of the charter, the School reports the number of full-time equivalent (FTE) students and related data to the State.

Funding for the School is adjusted during the year to reflect revised calculations by DESE and the school under the Missouri Education Finance Program and actual weighted Average Daily Attendance (ADA) data reported by the School during designated student survey periods. The School receives federal awards for the enhancement of various educational programs. This assistance is generally based on applications submitted to and approved by various granting agencies.

The consolidated statements of revenues, expenses, and changes in net assets –modified cash basis reflects in local revenue any contributions received from the public and other organizations, preschool revenue, after school care revenue, and before school care revenue.

Functional Allocations of Expenses

The costs or program and supporting services activities have been summarized on a functional basis in the consolidated statements of revenues, expenses, and changes in net assets – modified cash basis. The consolidated statement of functional expenses – modified cash basis presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited.

Income Taxes

The School qualifies as a nonprofit organization and is exempt from Federal and State income taxes under Section 501(c)(3) of the Internal Revenue Code. The School does not have unrelated business income, excise taxes, or activities that would threaten the School's tax-exempt status for the years ending June 30, 2023, and 2022. Accordingly, no provision for federal or state income taxes is provided. The School files an information return, IRS Form 990. The School's tax returns for tax years 2019 and later remain subject to examination by taxing authorities, generally for three years from the date filed. The School is unaware of any pending investigations.

The School adopted the provisions relating to Accounting for Uncertainty in Income Taxes and management is not aware of any uncertain tax positions of the School related to the tax filings.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

A. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Subsequent Events

In preparing the consolidated financial statements, management has evaluated events and transactions for potential recognition or disclosure through November 29, 2023, the date the consolidated financial statements were available to be issued.

Reclassifications

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

B. **PROPERTY AND EQUIPMENT**

Property and equipment are comprised of the following:

	2023	2022
Land	\$ 250,000	\$ 250,000
Buildings and improvements	15,289,698	11,946,785
	15,539,698	12,196,785
Less accumulated depreciation	(903,117)	(348,646)
Total Property and Equipment, Net	\$ 14,636,581	\$ 11,848,139

During the years ended June 30, 2023 and 2022, renovation costs were incurred on the 4209 Folsom Avenue property of approximately \$3,326,000 and \$7,450,000, respectively.

Depreciation expense was \$554,473 and \$175,786 for the years ended June 30, 2023 and 2022, respectively.

C. **NOTES RECEIVABLE**

During the year ended June 30, 2021, the School funded a leverage loan of \$10,408,800 to Twain Investment Fund 538, LLC (Twain) who then loaned \$4,460,914 to St. Louis New Market Tax Credit Fund 66, LLC and \$5,947,886 to BH New Markets Sub-CDE 23, LLC, who then loaned the funds to 4209 Folsom Owner, LLC. Twain will make interest only payments to the School through December 2027 at 1% with a principal payment of \$7,160,853 in December 2027. Beginning March 2028, quarterly payments of interest and principal totaling \$32,990 are required until the note matures in April 2056.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

D. DEBT ISSUANCE COSTS

Legal fees, printing costs, and other expenses associated with the issuance of the notes and loans described in Footnote E will be amortized on the straight-line method over the terms of the debt.

Debt issuance costs consist of the following at June 30:

	2023	2022
Debt Issuance Costs	\$ 829,603	\$ 810,253
Less Accumulated Amortization	118,822	94,807
Debt Issuance Costs, net	\$ 710,781	\$ 715,446

Amortization expense was \$51,515 and \$75,000 for the years ended June 30, 2023 and 2022, respectively.

E. LONG-TERM DEBT

Long-term debt and obligations payable consist of the following at June 30:

	2023	2022
IFF		
Source Loan	\$ 7,160,853	\$ 7,160,853
Close-out Loan	1,875,000	-
Catalytic Holdings		
Federal Bridge Loan	1,057,620	1,057,620
State Bridge Loan	2,349,000	2,349,000
BH New Markets Sub-CDE 23, LLC		
BH Note A	5,947,886	5,947,886
BH Note B	1,972,114	1,972,114
St. Louis NMTC Fund 66, LLC		
SLDC Note A	4,460,914	4,460,914
SLDC Note B	1,299,086	1,299,086
Prime Tenant		
Source Loan 2022	306,662	306,662
	26,429,135	24,554,135
Less: current maturities	3,406,620	3,406,620
Total Long-Term Debt	\$ 23,022,515	\$ 21,147,515

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

E. **LONG-TERM DEBT** (Continued)

On April 15, 2021, the School borrowed \$7,160,853 on a long-term note from IFF. The note has an annual interest rate of 5.25%. The note requires quarterly accrued interest payments through the note's maturity on April 15, 2028. Principal is due upon maturity. The note is secured by all financial assets excluding certain deposit accounts, assignment of leverage loan documents, and assignment of an investment fund put/call option agreement. The note is guaranteed by 4209 Folsom Managing Member, LLC.

On April 15, 2021, the School borrowed \$1,364,282 on a long-term note from Catalytic Holdings, LLC. The note has an annual interest rate of 4.65%. The note requires quarterly accrued interest payments through the note's maturity on May 14, 2022. Principal is due upon maturity. The note is secured by all financial assets (excluding certain deposit accounts, assignment of leverage loan documents, and assignment of an investment fund put/call option agreement), real and personal property located at 4202 Folsom Avenue (including assignment of rent and leases), 4209 Folsom Managing Member, LLC's membership interest in 4209 Folsom Prime Tenant, LLC, and an interest free reserve deposit account. The note is guaranteed by 4209 Folsom Managing Member, LLC and 4200 Folsom Owner, LLC. On May 14, 2022, the note's maturity date was amended. The amended maturity date is March 31, 2024. On December 29, 2021, the school prepaid a portion of the principle in the amount of \$306,662.

On April 15, 2021, the 4209 Folsom Managing Member, LLC borrowed \$2,349,000 on a long-term note from Catalytic Holdings, LLC. The note has an annual interest rate of 4.65%. The note requires quarterly accrued interest payments through the note's maturity on November 15, 2022. Principal is due upon maturity. The note is secured by real and personal property located at 4202 Folsom Avenue (including assignment or rents and leases), membership interest in 4209 Folsom Owner, LLC, tax credit purchase agreements and state tax credits, and an interest free reserve deposit account. The note is also guaranteed by the School and 4209 Folsom Owner, LLC.

On April 15, 2021, 4209 Folsom Owner, LLC borrowed funds from BH New Markets Sub-CDE 23, LLC. BH Notes A and B mature on April 15, 2056 and accrue interest at 1.409%. Note A requires quarterly payments of accrued interest and then a one-time principal payment of \$4,091,916 in December 2027. Beginning in March 2028, Note A requires quarterly payments of interest and principal in the amount of \$19,916 through the maturity date. Note B requires quarterly accrued interest payments through December 2027. Beginning in March 2028, Note B requires quarterly payments of interest and principal in the amount of \$21,178 through the maturity date. Unpaid interest and the outstanding principal on both notes are due upon maturity. Borrowings are secured by real and personal property located at 4209 Folsom Avenue (including the assignment of rents and leases). The notes are also guaranteed by the School and 4209 Folsom Managing Member, LLC.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

E. LONG-TERM DEBT (Continued)

On April 15, 2021 4209 Folsom Owner, LLC borrowed funds from St. Louis NMTC Fund 66, LLC SLDC. Notes A and B mature on April 15, 2056 and accrue interest at 1.409%. Note A requires quarterly payments of accrued interest and then a one-time principal payment of \$3,068,937 in December 2027. Beginning in March 2028, Note A requires quarterly payments of interest and principal in the amount of \$14,937 through the maturity date. Note B requires quarterly accrued interest payments through December 2027. Beginning in March 2028, Note B requires quarterly payments of interest and principal in the amount of \$13,940 through the maturity date. Unpaid interest and the outstanding principal on both notes are due upon maturity. Borrowings are secured by real and personal property located at 4209 Folsom Avenue (including assignment of rents and leases). The notes are guaranteed by the School and 4209 Managing Member, LLC.

On April 15, 2021, the School entered into an agreement to borrow \$1,446,080 on a long-term note from 4209 Folsom Prime Tenant, LLC. The note has an annual interest rate of 1.12%. Following the month any proceeds of the principal amount have been advanced to the School, the note will require quarterly accrued interest payments through January 2028. Beginning in April 2028, the note requires quarterly principal and interest payments in the amount of \$15,040 through the maturity date in April 2056. Unpaid interest and the outstanding principal balance are due upon maturity.

On February 15, 2023, the School borrowed \$1,875,000 on a long-term note from IFF. The note has an annual interest rate of 6.00%. The note requires monthly accrued interest payments through the note's maturity on May 1, 2028. Principal is due upon maturity. The note is secured by all financial assets excluding certain deposit accounts, assignment of leverage loan documents, and assignment of an investment fund put/call option agreement. The note is guaranteed by 4209 Folsom Managing Member, LLC.

The maturities of long-term debt are as follows:

Year ending June 30,	Amount
2024	\$ 3,406,620
2025	-
2026	-
2027	-
2028	16,305,067
Thereafter	<u>6,717,448</u>
	<u><u>\$ 26,429,135</u></u>

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

F. LEASE COMMITMENTS

The School entered into an operating lease agreement for the lease of educational facilities owned by Tower Grove Master Tenant, LLC, located at 1618 Tower Grove Avenue, St. Louis, Missouri. The lease expires in November 2027. The amounts paid for rent for the facilities were \$329,172 and \$307,727 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease commitments are as follows:

Year ending June 30,	Amount
2024	\$ 333,632
2025	336,316
2026	338,900
2027	<u>113,248</u>
	<u><u>\$ 1,122,096</u></u>

During the year ended June 30, 2021, 4209 Folsom Owner, LLC entered into an operating lease agreement for the lease of educational facilities to 4209 Folsom Prime Tenant, LLC for a term of 19 years. 4209 Folsom Prime Tenant, LLC then entered into a sublease agreement to sublease the same property to the School for a term of 15 years. At December 31, 2027, the new market tax credit agreement is expected to conclude, and 4209 Folsom Prime Tenant will cease to exist. At this time, the School will own the building at 4209 Folsom and no operating agreement will apply. The schedule of lease commitments below reflects the expected conclusion date of the agreement. The amounts paid for rent for the facilities were \$177,500 and \$88,500 for the years ended June 30, 2023 and 2022, respectively.

Future minimum lease commitments are as follows:

Year ending June 30,	Amount
2024	\$ 223,500
2025	269,500
2026	270,000
2027	274,500
2028	<u>281,500</u>
	<u><u>\$ 1,319,000</u></u>

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

G. NET ASSETS WITH DONOR RESTRICTIONS

There are no assets reported as with donor restriction at June 30, 2023 and 2022.

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donor were as follows for the years ended June 30:

	<u>2023</u>	<u>2022</u>
School Expansion	\$ 400,000	\$ 1,668,937
Ready to Flourish	-	156,000
Scholarship and Building Program	500,000	250,000
Other programs	<u>40,634</u>	<u>16,675</u>
	<u>\$ 940,634</u>	<u>\$ 2,091,612</u>

H. CONCENTRATIONS

Funding

The School receives a substantial portion of its revenue from the State of Missouri. A significant reduction in the level of this support or any recoupment of previous funds received, if it were to occur, could have a significant effect on the School's programs and activities. However, the School has not received any indication from the State of Missouri of a planned decrease in future state government support.

I. MULTI-EMPLOYER PENSION PLAN

The School contributes to a multi-employer defined benefit pension plan, the Public School Retirement System of the City of St. Louis. The School does not directly manage this multiemployer plan, which is managed by a board of trustees. A majority of the School's employees are participants in the multiemployer plan as of June 30, 2023 and 2022, subject to eligibility requirements.

This plan is organized as a governmental employer sponsored multiemployer retirement plan, and therefore the plan is not subject to certain reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The plan's certified zone status is not available since the plans are not subject to ERISA reporting requirements.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

I. MULTI-EMPLOYER PENSION PLAN (Continued)

The School contributes to a multi-employer pension plan under the agreement terms that covers its employees. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- a.) Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- b.) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- c.) If the School chooses to stop participating in some of its multi-employer plans, the School may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Retirement System has members and non-members. Members are employees who were part of the Retirement system on December 31, 2017, and non-members are employees hired on or after January 1, 2018. The Retirement System members are required to contribute 8.0% and 7.5% of their annual covered salary for the calendar years ending December 31, 2023 and 2022, respectively. The Retirement System non-members are required to contribute 9.0% for the plan years ending December 31, 2023 and 2022. The School was required to contribute 13.5% and 14.0% for the plan calendar years ending December 31, 2023 and 2022, respectively. The contribution requirements of members, non-members, and the School are established and may be amended by the Public School Retirement System Board of Trustees. The School did not contribute more than 5% of total contributions to the plan for the years ended December 31, 2022 and 2021.

The plan's status and the School's participation in the plan are as follows:

Name of Pension Fund	EIN, if Available	Plan Funded Status December 31, 2022		Contributions for the Year Ended June 30,		Total Plan Contributions for the Year Ended December 31,	
		Assets	Accumulated Benefit Obligation	2023	2022	2022	2021
Public School Retirement System of St. Louis	N/A	\$ 817,867,979	\$ 1,272,369,388	\$ 592,624	\$ 448,835	\$ 63,828,456	\$ 62,107,170

The plan's accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for the Lay Plan include a discount rate of 7.0%, an expected rate of investment return of 7.0%, and an expected rate of salary increase of 5.0% for the first five years of employment and 3.5% per year thereafter for the year ended December 31, 2022. Funded status information is not available as of June 30, 2023 as actuarial valuations were not performed as of that date. At December 31, 2022, the plan was 64.27% funded.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

J. RISK MANAGEMENT

The School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the School carries commercial insurance. Settled claims resulting from the risks described above have not exceeded the insurance coverage for the current fiscal year-end.

K. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following financial assets are available for general use as of the consolidated statement of assets, liabilities, and net assets – modified cash basis date. These assets are reduced by amounts not available for general use within one year of that date because of contractual or donor-imposed restrictions or internal designations. The organization has a goal to maintain liquid financial assets on hand to continue operations.

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	<u>\$ 1,725,516</u>	<u>\$ 3,415,586</u>
Total financial assets	1,725,516	3,415,586
Less amounts not available to be used within one year:		
Restricted cash for construction costs	<u>766,781</u>	<u>2,565,701</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 958,735</u>	<u>\$ 849,885</u>

L. CAPITAL COMMITTEMENTS

On September 9, 2020, the 4209 Folsom Owner, LLC entered into a construction contract related to renovations as part of the School's expansion project of the property located at 4209 Folsom Avenue. The Maximum contracted budget for renovations is approximately \$9.8 million. The remaining commitment for payments under the construction contract totaled approximately \$8.5 million as of June 30, 2021. This construction was substantially completed and the building was placed in service on December 30, 2021. During the year ended June 30, 2022, construction costs exceeded budget by approximately \$1.5 million. During February of 2023, the School obtained a loan in the amount of \$1.875 million (Footnote E), to close out the construction project. The School worked with the loan holder to negotiate and settle all subcontractor amounts due and have all the liens released against the School. The School is working with their attorneys to have the general contractor lien released as of June 30, 2023.

City Garden Montessori School
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2023 and 2022
(Continued)

M. CHARTER SCHOOL EXPANSION GRANTS

U.S. Department of Education Grant

During the year ended June 30, 2020, the School was informed by the U.S. Department of Education that its application for a charter school expansion grant had been approved. The grant is a reimbursement grant for the School's expansion-related expenditures up to \$1.47 million over the course of five years. From October 1, 2019 through September 30, 2021, the School was able to submit reimbursement requests collectively worth up to \$600,000. For the three following years ended September 30, the School can submit annual reimbursement requests worth up to \$300,000 each year (within the maximum \$1.47 million grant value). During the years ended June 30, 2023 and 2022, the School was reimbursed for expenditures totaling \$324,126 and \$320,361, respectively.

Charter School Growth Fund Grant

On December 17, 2020, the School was approved to receive a grant from the Charter School Growth Fund, which is to be used to fund the School's expansion. The grant is worth \$650,000 and will be disbursed over three years. The School received \$200,000 during the years ended June 30, 2023 and 2022.

**SUPPLEMENTAL
INFORMATION**

City Garden Montessori School
CONSOLIDATING STATEMENT OF ASSETS, LIABILITIES,
AND NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 2023

	City Garden Montessori School	4209 Folsom Owner, LLC	4209 Folsom Managing Member, LLC	Consolidating Entries	Consolidated Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 874,583	\$ 84,152	\$ -	\$ -	\$ 958,735
Restricted cash	<u>51,597</u>	<u>659,711</u>	<u>55,671</u>	<u>-</u>	<u>766,979</u>
Total Current Assets	926,180	743,863	55,671	-	1,725,714
PROPERTY AND EQUIPMENT, NET	511,271	14,125,310	-	-	14,636,581
DEBT ISSUANCE COSTS, NET	123,672	585,571	1,538	-	710,781
NOTE RECEIVABLE	10,408,800	-	2,136,418	(2,136,418)	10,408,800
INVESTMENT IN SUBSIDIARY					
4209 Folsom Managing Member, LLC	2,691,028	-	-	(2,691,028)	-
4209 Folsom Owner, LLC	-	-	1,858,457	(1,858,457)	-
4209 Folsom Prime Tenant, LLC	<u>-</u>	<u>-</u>	<u>4,476</u>	<u>-</u>	<u>4,476</u>
Total Investment in Subsidiary	<u>2,691,028</u>	<u>-</u>	<u>1,862,933</u>	<u>(4,549,485)</u>	<u>4,476</u>
Total Assets	<u>\$ 14,660,951</u>	<u>\$ 15,454,744</u>	<u>\$ 4,056,560</u>	<u>(\$ 6,685,903)</u>	<u>\$ 27,486,352</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Current portion of long-term debt	\$ 1,057,620	\$ -	\$ 2,349,000	\$ -	\$ 3,406,620
LONG-TERM DEBT	<u>11,478,933</u>	<u>13,680,000</u>	<u>-</u>	<u>(2,136,418)</u>	<u>23,022,515</u>
Total Liabilities	<u>12,536,553</u>	<u>13,680,000</u>	<u>2,349,000</u>	<u>(2,136,418)</u>	<u>26,429,135</u>
NET ASSETS					
Without donor restriction					
Undesignated	2,124,398	(86,667)	(983,468)	-	1,054,263
City Garden Montessori School	-	-	2,691,028	(2,691,028)	-
4209 Folsom Managing Member, LLC	-	1,858,457	-	(1,858,457)	-
4209 Folsom Prime Tenant, LLC	<u>-</u>	<u>2,954</u>	<u>-</u>	<u>-</u>	<u>2,954</u>
Total Net Assets Without Donor Restriction	<u>2,124,398</u>	<u>1,774,744</u>	<u>1,707,560</u>	<u>(4,549,485)</u>	<u>1,057,217</u>
Total Liabilities and Net Assets	<u>\$ 14,660,951</u>	<u>\$ 15,454,744</u>	<u>\$ 4,056,560</u>	<u>(\$ 6,685,903)</u>	<u>\$ 27,486,352</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 2023

	City Garden Montessori School			4209 Folsom Owner, LLC	4209 Folsom Managing Member, LLC		Consolidated		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Without donor restrictions	Consolidating entries	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUES									
Local program revenue	\$ 1,489,103	\$ 940,634	\$ 2,429,737	\$ 157,510	\$ 52,907	(\$ 210,417)	\$ 1,489,103	\$ 940,634	\$ 2,429,737
State program revenue	4,356,828	-	4,356,828	-	-	-	4,356,828	-	4,356,828
Federal program revenue	1,451,795	-	1,451,795	-	-	-	1,451,795	-	1,451,795
Preschool revenue and before and after care	769,117	-	769,117	-	-	-	769,117	-	769,117
Net assets released from restriction	940,634	(940,634)	-	-	-	-	940,634	(940,634)	-
							-		
Total Support and Revenue	9,007,477	-	9,007,477	157,510	52,907	(210,417)	9,007,477	-	9,007,477
EXPENSES									
Program services									
Charter school	5,093,757	-	5,093,757	-	-	-	5,093,757	-	5,093,757
Preschool	1,593,388	-	1,593,388	-	-	-	1,593,388	-	1,593,388
Management and general	2,074,555	-	2,074,555	763,880	124,266	(210,417)	2,752,284	-	2,752,284
Development	349,314	-	349,314	-	-	-	349,314	-	349,314
Total Expenses	9,111,014	-	9,111,014	763,880	124,266	(210,417)	9,788,743	-	9,788,743
Change in Net Assets	<u>(\$ 103,537)</u>	<u>\$ -</u>	<u>(\$ 103,537)</u>	<u>(\$ 606,370)</u>	<u>(\$ 71,359)</u>	<u>\$ -</u>	<u>(\$ 781,266)</u>	<u>\$ -</u>	<u>(\$ 781,266)</u>

City Garden Montessori School
CONSOLIDATING STATEMENT OF ASSETS, LIABILITIES,
AND NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 2022

	City Garden Montessori School	4209 Folsom Owner, LLC	4209 Folsom Managing Member, LLC	Consolidating Entries	Consolidated Total
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 807,246	\$ 42,639	\$ -	\$ -	\$ 849,885
Restricted cash	53,112	2,434,005	78,584	-	2,565,701
Due from related party	36,922	-	-	(36,922)	-
Total Current Assets	897,280	2,476,644	78,584	(36,922)	3,415,586
PROPERTY AND EQUIPMENT, NET	543,873	11,304,266	-	-	11,848,139
DEBT ISSUANCE COSTS, NET	106,054	603,603	5,789	-	715,446
NOTE RECEIVABLE	10,408,800	-	2,136,418	(2,136,418)	10,408,800
INVESTMENT IN SUBSIDIARY					
4209 Folsom Managing Member, LLC	933,481	-	-	(933,481)	-
4209 Folsom Owner, LLC	-	-	690,666	(690,666)	-
4209 Folsom Prime Tenant, LLC	-	-	4,647	-	4,647
Total Investment in Subsidiary	933,481	-	695,313	(1,624,147)	4,647
Total Assets	<u>\$ 12,889,488</u>	<u>\$ 14,384,513</u>	<u>\$ 2,916,104</u>	<u>(\$ 3,797,487)</u>	<u>\$ 26,392,618</u>
LIABILITIES AND NET ASSETS					
LIABILITIES					
Due to related party	\$ -	\$ 36,922	\$ -	(\$ 36,922)	\$ -
Current portion of long-term debt	1,057,620	-	2,349,000	-	3,406,620
Total Current Liabilities	1,057,620	36,922	2,349,000	(36,922)	3,406,620
LONG-TERM DEBT	<u>9,603,933</u>	<u>13,680,000</u>	<u>-</u>	<u>(2,136,418)</u>	<u>21,147,515</u>
Total Liabilities	<u>10,661,553</u>	<u>13,716,922</u>	<u>2,349,000</u>	<u>(2,173,340)</u>	<u>24,554,135</u>
NET ASSETS					
Without donor restriction					
Undesignated	2,227,935	(26,199)	(366,377)	-	1,835,359
City Garden Montessori School	-	-	933,481	(933,481)	-
4209 Folsom Managing Member, LLC	-	690,666	-	(690,666)	-
4209 Folsom Prime Tenant, LLC	-	3,124	-	-	3,124
Total Net Assets Without Donor Restriction	<u>2,227,935</u>	<u>667,591</u>	<u>567,104</u>	<u>(1,624,147)</u>	<u>1,838,483</u>
Total Liabilities and Net Assets	<u>\$ 12,889,488</u>	<u>\$ 14,384,513</u>	<u>\$ 2,916,104</u>	<u>(\$ 3,797,487)</u>	<u>\$ 26,392,618</u>

City Garden Montessori School
CONSOLIDATING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
Year Ended June 30, 2022

	City Garden Montessori School			4209 Folsom Owner, LLC	4209 Folsom Managing Member, LLC	Consolidating entries	Consolidated		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	Without donor restrictions		Without donor restrictions	With donor restrictions	Total
Support and Revenues									
Local program revenue	\$ 897,576	\$ 1,345,361	\$ 2,242,937	\$ 78,500	\$ -	(\$ 78,500)	\$ 897,576	\$ 1,345,361	\$ 2,242,937
State program revenue	2,695,188	-	2,695,188	-	-	-	2,695,188	-	2,695,188
Federal program revenue	1,207,863	-	1,207,863	-	-	-	1,207,863	-	1,207,863
Preschool revenue and before and after care	550,258	-	550,258	-	-	-	550,258	-	550,258
Net assets released from restriction	2,091,612	(2,091,612)	-	-	-	-	2,091,612	(2,091,612)	-
							-		
Total Support and Revenue	7,442,497	(746,251)	6,696,246	78,500	-	(78,500)	7,442,497	(746,251)	6,696,246
EXPENSES									
Program services									
Charter school	3,757,695	-	3,757,695	-	-	-	3,757,695	-	3,757,695
Preschool	1,482,896	-	1,482,896	-	-	-	1,482,896	-	1,482,896
Management and general	1,746,216	-	1,746,216	321,709	124,104	(78,500)	2,113,529	-	2,113,529
Development	350,534	-	350,534	-	-	-	350,534	-	350,534
Total Expenses	7,337,341	-	7,337,341	321,709	124,104	(78,500)	7,704,654	-	7,704,654
Change in Net Assets	\$ 105,156	(\$ 746,251)	(\$ 641,095)	(\$ 243,209)	(\$ 124,104)	\$ -	(\$ 262,157)	(\$ 746,251)	(\$ 1,008,408)

City Garden Montessori School
SCHEDULE OF ASSETS, LIABILITIES,
AND FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS

ASSETS		June 30,	
		2023	2022
ASSETS			
Cash and cash equivalents	\$	874,583	\$ 897,280
Other assets		<u>782</u>	<u>23,933</u>
Total Assets	\$	<u>875,365</u>	<u>\$ 921,213</u>
LIABILITIES AND FUND BALANCES			
FUND BALANCES			
Unassigned	\$	<u>875,365</u>	<u>\$ 921,213</u>
Total Fund Balance	\$	<u>875,365</u>	<u>\$ 921,213</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - CASH BASIS - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
REVENUES				
Local program	\$ 2,680,893	\$ 135,752	\$ 382,209	\$ 3,198,854
State program	4,356,828	-	-	4,356,828
Federal program	1,451,795	-	-	1,451,795
Total Revenues	<u>8,489,516</u>	<u>135,752</u>	<u>382,209</u>	<u>9,007,477</u>
EXPENDITURES				
Instruction	1,775,368	1,934,174	-	3,709,542
Attendance and social work services area direction	155,219	96,641	-	251,860
Nursing services	41,603	-	-	41,603
Speech pathology and audiology services	40,000	-	-	40,000
Instructional staff training services	105,921	-	-	105,921
Other improvement of instruction services	135,484	-	-	135,484
Executive administration services	722,399	-	-	722,399
Office of the principal services	265,851	406,822	-	672,673
Support services-business-services area direction	472,826	-	-	472,826
Operation and maintenance of plant services	1,022,126	-	-	1,022,126
Non-allowable transportation expenditure	7,971	-	-	7,971
Food preparation and dispensing services	220,678	-	-	220,678
Data processing services - service area direction	88,376	-	-	88,376
Early childhood instruction	524,255	78,166	-	602,421
Welfare activities services	400	-	-	400
Afterschool program	150,371	-	-	150,371
Other Community Services	267,858	-	-	267,858
Parental involvement	7,226	-	-	7,226
Facilities acquisition and construction	-	-	16,825	16,825
Debt Service				
Interest	-	-	516,765	516,765
Total Expenditures	<u>6,003,932</u>	<u>2,515,803</u>	<u>533,590</u>	<u>9,053,325</u>
Net Change in Fund Balance	2,485,584	(2,380,051)	(151,381)	(45,848)
FUND BALANCES, Beginning of Period	<u>914,463</u>	<u>6,750</u>	<u>-</u>	<u>921,213</u>
TRANSFER OF FUND BALANCE	<u>(2,535,627)</u>	<u>2,373,301</u>	<u>162,326</u>	<u>-</u>
FUND BALANCES, End of Period	<u>\$ 864,420</u>	<u>\$ -</u>	<u>\$ 10,945</u>	<u>\$ 875,365</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
SCHEDULE OF REVENUES COLLECTED BY SOURCE - CASH BASIS -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
LOCAL				
Prop C	\$ 226,253	\$ 135,752	\$ -	\$ 362,005
Earnings from temporary deposits	107,797	-	-	107,797
Sales to pupils - reimbursable school meals	41,518	-	-	41,518
Other pupil activity income	41,850	-	-	41,850
Community Services	122,942	-	-	122,942
PK tuition from parents	646,182	-	-	646,182
Gifts	1,458,349	-	382,209	1,840,558
Miscellaneous local revenue	36,002	-	-	36,002
Total Local	2,680,893	135,752	382,209	3,198,854
STATE				
Basic formula	4,131,547	-	-	4,131,547
Early childhood special education	19,245	-	-	19,245
Classroom trust funding	117,951	-	-	117,951
School safety	88,085	-	-	88,085
Total State	4,356,828	-	-	4,356,828
FEDERAL				
CRRSA Child Care Preschool Start-up	250,000	-	-	250,000
ARP - ESSER III	350,660	-	-	350,660
CRRSA - ESSER II	11,428	-	-	11,428
ARP - IDEA 611 Entitlement Funds	16,944	-	-	16,944
IDEA Entitlement Funds, PART B IDEA	89,151	-	-	89,151
Early Childhood Special Education - Federal	11,496	-	-	11,496
National School Lunch Program	119,487	-	-	119,487
School Breakfast Program	31,128	-	-	31,128
After School Snack Program	7,185	-	-	7,185
Title I - ESEA	140,937	-	-	140,937
Title IV.A	12,551	-	-	12,551
Title II	11,354	-	-	11,354
Other - Federal	399,474	-	-	399,474
Total Federal	1,451,795	-	-	1,451,795
TOTAL REVENUES	\$ 8,489,516	\$ 135,752	\$ 382,209	\$ 9,007,477

See accompanying notes to consolidated financial statements

City Garden Montessori School
SCHEDULE OF EXPENDITURES PAID BY OBJECT - CASH BASIS -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Special Revenue Fund	Capital Projects Fund	Total
Salaries	\$ 2,676,625	\$ 1,858,040	\$ -	\$ 4,534,665
Employee benefits	851,900	614,823	-	1,466,723
Purchased services	1,857,050	42,940	-	1,899,990
Supplies and materials	618,357	-	-	618,357
Capital outlay	-	-	16,825	16,825
Debt service	-	-	516,765	516,765
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>\$ 6,003,932</u>	<u>\$ 2,515,803</u>	<u>\$ 533,590</u>	<u>\$ 9,053,325</u>

See accompanying notes to consolidated financial statements

City Garden Montessori School
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through Entity Identifying Number Contract Number	Federal Expenditures 2023
U.S. Department of Agriculture:			
Passed-through the Missouri Department of Elementary and Secondary Education (DESE):			
Child Nutrition Cluster			
National School Lunch Program	10.555	20221N119943 20232N119943	\$ 39,597 79,890
National School Snack Program	10.555	20221N119943 20232N119943	815 6,370
School Breakfast Program	10.553	20221N119943 20232N119943	15,440 15,688
Total Child Nutrition Cluster			157,800
Total U.S. Department of Agriculture			157,800
Federal Communications Commission			
CARES Student Connectivity	32.009	N/A	33,776
Total Federal Communications Commission			33,776
U.S. Department of Education			
Passed-through the Missouri Department of Elementary and Secondary Education (DESE):			
Special Education Cluster (IDEA)			
ARP IDEA	84.027X	H027X210040	16,944
Special Education Grants to States (IDEA Part B)	84.027A	H027A200040 H027A210040 H027A220040	674 36,414 52,063
Early Childhood Special Education	84.027A	H027A220040	10,189
Early Childhood Special Education	84.173A	H173A210103 H173A220103	469 838
Total Special Education Cluster (IDEA)			117,591
Title I - Grants to Local Educational Agencies	84.010A	S010A210025 S010A220025	63,912 77,025
Title II - Supporting Effective Instruction State Grant	84.367A	S367A210024 S367A220024	8,021 3,333
Title IV - Student support and Academic Enrichment Grants	84.424A	S424S210026 S424A220026	7,967 1,191
Title IV - Student support and Academic Enrichment Grants	84.365A	S424A220026	3,393
Teacher Retention Grant	84.425D	S425D210021	7,000
Grow Your Own Grant	84.425D	S425D210021	4,428
ARP Elementary and Secondary School Emergency Relief Fund (ESSER) III	84.425U	S4250210021	338,869 *
Charter School Expansion Grant	84.282E	S28E190007	324,126 *
Kindergarten Entry Assessment	94.434	90TP0066	400
Total U.S. Department of Education			957,256
Department of Health and Human Services			
Child Care and Development Block Grant - CCDF Cluster	93.575		7,500
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		4,217
Total Department of Health and Human Services			11,717
Total Expenditures of Federal Awards:			\$ 1,160,549
* Tested as a major program			

City Garden Montessori School
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

A. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards, for the year ended June 30, 2023, includes the federal award activity of City Garden Montessori School and is presented on the modified cash basis of accounting, which is described in Note A to the School's consolidated financial statements. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of operations of City Garden Montessori School, it is not intended to and does not present the consolidated statements of assets, liabilities, and net assets – modified cash basis of City Garden Montessori School.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reporting on the modified cash 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.

C. OTHER UNIFORM GUIDANCE INFORMATION

For the year ended June 30, 2023, the School had no expenditures in the form of noncash assistance, had no sub recipients, and had no loans or loan guarantees outstanding. The School has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**ADDITIONAL
INDEPENDENT
AUDITORS'
REPORTS**



**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
City Garden Montessori School
St. Louis, Missouri

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 consolidated financial statements of City Garden Montessori School (a nonprofit organization) (the "School"), which comprise the consolidated statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2023, the related consolidated statement of revenues, expenses and changes in net assets – modified cash basis, consolidated statement of functional expenses – modified cash basis, consolidated statement of cash flows – modified cash basis for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 29, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the School's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools' 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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's consolidated 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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schmersahl Treloar & Co.

St. Louis, Missouri
November 29, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Directors
City Garden Montessori School
St. Louis, Missouri

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City Garden Montessori School's 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 City Garden Montessori School's major federal programs for the year ended June 30, 2023, City Garden Montessori School's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City Garden Montessori School complied, in all material respects, with the types of 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, 2023.

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; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of City Garden Montessori 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 City Garden Montessori 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 City Garden Montessori School's federal programs.

Auditor's 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 City Garden Montessori 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 generally accepted auditing standards, *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 City Garden Montessori School's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 City Garden Montessori 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 City Garden Montessori 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 City Garden Montessori 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.

Report on Internal Control over Compliance

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.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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.

Schmersahl Treloar & Co.

St. Louis, Missouri
November 29, 2023

City Garden Montessori School
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2023

Section 1 – Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None reported
Type of auditor's report issued on compliance for major federal programs: unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Identification of major federal programs:		
<u>Assistance Listing Number(s)</u>		<u>Name of federal program or cluster</u>
84.425u		ARP Elementary and Secondary School Emergency Relief Fund (ESSER) III
84.282e		Charter School Expansion Grant
Dollar threshold used to distinguish between type A and type B programs:		\$750,000
Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

City Garden Montessori School
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023
(Continued)

Section 2 – Financial Statement Findings

Financial Statement Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Summary Schedule of Current Audit Findings:

None

Summary Schedule of Prior Audit Findings:

None

City Garden Montessori School
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023
(Continued)

Section 3 – Federal Award Findings and Questioned Costs

Federal Award Findings Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

Summary Schedule of Current Audit Findings:

None

Summary Schedule of Prior Audit Findings:

None

City Garden Montessori School
CORRECTIVE ACTION PLAN
Year Ended June 30, 2023

Current Finding Number	Comment	Corrective Action Plan	Anticipated Date of Completion
None			