P.M. WELLS CHARTER ACADEMY
(A division of the Foundation for Osceola Education, Inc.)

Basic Financial Statements and Supplemental Information

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of P.M. Wells Charter Academy (the "School"), a division of The Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the School, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of the School and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 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 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 the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School's ability to continue as a going concern for 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–8 and 28–30 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

Required Supplementary Information (continued)

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. 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 basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 24, 2024, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering P.M Wells Charter Academy's internal control over financial reporting and compliance.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 24, 2024

Management's Discussion and Analysis

As management of P.M. Wells Charter Academy School (the "School"), a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, we offer readers of the School's financial statements this narrative overview and analysis of the financial activities of the School for the fiscal year ended June 30, 2024 to (a) assist the reader in focusing on significant financial issues, (b) provide an overview and analysis of the School's financial activities, (c) identify changes in the School's financial position, (d) identify material deviations from the approved budget, and (e) highlight significant issues in individual funds.

Because the information contained in the Management's Discussion and Analysis (MD&A) is intended to highlight significant transactions, events, and conditions, it should be considered in conjunction with the Basic Financial Statements found starting on page 9.

Financial Highlights

- The assets of the School exceeded its liabilities at the close of the most recent fiscal year by $521,442 (net position).
- The School's total net position decreased by $242,611 during the year.
- As of the close of the current fiscal year, the School's governmental funds reported combined ending fund balances of $379,641, a decrease of $190,259 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School's basic financial statements. The School's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the School's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the School's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School is improving or deteriorating.

The statement of activities presents information showing how the School's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected funding and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the School that are principally supported by district, state, and federal funding (governmental activities). Instruction and food services are examples of the School‘s governmental activities.

The government-wide financial statements include only the School itself, which is a division of the Charterholder. The School District of Osceola County, Florida includes the operations of the School in its operational results.

The government-wide financial statements can be found on pages 9 - 10 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the operations of the School are presented in governmental funds only.

Government funds. Government funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School maintains individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, special revenue, and capital outlay funds, all of which are considered to be major funds.

The School adopts an annual appropriated budget for its funds. Budgetary comparison schedules have been provided to demonstrate compliance with this budget and can be found on pages 28 to 30 of this report.

The basic governmental fund financial statements can be found on pages 11 - 14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 15 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School's financial position. In the case of the School, assets exceeded liabilities by $521,442 at June 30, 2024, compared to $764,053 at June 30, 2023.

A portion of the School's net position reflects those invested in capital assets (e.g., improvements, furniture, fixtures, and equipment, IT equipment, and computer software), less any related debt used to acquire those assets that is still outstanding. The School uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

Comparison of the condensed statement of net position and the statement of activities are provided below.

P.M. Wells Charter Academy
Statement of Net Position

	Governmental Activities		
	June 30, 2024	June 30, 2023	Variance
ASSETS			
Current and other assets	$ 732,731	$ 1,046,957	$ (314,226)
Right of use leased assets	3,984,432	4,205,093	(220,661)
Capital assets, net of accumulated depreciation	141,801	194,153	(52,352)
Total assets	4,858,964	5,446,203	(587,239)
LIABILITIES			
Current and other liabilities	353,090	477,057	(123,967)
Noncurrent liabilities	3,984,432	4,205,093	(220,661)
Total liabilities	4,337,522	4,682,150	(344,628)
NET POSITION			
Invested in capital assets	141,801	194,153	(52,352)
Unrestricted	379,641	569,900	(190,259)
Total net position	$ 521,442	$ 764,053	$ (242,611)

Current assets decreased mainly due to depreciation of the right of use lease and capital assets. The cash decreased mainly due to the timing of payments and lower funding from the reduced number of students. Current liabilities decreased due to timing of payments and the reduction of the lease liability. Net position decreased in net investment in capital assets, which represents current year depreciation, along with a decrease in overall funding.

P.M. Wells Charter Academy
Statement of Activities

	Governmental Activities		
	2024	**2023**	**Variance**
Revenues:			
Program revenues:			
Charges for services	$ 86,124	$ 143,522	$ (57,398)
Operating grants and contributions	1,045,780	1,237,398	(191,618)
Capital grants and contributions	246,644	331,740	(85,096)
General revenues:			
State passed through local school district	3,180,562	4,528,352	(1,347,790)
Other revenues	103,976	101,122	2,854
Total revenues	4,663,086	6,342,134	(1,679,048)
Expenses:			
Instruction	2,535,739	3,208,894	673,155
Other pupil services	23,656	26,451	2,795
Curriculum development	378	-	(378)
Staff development	-	6,923	6,923
Board of directors	18,300	16,300	(2,000)
General administration	26,541	46,390	19,849
School administration	512,621	592,863	80,242
Fiscal services	497,453	705,307	207,854
Central services	35,913	36,270	357
Operation of plant	1,114,715	1,197,773	83,058
Maintenance of plant	69,878	120,831	50,953
Community services	52,905	180,447	127,542
Administrative technology	17,598	47,346	29,748
Total expenses	4,905,697	6,185,795	1,280,098
Change in net position	(242,611)	156,339	(398,950)
Net position - beginning	764,053	607,714	156,339
Net position - ending	$ 521,442	$ 764,053	$ (242,611)

The School saw a decrease in revenues compared to the prior year of $1,679,048 mainly due to the decrease of 200 students which greatly impacted FEFP revenues. Total expenses decreased mainly due to the decreases in instruction, fiscal services, school administration, operation and maintenance of plant, and community service expenses.

Governmental activities. Governmental activities decreased the School's net position by $242,611 for the year ended June 30, 2024. Governmental activities increased the School's net position by $156,339 for the year ended June 30, 2023.

Financial Analysis of the Government's Funds

As noted previously, the School uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of The School's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the School. At the end of the current fiscal year, the School had a negative unassigned fund balance of $108,556, and a committed for capital renovation balance of $460,115.

The fund balance of the School's general fund decreased by $190,259 during the current fiscal year ended June 30, 2024, primarily due to the decrease in State revenue in the current year.

Capital assets. The School's investment in capital assets for its governmental activities as of June 30, 2024 amounts to $141,801 (net of accumulated depreciation). This investment in capital assets includes buildings and fixed equipment, improvements other than buildings, furniture fixture and equipment, information technology equipment, and computer software. Additional information on the School's capital assets can be found in Note D.

General Fund Budgetary Highlights

Total revenues were lower than the final budget for the year ended June 30, 2024 due to lower FEFP revenue than anticipated. Total expenditures were favorable to budget due to savings in instructional support services, facilities and acquisition, general administration, central services, maintenance of plant and administrative technology, resulting from the decreased number of students and teachers and less than anticipated renovations to the School. Operation of plant increased as rent amounts are budgeted in the facilities line. Overall, the School ended the year with a change in fund balance that was unfavorable to the final budget by approximately $33,273.

Economic Factors and Next Year's Budget

For fiscal year 2024, the State of Florida continued to include a teacher salary increase allocation of $1 billion and will continue to be part of FEFP funding. An average 5% merit increase for all staff was included in the budget. All other expenditures are budgeted in alignment with enrollment changes and the School's strategic objectives.

Request for Information

This financial report is designed to provide a general overview of P.M. Wells Charter Academy's finances for all those with an interest in the School's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jeffrey Hernandez, Chief Executive Officer, National Academic Educational Partners, 66 West Flagler Street, Suite 900, Miami, Florida 33130.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

STATEMENT OF NET POSITION

Year Ended June 30, 2024

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash	$ 516,148
Accounts receivable	172,164
Due from Charterholder	16,337
Deposits	28,082
Total current assets	732,731
NONCURRENT ASSETS	
Right of use leased assets	3,984,432
Capital assets, net of accumulated depreciation	
Improvements other than buildings	21,293
Furniture, fixtures and equipment	69,244
Information technology equipment	51,264
Total capital assets	141,801
Total assets	4,858,964
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	240
Accrued payroll and other expenses	238,569
Due to management company	114,281
Total current liabilities	353,090
NONCURRENT LIABILITIES	
Leased liabilities - due within one year	453,496
Leased liabilities - due in more than one year	3,530,936
Total liabilities	4,337,522
NET POSITION	
Investment in capital assets	141,801
Unrestricted	379,641
Total net position	$ 521,442

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Instruction	$ 2,535,739	$ -	$ 1,045,780	$ -	$ (1,489,959)
Curriculum development	378	-	-	-	(378)
Board of directors	18,300	-	-	-	(18,300)
General administration	26,541	-	-	-	(26,541)
School administration	512,621	-	-	-	(512,621)
Fiscal services	497,453	-	-	-	(497,453)
Central services	35,913	-	-	-	(35,913)
Student personnel services	23,656	-	-	-	(23,656)
Operation of plant	1,114,715	-	-	246,644	(868,071)
Maintenance of plant	69,878	-	-	-	(69,878)
Community services	52,905	86,124	-	-	33,219
Administrative technology	17,598	-	-	-	(17,598)
Total governmental activities	$ 4,905,697	$ 86,124	$ 1,045,780	$ 246,644	(3,527,149)
General revenues:					
State passed through local school district					3,180,562
Other revenues					103,976
Total general revenues					3,284,538
Change in net position					(242,611)
Net position at July 1, 2023					764,053
Net position at June 30, 2024					$ 521,442

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

BALANCE SHEET - GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
ASSETS				
Cash	$ 516,148	$ -	$ -	$ 516,148
Accounts receivable	-	172,164	-	172,164
Due from other funds	172,164	-	-	172,164
Due from Charterholder	16,337	-	-	16,337
Deposits	28,082	-	-	28,082
Total assets	$ 732,731	$ 172,164	$ -	$ 904,895
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 240	$ -	$ -	$ 240
Accrued payroll and other expenses	238,569	-	-	238,569
Due to other funds	-	172,164	-	172,164
Due to management company	114,281	-	-	114,281
Total liabilities	353,090	172,164	-	525,254
FUND BALANCES				
Nonspendable				
Deposits	28,082	-	-	28,082
Committed				
Capital renovations	460,115	-	-	460,115
Unassigned	(108,556)	-	-	(108,556)
Total fund balances	379,641	-	-	379,641
Total liabilities and fund balances	$ 732,731	$ 172,164	$ -	$ 904,895

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Year Ended June 30, 2024

Fund balances - total governmental funds		$ 379,641
The net position reported for governmental activities in the statement of net position is different because:		
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		3,984,432
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:		
Buildings and fixed equipment, net of $277,304 accumulated depreciation	-	
Improvements other than buildings, net of $473,343 accumulated depreciation	21,293	
Furniture, fixtures and equipment, net of $583,545 accumulated depreciation	69,244	
Computer software, net of $16,213 accumulated depreciation	-	
Information technology equipment, net of $1,079,425 accumulated depreciation	51,264	
Total capital assets		141,801
Liabilities are not due and payable in the current period are not reported in the general fund		
Leased liabilities		(3,984,432)
Total net position of governmental activities		$ 521,442

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2024

	General Fund	Special Revenue Fund	Capital Outlay Fund	Total Governmental Funds
Revenues				
Federal passed through state	$ -	$ 1,045,780	$ -	$ 1,045,780
State passed through local school district	3,180,562	-	246,644	3,427,206
Other revenues	190,100	-	-	190,100
Total revenues	3,370,662	1,045,780	246,644	4,663,086
Expenditures				
Current:				
Instruction	1,446,824	1,045,780	-	2,492,604
Student personnel services	23,656	-	-	23,656
Curriculum development	378	-	-	378
Board of directors	18,300	-	-	18,300
General administration	26,541	-	-	26,541
School administration	487,960	-	-	487,960
Fiscal services	497,453	-	-	497,453
Central services	35,913	-	-	35,913
Operation of plant	868,071	-	246,644	1,114,715
Maintenance of plant	60,143	-	-	60,143
Community services	52,905	-	-	52,905
Fixed capital outlay	25,179	-	-	25,179
Administrative technology	17,598	-	-	17,598
Total expenditures	3,560,921	1,045,780	246,644	4,853,345
Net change in fund balances	(190,259)	-	-	(190,259)
Fund balances at July 1, 2023	569,900	-	-	569,900
Fund balances at June 30, 2024	$ 379,641	$ -	$ -	$ 379,641

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

Net change in fund balances - total government funds		$ (190,259)
The change in net position reported for governmental activities in the statement of activities is different because:		
Governmental funds report fixed capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Total fixed capital outlay	25,179	
Depreciation	(77,531)	
Total capital assets		(52,352)
Change in net position of governmental activities		$ (242,611)

The accompanying notes are an integral part of these financial statements.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Reporting entity

P.M. Wells Charter Academy, (the "School") is a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, and is a not-for-profit corporation organized pursuant to Chapter 617, Florida Statutes, the Florida Not-For-Profit Corporation Act, and Section 1002.33, Florida Statutes. The governing body of the School is the Charterholder's Board of Directors (the "Board"), which is composed of forty-six members. The financial information presented is that of P.M. Wells Charter Academy only. The School's entire workforce is provided by the management company; therefore, all employee benefits are provided by the management company.

The general operating authority of P.M. Wells Charter Academy is contained in Section 1002.33, Florida Statutes. The School operates under a charter of the sponsoring school district, which is the School District of Osceola County, Florida (the "District"). The current charter is for a term of ten school years commencing with the 2011 - 2012 school year. During 2022, the charter was renewed for another 10-year term until 2032. The charter may be renewed as provided in Section 1002.33, Florida Statutes, upon mutual consent of the parties and execution of a written renewal. At the end of the term of the charter, the District may choose not to renew the charter under grounds specified in the charter in which case the District is required to notify the School in writing at least 90 days prior to the charter's expiration. During the term of the charter, the District may also terminate the charter if good cause is shown. The School is considered a division of the Charterholder.

2. Government-wide and fund financial statements

The government-wide financial statements consist of a statement of net position and a statement of activities. These statements report information on all of the nonfiduciary activities of the School. As part of the consolidation process, all interfund activities are eliminated from these statements. Both statements report only governmental activities as the School does not engage in any business-type activities.

Net position, the difference between assets and liabilities, as presented in the statement of net position, are subdivided into three categories: amounts invested in capital assets, restricted net assets, and unrestricted net assets. Net assets are reported as restricted when constraints are imposed on the use of the amounts either externally by creditors, grantors, contributors, or laws or regulations of other governments, or enabling legislation. As of June 30, 2024, there were no net assets classified as restricted in the statement of net position.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between the direct and indirect expenses of a given function and its program revenues, and displays the extent to which each function contributes to the change in net position for the fiscal year. Direct expenses are those that are clearly identifiable to a specific function. Indirect expenses are costs the School has allocated to various functions. Program revenues consist of charges for services, operating grants and contributions, and capital grants and contributions. Charges for services refer to amounts received from those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment. Grants and contributions consist of revenues that are restricted to meeting the operational or capital requirements of a particular function. Revenues not classified as program revenues are reported as general revenues.

Separate fund financial statements report detailed information about the School's governmental funds. The focus of the governmental fund financial statements is on major funds. Therefore, major funds are reported in separate columns on the fund financial statements. Three of the School's funds were deemed major funds. A reconciliation is provided that converts the results of governmental fund accounting to the government-wide presentation.

3. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized when a liability is incurred.

All governmental fund financial statements are reported using a current financial resources measurement focus on a modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues, except for certain grant revenues, are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, considered to be sixty days. When grant terms provide that the expenditure of resources is the prime factor for determining eligibility for federal, state, and other grant resources, revenue is recognized at the time the expenditure is made. Under the modified accrual basis of accounting, expenditures are generally recorded when the related fund liability is incurred. However, expenditures related to compensated absences are only recorded when due.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

The School's financial statements have been prepared in accordance with accounting principles generally accepted in the United States as prescribed by the Governmental Accounting Standards Board. Accordingly, the financial statements are organized on the basis of funds. A fund is an accounting entity having a self-balancing set of accounts for recording assets, liabilities, fund equity, revenues, expenditures, and other financing sources and uses.

The governmental fund financial statements present fund balances based on the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. This Statement provides more clearly defined fund balance classifications and also sets a hierarchy which details how the School may spend funds based on certain constraints. The following are the fund balance classifications used in the governmental fund financial statements:

Nonspendable: This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The School classifies inventories, prepaid items, long-term notes receivable and deposits as nonspendable since they are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts that are restricted for specific purposes by external parties such as grantors and creditors or are imposed by law through constitutional provisions or enabling legislation.

Committed: This classification includes amounts that can be used for specific purposes voted on through formal action of the Board of Directors (the highest level of decision making authority). The committed amount cannot be used for any other purpose unless the Board of Directors removes or changes the commitment through formal action.

Assigned: This classification includes amounts that the Board of Directors intends to use for a specific purpose but they are neither restricted nor committed. The School classifies existing fund balance to be used in the subsequent year's budget for elimination of a deficit as assigned.

Unassigned: This classification includes amounts that have not been restricted, committed or assigned for a specific purpose within the general fund.

The details of the fund balances are included in the Governmental Fund Balance Sheet on page 11.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Measurement focus, basis of accounting, and financial statement presentation (continued)

When the School incurs expenditures for which restricted or unrestricted fund balance is available, the School would consider restricted funds to be spent first. When the School has expenditures for which committed, assigned or unassigned fund balance is available, the School would consider committed funds to be spent first, then assigned funds and lastly unassigned funds.

Resources are allocated to and accounted for in individual funds based on the purpose for which they are to be spent and the means by which spending activities are controlled. The School reports the following major governmental funds:

General Fund - the general operating fund of the School. It is used to account for all financial resources not required to be accounted for in another fund.

Special Revenue Fund – to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes, including all federal grant revenues passed through the School District (i.e., Title 1, 21st Century Grant, Title IV, and ESSER/GEER).

Capital Outlay Fund - in accordance with guidelines established by The School District of Osceola County, Florida, this fund accounts for all resources for the leasing or acquisition of capital facilities by the School to the extent funded by capital outlay funds.

4. Cash

Cash is made up of cash on hand at the School and checking accounts held at a financial institution. The School has no cash equivalents. The School has committed cash of $460,115, which is for future renovation of capital assets.

5. Receivables

The School's receivables consist of amounts due from other agencies and the local school district. After reviewing the individual account balances, the School's management has determined that 100% of receivables are fully collectible. Therefore, no allowance for doubtful accounts has been provided.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

6. Interfund receivables and payables

Activities between the funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds.

7. Capital assets

Capital assets are reported in the applicable governmental columns on the government-wide financial statements. Capital assets are defined by the School as assets with an initial individual cost of more than $750 and an estimated useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition values at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the School are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Estimated useful lives (years)
Buildings and fixed equipment	5 - 15
Improvements other than buildings	5 - 7
Furniture, fixtures and equipment	5 - 7
Computer software	3
Information technology equipment	3 - 7

8. Prepaid items

Payment made to vendors for services that will benefit periods beyond June 30, 2024, are recorded as prepaid items in both government-wide and fund financial statements.

9. Compensated absences

The School's policy permits employees to accumulate earned but unused paid time off, which is eligible for payment upon separation from service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable. Payments for compensated absences are generally paid out of the general fund.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

10. Revenue recognition

Student funding is provided by the State of Florida through the School District. Such funding is recorded as State passed through local school district in the government-wide financial statements and fund financial statements and is net of 5% administration fee retained by the School District. This funding is received on a prorate basis over the twelve-month period and is adjusted for changes in full-time equivalent (FTE) student population.

11. Revenue sources

Revenues for current operations are received primarily from the State of Florida passed through the District to the Charterholder and then to the School pursuant to the funding provisions included in the School's charter. In accordance with the funding provisions of the charter and Section 1002.33(17), Florida Statutes, the School reports the number of full-time equivalent (FTE) students and related data to the District. Under the provisions of Section 1011.62, Florida Statutes, the District reports the number of FTE students and related data to the Florida Department of Education (FDOE) for funding through the Florida Education Finance Program. Funding for the School is adjusted during the year to reflect revised calculations by the FDOE under the Florida Education Finance Program and actual weighted FTE students reported by the School during designated FTE 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. These federal awards may have requirements whereby the issuance of grant funds is withheld until qualifying expenditures are incurred. Revenues for these awards are recognized only to the extent that eligible expenditures have been incurred. Additionally, other revenues may be derived from various fundraising activities and certain other programs.

12. Income taxes

The School is a charter school under the Foundation for Osceola Education, Inc., which qualifies as a tax-exempt organization, and is, therefore, exempt from income tax. Accordingly, no tax provision has been made in the accompanying financial statements.

13. Use of estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

14. New GASB Implementation

GASB issued Statement No. 101, *Compensated Absences*, in June 2022. GASB 101 increases the usefulness of governments' financial statements by requiring recognition of liabilities for compensated absences that previously were not recognized as an obligation of the government. It establishes a criteria for the recognition and measurement of the government. The provisions in GASB 101 will be implemented in the year ended June 30, 2025. The School is evaluating the effect of this new standard on its financial statements.

NOTE B - CASH

Custodial Credit Risk - Custodial credit risk is the risk that in the event of bank failure, the School's deposits may not be returned to it. The School does not have a formal policy regarding custodial credit risk. The School maintains its cash balances in a financial institution insured by the Federal Deposit Insurance Corporation ("FDIC"). Under the FDIC program, all of the School's cash balances maintained in accounts of the financial institution are fully guaranteed by the FDIC up to $250,000.

At June 30, 2024, the School's cash balance did exceed the FDIC coverage; however, the School's deposits are part of the Qualified Public Deposit program and are insured for more than the $250,000 FDIC limit. The School has no history of loss due to exceeding coverage limitations.

NOTE C - DUE FROM CHARTERHOLDER

At the year ended June 30, 2024, the School was owed $16,337 from the Charterholder due to the management company's misestimation of the number of students that would be enrolled for the year.

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024 was as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital assets depreciated:				
Buildings and fixed equipment	$ 277,304	$ -	$ -	$ 277,304
Improvements other than buildings	469,457	25,179	-	494,636
Furniture, fixtures and equipment	652,789	-	-	652,789
Computer software	16,213	-	-	16,213
Information technology equipment	1,130,690	-	-	1,130,690
Total assets depreciated	2,546,453	$ 25,179	$ -	2,571,632
Less accumulated depreciation:				
Buildings and fixed equipment	277,304	$ -	$ -	277,304
Improvements other than buildings	463,608	9,735	-	473,343
Furniture, fixtures and equipment	558,884	24,661	-	583,545
Computer software	16,213	-	-	16,213
Information technology equipment	1,036,291	43,135	-	1,079,426
Total accumulated depreciation	2,352,300	$ 77,531	$ -	2,429,831
Total governmental activities capital assets, net	$ 194,153			$ 141,801

Depreciation expense was charged to functions of the School as follow:

Basic instruction	$ 43,135
School administration	24,661
Operation of plant	9,735
	$ 77,531

NOTE E - CONCENTRATIONS

Revenue sources

As stated in Note A-10, the School receives revenues for current operations primarily from the State of Florida through the District. The following is a schedule of revenue sources and amounts:

Sources	Amounts
School District of Osceola County:	
Base funding	$ 2,062,572
Education enrichment share	101,863
Discretionary millage	129,455
Discretionary local WFTE	197,911
ESE guaranteed allocation	51,563
Class size reduction funds	405,504
Safe school	32,101
Teacher salary increase allocation	200,302
Prior year funding adjustment	(709)
Subtotal	3,180,562
Capital outlay funding	246,644
Title federal revenue	176,093
21st Century Grant revenue	199,972
ESSER & GEER revenue	669,715
Total passed through the School District of Osceola County	4,472,986
Other revenue:	
Community service fees	86,124
Other state revenue	29,336
Miscellaneous revenue	74,640
	$ 4,663,086

The administration fee paid to the District during the year ended June 30, 2024 totaled $35,913 and is reflected as a general administration expense/expenditure in the accompanying financial statements.

NOTE F - COMMITMENTS AND CONTINGENCIES

Management service contract

The School entered into a management agreement, commencing on July 1, 2021, with a management company (the "Company"). The agreement is for a term of five years commencing with the 2021-2022 school year. The contract terminates the earlier of June 30, 2026 or the termination date of the charter if the District chooses to terminate it.

The Company managed and operated the School during the term of the agreement. The Company was paid ten percent of FEFP Funding received for each school year per the contract. Beginning the 2023-2024 school year, the Company is eligible to earn a total of an additional two percent of FEFP FundPing if they exceed the targets set in the contract. Current year management fees charged to operations totaled $318,056. As of June 30, 2024, the School's balance sheet reflects a payable due to the management company in the amount of $114,281.

NOTE G - LEASES

1. Facilities sub-lease

The real property, buildings, and other assets which comprise the School facilities, are owned by the Charterholder. Construction of the buildings was financed by the issuance of $9,075,000 Series 2001A and $350,000 Series 2001B Industrial Development Revenue Bonds, which are obligations of the Charterholder.

In March 2016, the Charterholder issued $4,380,000 principal amount of Industrial Development Revenue Financing Bonds, Series 2016A, and $2,205,000 principal amount of Taxable Industrial Development Revenue Financing Bonds, Series 2016B. The proceeds were used to refund the outstanding Series 2001 bonds. The Series 2016 bonds were issued to reduce the basic lease payments due under the lease and mature in August 2031 (Series 2016A) and August 2022 (Series 2016B). The Series 2016B bond was fully paid off during the year ended 2023.

The School is entitled to use the facilities under a sub-lease agreement with the Charterholder that requires annual payments in amounts equal to the annual debt service payments on the bonds.

Such annual payments range from $474,310 to $576,033. At the end of the charter, including renewals, if any, possession of the School facilities will revert to the Charterholder who will be liable for all future payments.

During the year ended June 30, 2024, a total facility use fee of $559,539 was paid. Portions of the facility use fee of $246,644 were reimbursed through capital outlay funds.

NOTE G - LEASES (continued)

1. Facilities sub-lease (continued)

In fiscal 2022, the School implemented GASB Statement No. 87 for Leases. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

At implementation of GASB Statement No. 87, Leases, the School, as the lessee, recognized a lease asset of $4,565,000 and lease liability of $4,565,000. As of June 30, 2024, the present value of the lease obligation is $3,780,000.

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

	Principal	Interest	Total
2025	$ 415,000	136,572	551,572
2026	430,000	120,406	550,406
2027	445,000	103,672	548,672
2028	460,000	86,384	546,384
2029	480,000	68,444	548,444
Thereafter	1,550,000	90,322	1,640,322
	$ 3,780,000	$ 605,800	$ 4,385,800

2. Copier Leases

During the fiscal year 2022, the School entered into a copier lease agreement with Supergroup Services LLC. The agreement is for a period of 63 months with monthly payments of $645 . During the fiscal year 2024, the School entered into a new copier lease with Peac Solutions for a period of 63 months with monthly payments of $3,450.

At implementation of GASB Statement No. 87, Leases, the School, as the lessee, recognized a lease asset of $31,964 and lease liability of $31,964. During the fiscal year 2024, the School recognized a lease asset of $186,419 and lease liability of $186,419. As of June 30, 2024, the present value of the lease obligation is $204,432.

NOTE G - LEASES (continued)

2. Copier Leases (continued)

Future minimum lease payments and the present value of the minimum lease payments as of June 30 are as follows:

	Principal	Interest	Total
2025	$ 38,496	$ 10,640	$ 49,136
2026	40,616	8,519	49,135
2027	38,311	6,311	44,622
2028	37,248	4,151	41,399
2029	39,513	1,885	41,398
Thereafter	10,248	101	10,349
	$ 204,432	$ 31,607	$ 236,039

NOTE H - 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, general liabilities, and natural disasters for which the School carries commercial insurance. Under the plan for property insurance, the School's liability is $100,000 per occurrence. There have been no significant reductions in insurance coverage during fiscal year 2024. Settled claims resulting from the risks described above have not exceeded the insurance coverage during the previous three years.

NOTE I - SUBSEQUENT EVENTS

In accordance with GASB Codification Section 2250.106, the School has evaluated subsequent events and transactions for potential recognition or disclosure through September 24, 2024 which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL INFORMATION

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

Year Ended June 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
State and local revenue	$ 4,858,446	$ 3,425,487	$ 3,180,562	$ (244,925)
Local sources	200,000	165,000	190,100	25,100
Gross school revenue	5,058,446	3,590,487	3,370,662	(219,825)
Expenditures				
Instruction	2,050,000	1,442,534	1,446,824	(4,290)
Instructional support services	75,000	30,000	23,656	6,344
Curriculum development	-	-	378	(378)
Board of directors	18,300	18,300	18,300	-
General administration	33,700	26,700	26,541	159
School administration	451,000	331,380	487,960	(156,580)
Facilities and acquisition	559,825	559,825	-	559,825
Fiscal services	678,517	477,191	497,453	(20,262)
Central services	36,000	37,300	35,913	1,387
Operation of plant	616,500	510,179	868,071	(357,892)
Maintenance of plant	175,000	75,000	60,143	14,857
Community services	-	-	52,905	(52,905)
Fixed capital outlay	-	-	25,179	(25,179)
Administrative technology	137,000	80,000	17,598	62,402
Total expenditures	4,830,842	3,588,409	3,560,921	27,488
Net change in fund balances	227,604	2,078	(190,259)	(192,337)
Other financing sources:				
Transfers	(226,172)	(159,064)	-	159,064
Net change in fund balances	1,432	(156,986)	(190,259)	(33,273)
Fund balance at July 1, 2023	569,900	569,900	569,900	-
Fund balance at June 30, 2024	$ 571,332	$ 412,914	$ 379,641	$ (33,273)

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - SPECIAL REVENUE FUND

Year Ended June 30, 2024

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Federal passed through state	$ 794,466	$ 1,057,466	$ 1,045,780	$ (11,686)
Gross school revenue	794,466	1,057,466	1,045,780	(11,686)
Expenditures				
Instruction	794,466	1,057,466	1,045,780	11,686
Total expenditures	794,466	1,057,466	1,045,780	11,686
Net change in fund balances	-	-	-	-
Fund balance at July 1, 2023	-	-	-	-
Fund balance at June 30, 2024	$ -	$ -	$ -	$ -

The accompanying notes are an integral part of these financial statements.

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

NOTE TO REQUIRED SUPPLEMENTAL INFORMATION

June 30, 2024

NOTE A - BUDGETARY INFORMATION

Budgetary basis of accounting

Annual budgets are adopted for the entire operations and may be amended by the Board of Directors (the "Board"). The budgets presented for the fiscal year ended June 30, 2024, have been amended according to Board procedures. Budgets are adopted on the modified accrual basis of accounting. The legal level of budgetary control is the fund level.

Although budgets are adopted for the entire operation, budgetary comparisons have been presented for the general fund and each major fund for which a legally adopted budget exists.

SUPPLEMENTAL INFORMATION

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INDEPENDENT AUDITOR'S 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*

To the Board of Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of P.M. Wells Charter Academy, a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise P.M. Wells Charter Academy's basic financial statements, and have issued our report thereon dated September 24, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered P.M. Wells Charter Academy's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of P.M. Wells Charter Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of P.M. Wells Charter Academy'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 24, 2024

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Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited P.M Wells Charter Academy's, (the "School") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of School's major federal programs for the year ended June 30, 2024. The 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, the 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, 2024.

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

Responsibilities of Management for Compliance

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

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 the School's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the School's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the School's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School's internal control over compliance. Accordingly, no such opinion is expressed.

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

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.

Report on Internal Control over Compliance (continued)

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.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 24, 2024

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2024

Section I – Summary of Auditor's Results

Financial Statements

1. Type of auditor's report issued:	Unmodified
2. Internal control over financial reporting:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Type of auditor's report issued on compliance for major programs:	Unmodified
2. Internal control over major programs:	
a. Material weakness(es) identified?	No
b. Significant deficiencies identified that are not considered to be material weaknesses?	None reported
3. Audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No
4. Dollar threshold used to distinguish between Type A and Type B programs	$750,000
5. Auditee qualified as a low-risk auditee?	Yes

Identification of major programs:

Name of Federal Programs	ALN Number
Education Stabilization Fund	84.425U

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FEDERAL AWARDS

June 30, 2024

Section II – Financial Statement Findings

No current year findings (no corrective action plan or management letter required)

Section III – Federal Findings and Questioned Costs

None (there are no items related to Federal Programs required to be reported in the management letter, therefore no management letter issued)

Section IV – Status of Prior Year Audit Findings

None reported (no corrective action plan or management letter required)

P.M. Wells Charter Academy
(A division of The Foundation for Osceola Education, Inc.)

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Grantor/Program Title	Assitance Listing Number	Pass-Through Grantor Number	Expenditures
Federal Awards:			
U.S. Department of Education			
Passed through Florida Department of Education and District School Board of Osceola County, Florida			
Title I Grants to Local Educational Agencies	84.010	126, 212, 223, 226	$ 176,093
Education Stabilization Fund:			
American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	COVID-19, 84.425U	121	669,715
Total Education Stabilization Fund			669,715
Student Support and Academic Enrichment Grants	84.424	241	199,972
Total passed through Florida Department of Education			1,045,780
Total Expenditures of Federal Awards			$ 1,045,780

Basis of Presentation
The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. 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.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Indirect Cost Rates
The School has elected to not use the 10% de minimis indirect cost rate for its federal programs for the year ended June 30, 2024. The indirect cost rates used on the School's federal programs are determined by the relevant federal agency.

See Independent Auditor's Report

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American Institute of Certified Public Accountants

Florida Institute of Certified Public Accountants

MANAGEMENT LETTER

To the Board of Directors
The Foundation for Osceola Education, Inc.
Kissimmee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of P.M. Wells Charter Academy (the "School"), a division of the Foundation for Osceola Education, Inc. (the "Charterholder"), which is a component unit of the School District of Osceola County, Florida as of and for the fiscal year ended June 30, 2024, and have issued our report thereon dated September 24, 2024.

Auditor's Responsibility

We conducted our audit 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; 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); and Chapter 10.850, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards,* Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance required by the Uniform Guidance, and Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated September 24, 2024, should be considered in conjunction with this management letter.

Prior Audit Findings

Section 10.854(1)(e)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations made in the preceding annual financial audit report.

Official Title

Section 10.854(1)(e)5., Rules of the Auditor General, requires the name or official title of the entity and the school code assigned by the Florida Department of Education be disclosed in this management letter. The official title and the school code assigned by the Florida Department of Education of the entity is *P.M. Wells Charter Academy, 0881*, which is a division of The Foundation for Osceola Education, Inc., which is a component unit of the School District of Osceola County.

Financial Condition and Management

Section 10.854(1)(e)2. and 10.855(11), Rules of the Auditor General, require us to apply appropriate procedures and communicate whether or not the School has met one or more the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific conditions met. In connection with the audit, we determined that the School did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.854(1)(e)6.a. and 10.855(12), Rules of the Auditor General, we applied financial condition assessment procedures for the School. It is management's responsibility to monitor the School's financial condition, and our financial condition assessment was based in part on representations made by management and the review of the financial information provided by same.

Section 10.854(1)(e)3, Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

Transparency

Sections 10.854(1)(e)7. and 10.855(13), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the School maintains on its Web site the information specified in Section 1002.33(9)(p), Florida Statutes. In connection with our audit, we determined that the School maintained on its Web site the information specified in section 1002.33(9)(p), Florida Statutes.

Additional Matters

Section 10.854(1)(e)4., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

Purpose of this Letter

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, P.M. Wells Charter Academy's management, The Foundation for Osceola Education, Inc., the School District of Osceola County, the Board of Directors, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Krusick & Associates, LLC

Winter Park, Florida
September 24, 2024

MANAGEMENT FINDINGS, RECOMMENDATIONS, AND RESPONSES

For the year ended June 30, 2024, there were no management recommendations.